



**NOTICE OF ANNUAL AND SPECIAL MEETING
TO BE HELD MAY 19, 2015**

**MANAGEMENT INFORMATION CIRCULAR
AND
PROXY STATEMENT**

April 14, 2015

SCORPIO MINING CORPORATION
145 King Street West, Suite 2870
Toronto, Ontario
M5H 1J8

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
May 19, 2015

Notice and Access Notification to Shareholders

Scorpio Mining Corporation (the “Company”) has decided to use the notice and access model (“Notice and Access”) provided for under amendments to National Instruments 54-101 and 51-102 for the delivery of meeting materials to its shareholders for its annual general and special meeting of shareholders to be held on May 19, 2015 (“Meeting”). Under Notice and Access, instead of receiving printed copies of the Company’s management information circular (“Circular”), financial statements for the year ended December 31, 2014 and accompanying management’s discussion and analysis (collectively, the “Meeting Materials”), shareholders are receiving this notice with information on how they may access such Meeting Materials electronically. However, together with this notice, shareholders continue to receive a proxy (in the case of registered shareholders) or voting instruction form (in the case of non-registered shareholders), enabling them to vote at the Meeting. The Company has adopted this alternative means of delivery in order to further its commitment to environmental sustainability and to reduce its printing and mailing costs.

Meeting Date, Location and Purpose

The Meeting will be held at 10:00 a.m. (Toronto time) on Tuesday May 19, 2015 at the Twenty Toronto Street Conference Centre, 20 Toronto Street, Suite 200, Toronto, ON M5C 2B8 for the following purposes:

1. To receive the consolidated financial statements of the Company for the year ended December 31, 2014 and the auditors’ report thereon;
2. To elect directors of the Company for the ensuing year;
3. To appoint auditors of the Company for the ensuing year at a remuneration to be determined by the board of directors of the Company;
4. To consider and if deemed appropriate approve a resolution to adopt a new general by-law, as more particularly described in the Circular;
5. To consider and if deemed appropriate approve a resolution to confirm the Company’s Shareholder Rights Plan as more particularly described in the Circular;
6. To consider and if deemed appropriate, approve a resolution to authorize the issuance of 5,346,639 compensation warrants as more particularly described in the Circular;
7. To consider and if deemed appropriate, approve a special resolution to authorize the board of

directors of the Company to amend the Company's articles to effect the change of name of the Company to Americas Silver Corporation, or such other name as may be accepted by the relevant regulatory authorities and approved by the Board; and

8. To transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

For detailed information with respect to each of the above matters, please refer to the sub-section bearing the corresponding title under "**Matters to be acted on at the Meeting**" in the Circular.

The Company urges shareholders to review the Circular before voting.

Accessing Meeting Materials online

The Meeting Materials can be viewed online under The Company's profile at www.sedar.com or at www.scorpiomining.com under the link "**Annual Meeting Materials**".

Requesting Printed Meeting Materials

Shareholders can request that printed copies of the Meeting Materials be sent to them by postal delivery at no cost to them up to one year from the date the Circular was filed on SEDAR by going to the Company's website at www.scorpiomining.com.

To receive the Meeting Materials in advance of the proxy deposit date and Meeting Date, requests for printed copies must be received at least five business days in advance of the proxy deposit date and time set out in the accompanying proxy or voting instruction form.

Stratification

The Company has determined that those registered and beneficial shareholders with existing instructions on their account to receive printed materials and those registered and beneficial shareholders with 5% or higher share ownership will receive a printed copy of the Meeting Materials with this notice.

Voting Process

Registered shareholders at the close of business on April 7, 2015 may vote their proxies as follows:

On the Internet: Go to the website indicated on the proxy form and follow the instructions on the screen. If you return your proxy via the internet, you can appoint another person, who need not be a shareholder, to represent you at the Meeting by inserting such person's name in the blank space provided on the form of proxy. Complete your voting instructions and date and submit the form.

By Mail: Complete the form of proxy and return it in the envelope provided. If you return your proxy by mail you can appoint another person, who need not be a shareholder, to represent you at the Meeting by inserting such person's name in the blank space provided in the form of proxy. Complete your voting

instructions and date, sign and return the form.

By Facsimile:

Complete the form of proxy and return it by facsimile to Computershare Investor Services Inc. at 1-866-249-7775 (Canada and U.S.) or 1-416-263-9524 (International). If you return your proxy by facsimile you can appoint another person, who need not be a shareholder, to represent you at the Meeting by inserting such person's name in the blank space provided in the form of proxy. Complete your voting instructions and date, sign and return the form.

The deadline for receiving duly completed and executed forms of proxy or submitting your proxy by facsimile or over the internet is by 10:00 am (Toronto Time) on May 14, 2015, or no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of any adjourned or postponed Meeting.

Non-registered shareholders may vote or appoint a proxy using their voting instruction form at least one business day in advance of the proxy deposit deadline noted on the form. You should carefully follow the instructions of your intermediary, including those regarding when and where the proxy or voting instruction form is to be delivered.

For Any Questions

Shareholders with questions about Notice and Access or voting procedures in general can contact the Company's transfer agent, Computershare Investor Services Inc., at 1-866-964-0492.

Dated at Toronto, Ontario as of April 14, 2015

BY ORDER OF THE BOARD OF DIRECTORS

Signed: *"Darren Blasutti"*

Darren Blasutti
President and Chief Executive Officer

SCORPIO MINING CORPORATION
ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
MANAGEMENT INFORMATION CIRCULAR AND PROXY STATEMENT

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SCORPIO MINING CORPORATION
MANAGEMENT INFORMATION CIRCULAR DATED APRIL 14, 2015

Notice and Access

Notice-and-Access provisions (the “Notice-and-Access Provisions”) means provisions concerning the delivery of proxy-related materials to shareholders found in section 9.1.1 of National Instrument 51-102 - *Continuous Disclosure Obligations* (“NI 51-102”), in the case of registered shareholders, and section 2.7.1 of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”), in the case of non-registered shareholders (“non-registered shareholders”), which allow an issuer to deliver an information circular forming part of proxy-related materials to shareholders via certain specified electronic means provided that the conditions of NI 51-102 and NI 54-101 are met.

The Notice-and-Access Provisions are a mechanism which allows reporting issuers other than investment funds to choose to deliver proxy-related materials to registered holders and beneficial owners of securities by posting such materials on a non-SEDAR website (usually the reporting issuer's website and sometimes the transfer agent's website) rather than delivering such materials by mail. The Notice-and-Access Provisions can be used to deliver materials for both special and general meetings. Reporting issuers may still choose to continue to deliver such materials by mail, and beneficial owners will be entitled to request delivery of a paper copy of the information circular at the reporting issuer's expense.

The use of the Notice-and-Access Provisions reduces paper waste and mailing costs to the Company. In order for the Company to utilize the Notice-and-Access Provisions to deliver proxy-related materials by posting the Circular the Company's financial statements for the year ended December 31, 2014 and accompanying management's discussion and analysis (collectively the “Meeting Materials”) electronically on a website that is not SEDAR, the Company must send a notice to shareholders, including non-registered shareholders, indicating that the Meeting Materials have been posted and explaining how a shareholder can access them or obtain from the Company, a paper copy of the Meeting Materials. This Circular has been posted in full on the Company's website at www.scorpiomining.com under the link “**Annual Meeting Materials**” and under the Company's SEDAR profile at www.sedar.com.

In order to use the Notice-and-Access Provisions, a reporting issuer must set the Record Date for notice of the meeting to be on a date that is at least 40 days prior to the meeting in order to ensure there is sufficient time for the materials to be posted on the applicable website and other materials to be delivered to shareholders. The requirements of that notice, which requires the Company to provide basic information about the Meeting and the matters to be voted on, explain how a shareholder can obtain a paper copy of the Meeting Materials, and explain the Notice-and-Access Provisions process, have been built into the Notice of Meeting. The Notice of Meeting has been delivered to shareholders by the Company, along with the applicable voting document (a form of proxy in the case of registered shareholders or a voting instruction form in the case of non-registered shareholders).

As the Company is a reporting issuer that is using the Notice-and-Access Provisions for the first time, it was required to file a notification at least 25 days prior to the Record Date indicating its intent to use the Notice-and Access Provisions.

The Company has determined that those registered and beneficial shareholders with existing instructions on their account to receive printed materials and those registered and beneficial shareholders with 5% or higher share ownership will receive a printed copy of the Meeting Materials together with the Notice of Meeting and form of proxy or voting instruction form.

The Company will deliver copies of the applicable proxy-related materials directly to registered shareholders and non-objecting beneficial owners, through the services of its registrar and transfer agent, Computershare Investor Services Inc. The Company intends to pay for the intermediaries to deliver these materials to objecting beneficial owners.

Any shareholder who wishes to receive a paper copy of the Meeting Materials must contact the Company's transfer agent, Computershare Investor Services Inc. at 100 University Avenue, 8th Floor, Toronto, ON M5J 2Y1, Fax: 1-866-249-7775 (Canada and U.S.) or 1-416-263-9524 (International), toll-free: 1-866-964-0492. In order to ensure that a paper copy of the Circular can be delivered to a requesting shareholder in time for such shareholder to review the Circular and return a proxy or voting instruction form prior to the deadline to receive proxies, it is strongly suggested that a shareholder ensure their request is received no later than May 8, 2014.

All shareholders may call toll-free 1-866-964-0492 in order to obtain additional information regarding the Notice-and-Access Provisions or to obtain a paper copy of the Meeting Materials, up to and including the date of the Meeting, including any adjournment or postponement of the Meeting.

GENERAL PROXY INFORMATION

Solicitation of Proxies

This Management Information Circular (the "Circular") is provided in connection with the solicitation of proxies by the management of Scorpio Mining Corporation ("Scorpio" or the "Company") for use at the Company's Annual and Special Meeting (the "Meeting") of holders ("shareholders") of common shares ("Common Shares") to be held on May 19, 2015 at Twenty Toronto Street Conference Centre, 20 Toronto Street, Suite 200, Toronto, ON M5C 2B8 at 10:00 a.m. (Toronto time) for the purposes set out in the accompanying Notice of Meeting.

References in this Circular to the Meeting include any adjournment or postponement thereof. While it is expected that the solicitation will be made by mail, proxies may be solicited personally or by telephone by directors, officers and employees of the Company. The Company may also use the services of a proxy advisory firm. The aggregate fees for any advisory proxy firm would be borne by the Company.

The record date for the Meeting is April 7, 2015 (the "Record Date"). The Record Date is the date for the determination of shareholders entitled to receive notice of, and to vote at, the Meeting. Duly completed and executed proxies must be received by the Company's transfer agent at the address indicated on the enclosed envelope no later than 10:00 a.m. (Toronto time) on May 14, 2015, or no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of any adjourned or postponed Meeting.

Unless otherwise stated, the information contained in this Circular is as at April 7, 2015.

Voting Process – Registered Shareholders

Appointment of Proxies

The persons named in the enclosed instrument of proxy are officers and/or directors of the Company. **A registered shareholder can appoint another person, who need not be a shareholder, to represent him or her at the meeting by inserting such person's name in the blank space provided in the enclosed form of proxy or by completing another form of proxy.**

A registered shareholder appointing a proxy holder may indicate the manner in which the appointed proxy holder can vote with respect to any specific item by checking the space opposite the item on the proxy. If the shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business, then the space opposite the item should be left blank. The Common Shares represented by the proxy submitted by a shareholder will be voted or withheld from voting in accordance with the directions, if any, given in the proxy.

Voting Common Shares by Proxy

Registered shareholders at the close of business on April 7, 2015 may vote their proxies as follows:

On the Internet: Go to the website indicated on the proxy form and follow the instructions on the screen. If you return your proxy via the internet, you can appoint another person, who need not be a shareholder, to represent you at the Meeting by inserting such person's name in the blank space provided on the form of proxy. Complete your voting instructions and date and submit the form.

By Mail: Complete the form of proxy and return it in the envelope provided. If you return your proxy by mail you can appoint another person, who need not be a shareholder, to represent you at the Meeting by inserting such person's name in the blank space provided in the form of proxy. Complete your voting instructions and date, sign and return the form.

By Facsimile: Complete the form of proxy and return it by facsimile to 1-866-249-7775 (Canada and U.S.) or 1-416-263-9524 (International). If you return your proxy by facsimile you can appoint another person, who need not be a shareholder, to represent you at the Meeting by inserting such person's name in the blank space provided in the form of proxy. Complete your voting instructions and date, sign and return the form.

Deadline for Receipt of Proxies

The deadline for receiving duly completed and executed forms of proxy or submitting your proxy by facsimile or over the internet is by 10:00 am (Toronto time) on May 14, 2015, or no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of any adjourned or postponed Meeting. A shareholder attending the Meeting has the right to vote in person and if he does so, his proxy is nullified with respect to the matters such person votes upon and any subsequent matters thereafter to be voted upon at the Meeting or any adjournment or postponement thereof. Notwithstanding the foregoing, the Chair of the Meeting has the sole discretion to accept proxies received after such deadline but is under no obligation to do so.

Revocation of Proxies

A proxy submitted pursuant to this solicitation may be revoked in any manner permitted by law and by written notice, signed by the shareholder or by the shareholder's attorney authorized in writing (or, if the shareholder is a corporation, by a duly authorized officer or attorney), and deposited with the Company's transfer agent, Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, ON M5J 2Y1, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment or postponement thereof, at which the proxy is to be used.

A proxy submitted pursuant to this solicitation may also be revoked prior to the commencement of voting by attending the Meeting in person and registering with the scrutineers as a registered shareholder personally present.

A revocation of proxy does not affect any matter on which a vote has been taken before the revocation.

Exercise of Discretion by Proxies

The persons named in the enclosed form of proxy will vote the Common Shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. **In the absence of such direction, the relevant Common Shares will be voted in favour of the passing of all the resolutions described below.**

The enclosed form of proxy confers discretionary authority on the persons named in the proxy with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the time of printing of this Circular, management knows of no such amendments, variations or other matters to come before the Meeting. However, if amendments or variations to any other matters which are not now known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

Voting by Non-Registered Shareholders

Only registered shareholders of the Company or the persons they appoint as their proxies are permitted to vote at the Meeting. Most shareholders of the Company are “non-registered” shareholders because the Common Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Common Shares. Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the non-registered shareholder. Without specific instructions, a broker and its agents and nominees are prohibited from voting Common Shares for the broker’s clients. Therefore, non-registered shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person or that the Common Shares are duly registered in their name.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from non-registered shareholders in advance of shareholders’ meetings. Every intermediary/broker has its own mailing procedures and provides its own return and voting instructions to clients, which should be carefully followed by non-registered shareholders in order to ensure that their Common Shares are voted at the Meeting. Common Shares beneficially owned by a non-registered shareholder are registered either:

- i. in the name of an intermediary (“Intermediary”) that the non-registered shareholder deals with in respect of the Common Shares of the Company (Intermediaries include, amongst others, banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFFs, RESPs and similar plans); or
- ii. in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. in Canada or The Depository Trust & Clearing Corporation in the United States) of which the Intermediary is a participant.

In accordance with applicable securities law requirements, the Company will distribute copies of the Notice of Meeting and the form of proxy (which includes a place to request copies of the Company’s annual and/or

interim financial statements and MD&A or to waive the receipt of the annual and/or interim financial statements and MD&A) together with the Meeting Materials in the case of certain non-registered shareholders to the clearing agencies and Intermediaries for distribution to non-registered shareholders.

Intermediaries are required to forward the applicable proxy-related materials to non-registered shareholders unless a non-registered shareholder has waived the right to receive them. Intermediaries often use service companies to forward the proxy-related materials to non-registered shareholders. Generally, non-registered shareholders who have not waived the right to receive proxy-related materials will either:

- i. be given a voting instruction form which is not signed by the Intermediary and which, when properly completed and signed by the non-registered shareholder and returned to the Intermediary or its service company, will constitute voting instructions (often called a “voting instruction form”) which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre- printed form; or
- ii. be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Common Shares beneficially owned by the non-registered shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the non-registered shareholder when submitting the proxy. **In this case, the non-registered shareholder who wishes to submit a proxy should carefully follow the instructions of their Intermediary, including those regarding when and where the completed proxy is to be delivered.**

In either case, the purpose of these procedures is to permit non-registered shareholders to direct the voting of the Common Shares of the Company that they beneficially own. Since only registered shareholders and their proxies may attend and vote at the Meeting, if a non-registered shareholder attends the Meeting the Company will have no record of the non-registered shareholder’s shareholding or of his, her or its entitlement to vote unless the non-registered shareholder’s nominee has appointed the non-registered shareholder as proxyholder. Therefore, a non-registered shareholder who receives one of the above forms and wishes to vote at the Meeting in person (or have another person attend and vote on behalf of the non-registered shareholder), the non-registered shareholder should strike out the names of the persons listed and insert the non-registered shareholder or such other person’s name in the blank space provided. **In either case, non-registered shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or voting instruction form is to be delivered.**

A non-registered shareholder who has submitted a proxy may revoke it by contacting the Intermediary through which the non-registered shareholder’s Common Shares are held and following the instructions of the Intermediary respecting the revocation of proxies.

In all cases it is important that the voting instruction form or form of proxy be received by the Intermediary or its agent sufficiently in advance of the deadline set forth in the notice of meeting to enable the Intermediary or its agent to provide voting instructions on your behalf before the deadline.

Voting Shares and Principal Holders Thereof

The Record Date for the determination of shareholders entitled to receive notice of and to vote at the Meeting is April 7, 2015. As of the Record Date, the Company had 336,057,650 Common Shares issued and outstanding. Each Common Share carries the right to one vote on all matters to be acted on at the Meeting. Each registered shareholder on the Record Date will be entitled to vote at the Meeting or any adjournment or postponement. All such registered shareholders are entitled to attend and vote in person at the Meeting, the Common Shares held by them or, provided a completed and executed proxy has been delivered to the Company's transfer agent within the time specified in the attached Notice of Meeting, to attend and vote by proxy at the Meeting the Common Shares held by them.

To the knowledge of the directors and executive officers of the Company, there are no persons or companies who beneficially own, directly or indirectly, or exercise control or direction over, securities carrying more than ten percent (10%) of the voting rights attached to any class of voting securities of the Company.

BUSINESS OF THE MEETING

Item 1 – Presentation of Audited Financial Statements

Copies of the Company's audited financial statements for the financial year ended December 31, 2014, together with the auditors' report thereon, have been mailed to registered shareholders who have requested a copy and will be submitted to the Meeting. No vote will be taken on the financial statements and receipt of such financial statements will not constitute approval or disapproval of any matters referred to therein. Copies of the audited financial statements may be obtained by contacting the Company's registered office at 145 King Street West, Suite 2870, Toronto, Ontario M5H 1J8, at the Company's website www.scorpiomining.com under the link "Annual Meeting Materials" or by going to the Company's profile at www.sedar.com.

Item 2 – Election of Directors

The articles of incorporation of the Company (the "Articles") currently provide that the board of directors of the Company shall consist of a minimum of three and a maximum of nine directors. The board of directors (the "Board") presently consists of eight directors, comprised of the following persons: Darren Blasutti, Alex Davidson, Alan Edwards, Peter Hawley, Brad Kipp, Ewan Mason, Gordon Pridham and Lorie Waisberg.

Thomas McGrail, stepped down as a director of the Company effective January 12, 2014, but continued on as a consultant. Ewan Mason, currently a director of the Company, will not stand for re-election at the Meeting. Mr. Mason and Mr. McGrail have provided significant contributions to the Company through their dedication and industry knowledge. The Company's management and Board wishes to thank Mr. Mason and Mr. McGrail for their service to the Company and its Shareholders.

The Company was incorporated pursuant to Articles dated May 12, 1998 under the *Canada Business Corporations Act* and conducts mining production, development and exploration in the Americas. The merger of the Company and U.S. Silver & Gold Inc. ("U.S. Silver") was completed on December 23, 2014 pursuant to a plan of arrangement (the "U.S. Silver Arrangement") under the *Business Corporations Act* (Ontario) (the "OBCA"). The resulting consolidated company is a growth-oriented precious metals producer with Scorpio Mining's producing Cosalá Operations in State of Sinaloa, Mexico and U.S. Silver's producing Galena Complex in Idaho, United States. The merger created a leading junior silver producer in the Americas while removing redundant costs in a lower silver price environment. The Company's strategic objective is to expand its silver production through the development of its own projects and consolidation of complementary projects. The Company's current management and Board are comprised of senior mining executives who have extensive

experience identifying, developing, financing and operating precious metals deposits globally.

Pursuant to the requirements of the Toronto Stock Exchange (the “TSX”), the Board has adopted a policy for majority voting for individual directors (“Majority Voting Policy”). Under the Majority Voting Policy, the form of proxy for any shareholders meeting where directors are to be elected will enable each shareholder to vote for, or withhold voting on, each director nominee (the “Nominee” or collectively the “Nominees”) separately. If votes “for” the election of a Nominee are fewer than the number voted “withheld”, the Nominee is expected to submit his or her resignation promptly after the meeting of shareholders for the consideration of the Compensation and Corporate Governance Committee (the “CCG Committee” or the “Committee”). The Committee will make a recommendation to the Board after reviewing the matter, and the Board will then decide whether to accept or reject the resignation. The Board’s decision to accept or reject the resignation will be disclosed to shareholders. The Nominee will not participate in any CCG Committee or Board deliberations as to whether to accept or reject the resignation. The Majority Voting Policy does not apply in circumstances involving contested director elections.

The Board has fixed the number of directors to be elected at the Meeting at seven directors. Each director elected will hold office until the next annual meeting of shareholders or until his successor is duly elected, unless the office is earlier vacated in accordance with the general by-law of the Company and the *Canada Business Corporations Act*. **Unless authority to do so is withheld, the persons named in the accompanying form of proxy intend to vote FOR the election of each of the Nominees.**

The following table contains brief biographies for each of the Nominees, including their principal occupations, business or employment within the past five years, name, province or state and country of residence, independence status, age, date they first became a director of the Company and number of Common Shares, other securities and stock options beneficially owned by each Nominee.

The statement as to the Common Shares, other securities and stock options beneficially owned, directly or indirectly, or over which control or direction is exercised by the Nominees as at April 7, 2015 in each instance has been provided by the respective Nominee. Unless otherwise indicated, in this Circular all references to “dollar” or the use of the symbol “\$” are to the United States dollar and all references to “C\$” are to the Canadian dollar.

[***]

Darren Blasutti Age: 46 Ontario, Canada Director since: December 23, 2014 (U.S. Silver & Gold since June 6, 2012 and RX Gold since July 6, 2011)) Non-Independent	Mr. Blasutti is currently the President and Chief Executive Officer of the Company. He was formerly the President and Chief Executive Officer of U.S. Silver & Gold Inc., prior to that President and Chief Executive Officer of RX Gold & Silver Inc. (“RX Gold”), and former Senior Vice President of Corporate Development for Barrick Gold Corporation (“Barrick”) until January 2011. At Barrick, he reported to the Chief Executive Officer and played a lead role in the strategic development of Barrick for over 13 years, during which time he executed over 25 gold mining transactions including the acquisition of Homestake Mining Company and Placer Dome Inc. and the consolidation of the world class Cortez property from Rio Tinto. Mr. Blasutti also led the creation of Barrick Energy Inc. to hedge Barrick’s exposure to energy prices and was integral to the initial public offering of African Barrick Gold. During his tenure at Barrick, he also led the Investor Relations function. Mr. Blasutti was previously at PricewaterhouseCoopers LLP where he planned, supervised and managed audits for a variety of clients. Mr. Blasutti is a member of the Canadian Institute of Chartered Accountants and is a director of Noront Resources Ltd.			
	Common Shares Held			
	908,581			
	Other Securities Held			
	Type		Securities Held (#)	
	Warrants, U.S. Silver ⁽¹⁾		113,799	
	RSUs ⁽²⁾		342,243	
	Options Held⁽³⁾			
	Date Granted	Expiry Date	Exercise Price	Total Unexercised Options (#)
	July 6, 2011	July 6, 2016	2.68	244,159
	Aug. 28, 2012	Aug. 28, 2017	1.33	294,000
	Dec. 20, 2012	Dec. 21, 2015	1.08	252,000
	July 18, 2013	July 18, 2016	0.39	299,040
	Aug. 26, 2013	Aug. 25, 2016	0.46	36,960
	Feb. 6, 2014	Feb. 6, 2017	0.29	588,000
	Jan. 30, 2015	Jan. 30, 2018	0.195	1,000,000
	Board and Committee Membership 2014		Attendance	Other Public Board Memberships
	Company Board U.S. Silver Board		N/A ⁽⁴⁾ 8 of 8	Noront Resources Ltd.

1. The warrants are common share purchase warrants of U.S. Silver which are exercisable for Common Shares of the Company following the U.S. Silver Arrangement. The number of warrants held represents the number of Common Shares which may be purchased on the exercise of such warrants.

2. The RSUs are RSUs of U.S. Silver and the Company which are redeemable for a cash payment based on the value of the Common Shares of the Company.

3. All prior option grants to those issued by the Company have been exchanged for Options of the Company.

4. Mr. Blasutti was appointed to the Company's Board on December 23, 2014.

Alex Davidson Age: 63 Ontario, Canada Director Since: December 23, 2014 (U.S. Silver & Gold since August 13, 2012 and RX Gold since July 6, 2011) Independent	Mr. Davidson is currently a corporate director and was formerly Executive Vice President, Exploration and Corporate Development at Barrick, with responsibility for Barrick's international exploration programs and corporate development activities. Mr. Davidson joined Barrick in 1993 as Vice President Exploration with responsibility for Barrick's expanding exploration program. He initiated Barrick's expansion out of North America and into Latin America and beyond. Prior to joining Barrick, Mr. Davidson was Vice President, Exploration for Metal Mining Corporation. Mr. Davidson has over 25 years' experience in designing, implementing and managing gold and base metal exploration and acquisition programs throughout the world. In 2005, Mr. Davidson was presented the A.O. Dufresne Award by the Canadian Institute of Mining, Metallurgy and Petroleum to recognize exceptional achievement and distinguished contributions to mining exploration in Canada. In 2003, Mr. Davidson was named the Prospector of the Year by the Prospectors and Developers Association of Canada in recognition of his team's discovery of the Lagunas Norte Project in the Alto Chicama District in Peru. Mr. Davidson is also a director of MBAC Fertilizer Corp., Capital Drilling Limited, Amara Mining plc, Orca Gold Inc., Yamana Gold Inc. and Nulegacy Gold Corp.			
	Common Shares Held			
	424,032			
	Other Securities Held			
	Type		Securities Held (#)	
	Warrants, U.S. Silver		77,275	
	Options Held⁽¹⁾			
	Date Granted	Expiry Date	Exercise Price	Total Unexercised Options (#)
	July 6, 2011	July 6, 2016	2.68	122,079
	Aug. 28, 2012	Aug. 28, 2017	1.33	210,000
	July 18, 2013	July 18, 2016	0.39	74,760
	Aug. 26, 2013	Aug. 25, 2016	0.46	9,240
	Feb. 6, 2014	Feb. 6, 2017	0.29	210,000
	Jan. 30, 2015	Jan. 30, 2018	0.195	400,000
	Board and Committee Membership 2014⁽²⁾		Attendance	Other Public Board Memberships
	Company Board		N/A	MBAC Fertilizer Corp.
	Company CCG Committee		N/A	Capital Drilling Limited
	Company S&T Committee		NA	Amara Mining plc
U.S. Silver Board		8 of 8	Orca Gold Inc.	
U.S. Silver CCG		3 of 3	Yamana Gold Inc. Nulegacy Gold Corp.	

1. All prior option grants to those issued by the Company have been exchanged for Options of the Company.

2. Mr. Davidson was appointed to the Company's Board, the CCG Committee and the S&T Committee on December 23, 2014.

Alan R. Edwards Age: 57 Arizona, United States Director Since: December 23, 2015 (U.S. Silver & Gold since August 13, 2012 and U.S. Silver Corp since June 23, 2011) Independent	Mr. Edwards serves on the board of directors and is President of AE Consulting Corp. He also serves on the board of directors for Entrée Gold Inc., AuRico Gold Inc. (Chairman), and AQM Copper Inc. (Chairman). From August 2013 to February 2015 he was Chairman of the Board of Oracle Mining Corp., from September 2012 to July 2013, he was Chief Executive Officer of Oracle Mining Corp., from 2009 to May 2011, he was President and Chief Executive Officer of Copper One Inc., from 2007 to 2009, he was President and Chief Executive Officer of Frontera Copper Corporation. Mr. Edwards holds an MBA from the University of Arizona and a B.S. Mining Engineering also from the University of Arizona.			
	Common Shares Held			
	247,183			
	Other Securities Held			
	Type		Securities Held (#)	
	Warrants, U.S. Silver		28,620	
	Options Held⁽¹⁾			
	Date Granted	Expiry Date	Exercise Price	Total Unexercised Options (#)
	June 20, 2011	June 24, 2016	2.36	157,584
	Jan. 20, 2012	Jan. 20, 2017	1.85	45,024
	Aug. 28, 2012	Aug. 28, 2017	1.33	210,000
	July 18, 2013	July 18, 2016	0.39	74,760
	Aug. 26, 2013	Aug. 25, 2016	0.46	9,240
	Feb. 6, 2014	Feb. 6, 2017	0.29	210,000
	Jan. 30, 2015	Jan. 30, 2018	0.195	400,000
	Board and Committee Membership 2014⁽²⁾		Attendance	Other Public Board Memberships
	Company Board		N/A	Entrée Gold Inc.
	Company S&T Committee (Chair)		N/A	AuRico Gold Inc.
	U.S. Silver Board		8 of 8	AQM Copper Inc.
U.S. Silver EH&S		3 of 3		

1. All prior option grants to those issued by the Company have been exchanged for Options of the Company.

2. Mr. Edwards was appointed to the Company's Board and as Chair of the S&T Committee as Chair on December 23, 2014.

Peter J. Hawley Age: 58 Quebec, Canada Chairman, Director Since: May 12, 1998 Non-Independent	Mr. Hawley is the founder of Scorpio Mining and is currently the Chief Executive Officer of Scorpio Gold Corporation. Formerly he was President and CEO of the Company from July 20, 2012 to April 21, 2013 and prior to December 2010. Mr. Hawley has over 35 years' experience in the exploration and mining industry and has worked as a consulting geologist to a large number of intermediate and senior mining companies including Teck Corp, Noranda Inc., Placer Dome Inc. and Barrick Gold. Mr. Hawley is also a director of Niogold Mining Corporation.			
	Common Shares Held			
	1,843,436			
	Other Securities Held			
	Type			Securities Held (#)
	N/A			N/A
	Options Held			
	Date Granted	Expiry Date	Exercise Price	Total Unexercised Options (#)
	April 8, 2010	April 8, 2015	0.80	1,200,000
	May 25, 2011	May 25, 2016	1.31	350,000
	Jan. 30, 2015	Jan. 30, 2018	0.195	400,000
	Board and Committee Membership 2014		Attendance	Other Public Board Memberships
	Company Board (Chairman)		7 of 7	Scorpio Gold Corporation
	Company Compensation Committee		1 of 1	Niogold Mining Corporation
	Company S&T Committee		N/A*	

*Mr. Hawley was appointed Chairman of the Board and to the S&T Committee on December 23, 2014.

Bradley R. Kipp Age: 51 Mississauga, ON Director Since: June 12, 2014 Independent	Mr. Kipp is currently the Chief Financial Officer and Director of African Copper PLC (mining and exploration) since September 2004; Vice-President Finance of Summit Resource Management Limited (venture capital) since 1997. Director of Equity Financial Holdings Inc. since June 2008 which operates through its wholly-owned subsidiary Equity Trust, which offers residential mortgage loans funded primarily through the issuance of retail deposits. Mr. Kipp has over 19 years' experience in the mining sector specializing in operations, corporate finance and public company reporting. He has been involved in the financing and development of emerging and start-up mineral projects focused primarily in southern Africa, Mexico and Myanmar. As part of these activities he is, or has been, Chief Financial Officer and/or Director of several public companies listed on both the Toronto and London AIM exchanges.			
	Common Shares Held			
	N/A			
	Other Securities Held			
	Type			Securities Held (#)
	N/A			N/A
	Options Held			
	Date Granted	Expiry Date	Exercise Price	Total Unexercised Options (#)
	Jan. 30, 2015	Jan. 30, 2018	0.195	400,000
	Board and Committee Membership 2014		Attendance	Other Public Board Memberships
	Company Board		3 of 7*	Equity Financial Holdings Inc.
	Company Audit Committee (Chair)		2 of 4*	African Copper Plc

*Mr. Kipp was appointed to the Board and as Chair of the Audit Committee on June 12, 2014. Prior to his appointment the Board had 4 meetings and the Audit Committee had 2 meetings.

Gordon E. Pridham Age: 60 Ontario, Canada Director Since: December 23, 2014 (U.S. Silver & Gold since August 13, 2012 and U.S. Silver Corp. since November 10, 2008) Independent	Mr. Pridham is currently Principal of Edgewater Capital and sits on the public company boards of Newalta Corporation (Chairman), Titanium Corporation Inc. (Chairman), CHC Student Housing Inc. (Chairman), Orvanna Minerals Inc and Roxgold Inc. Formerly, Chairman of the Board of U.S. Silver & Gold Inc. He is on the advisory board for Enertech Capital a Clean Tech Venture Fund. Recent activities include merger of US Silver with RX Gold as Chairman, sale of Norock Realty to Partners REIT as Chairman of the Special Committee, and sale of Western Prospector to CNNC as Chairman of the Special Committee.			
	Mr. Pridham has over 35 years of experience financing and advising public and private companies in a cross section of industries, particularly in the resource sector. He has worked in New York, Calgary, Toronto and Hong Kong for global financial institutions in Corporate Banking, Investment Banking and Capital Markets.			
	Mr. Pridham is a graduate of the University of Toronto and the Institute of Corporate Directors program.			
	Common Shares Held			
	361,234			
	Other Securities Held			
	Type		Securities Held (#)	
	Warrants, U.S. Silver		33,500	
	Options Held⁽¹⁾			
	Date Granted	Expiry Date	Exercise Price	Total Unexercised Options (#)
	June 29, 2010	June 29, 2015	1.00	52,527
	June 24, 2011	June 24, 2016	2/36	112,560
	Sept. 16, 2011	Sept. 16, 2016	2.89	45,024
	Jan. 20, 2012	Jan. 20, 2017	1.85	67,536
	Aug. 28, 2012	Aug. 28, 2017	1.33	210,000
	July 18, 2013	July 18, 2016	0.39	74,760
	Aug. 26, 2013	Aug. 25, 2016	0.46	9,240
	Feb. 6, 2014	Feb. 6, 2017	0.29	210,000
	Jan. 30, 2015	Jan. 30, 2018	0.195	400,000
	Board and Committee Membership 2014⁽²⁾		Attendance	Other Public Board Membership
	Company Board Company Audit Committee Company CCG Committee U.S. Silver Board		N/A N/A N/A 8 of 8	Newalta Corporation (Chairman) Titanium Corporation (Chairman) CHC Student Housing Inc. (Chairman) Orvanna Minerals Inc. Roxgold Inc. Enertech Capital (Advisory Board)

1. All prior option grants to those issued by the Company have been exchanged for Options of the Company.

2. Mr. Pridham was appointed to the Company's Board, Audit Committee and CCG Committee on December 23, 2014.

Lorie Waisberg Age: 73 Ontario, Canada Director Since: December 23, 2014 (U.S. Silver & Gold since August 13, 2012 and RX Gold & Silver since July 6, 2011) Independent	Mr. Waisberg is a corporate director currently serving as chairman and a director of, Chemtrade Logistics Income Fund and Arcan Resources Ltd. and a director of Chantrell Ventures Corp., Metalex Ventures Ltd. and Tembec Inc. Prior to retirement, Mr. Waisberg served as Executive Vice President, Finance and Administration of Co-Steel Inc., a steel manufacturer. Prior thereto, Mr. Waisberg practiced law with a major Canadian law firm. Mr. Waisberg is accredited as ICD.D by the Institute of Corporate Directors.		
	Common Shares Held		
	89,825		
	Other Securities Held		
	Type		Securities Held (#)
	N/A		N/A
	Options Held⁽¹⁾		
	Date Granted	Expiry Date	Exercise Price
	July 6, 2011	July 6, 2016	2.68
	Aug. 28, 2012	Aug. 28, 2017	1.33
	July 18, 2013	July 18, 2016	0.39
	Aug. 26, 2013	Aug. 25, 2016	0.46
	Feb. 6, 2014	Feb. 6, 2017	0.29
	Jan. 30, 2015	Jan. 30, 2018	0.195
	Board and Committee Membership 2014⁽²⁾		Other Public Board Memberships
	Company Board	N/A	Arcan Resources Ltd.
	Company CCG Committee(chair)	N/A	Chantrell Ventures Corp.
	U.S. Silver Board	8 of 8	Chemtrade Logistics Income Fund
	U.S. Silver Audit	3 of 3	Metalex Ventures Ltd.
	U.S. Silver CCG Committee (Chair)	3 of 3	Tembec Inc.

1. All prior option grants to those issued by the Company have been exchanged for Options of the Company.

2. Mr. Waisberg was appointed to the Company's Board and as Chair of the CCG Committee on December 23, 2014.

Corporate Cease Trade Orders, Bankruptcies and Insolvencies

Except as disclosed below, as at the date of this Circular and within the 10 years before the date of this Circular, none of the persons named above:

- (a) is, or has been, a director or executive officer of any company (including the Company), that while that person was acting in that capacity:
 - (i) was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
 - (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
 - (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has within 10 years before the date of the Circular 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 the assets of the director, officers or shareholders.

Mr. Waisberg was a director of FMF Capital Group Ltd. ("FMF") from March 2005 to May 18, 2007. On May 18, 2007 a subsidiary of FMF (of which Mr. Waisberg was not a director) conveyed its assets to a trustee to facilitate the orderly wind-up of its business.

Penalties and Sanctions

To the Company's knowledge, none of the Nominees for election as director have been subject to: (i) 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; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

Additional Information regarding the Board

For additional information regarding the Company's Board, including compensation, corporate governance practices, independence and directorships of other public company boards, see "**Statement of Executive & Director Compensation – Director Compensation**" and "**Statement of Corporate Governance Practices**".

Item 3 – Appointment of Auditor

Shareholders will be asked to consider and, if thought fit, to pass an ordinary resolution to appoint Deloitte LLP, Chartered Accountants, Toronto, Ontario ("Deloitte") as auditor of the Company to hold office until the close of the next annual meeting of the Company or until the auditor is removed from office or resigns. It is also proposed that shareholders authorize the directors to fix the remuneration to be paid to the auditor. Deloitte has been the Company's auditor since July 2003.

Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote FOR the appointment of Deloitte as auditor of the Company until the close of the next annual meeting of shareholder and to authorize the directors to fix their remuneration.

Item 4 – Adoption of New By-laws

The Company's existing by-laws (the "Existing By-Laws") were adopted by the Board and approved by shareholders at the Company's annual and special meeting held on June 9, 2008 and subsequently amended by the adoption of By-Law Number Two to introduce an advance notice requirement in connection with shareholders intending to nominate directors in certain circumstances. The Existing By-Laws, as amended by By-Law Number Two, were confirmed by the shareholders at the Company's annual and special meeting held on June 13, 2013.

Following a review of the Existing By-Laws, the Board has determined that it is in the best interests of the Company that the Existing By-Laws be repealed and replaced by the new form of by-laws (the "New By-Laws") attached as **Schedule A** to this Circular to, among other things, remove unnecessary provisions and reflect certain corporate governance best practices. Other than as noted below, the New By-Laws provide shareholders with substantively the same rights as are available to shareholders under the Existing By-laws.

The Existing By-Laws provide that a quorum for a meeting of shareholders shall be two shareholders, or two proxyholders representing shareholders, or any combination thereof, holding not less than one-twentieth of the issued shares entitled to be voted at the meeting. The New By-Laws increase the quorum requirement for the transaction of business at a meeting of shareholders to 10%, from 5%, of the total number of issued shares entitled to vote at the meeting.

The Existing By-Laws provide that if within half an hour from the time appointed for a meeting of shareholders a quorum is not present, the meeting, if convened upon requisition by the shareholders, shall be dissolved. In any other case, the meeting shall stand adjourned to a day, time and place as determined by the chairman of the meeting, but may not transact other business. If at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the person or persons present and being, or representing by proxy, a shareholder or shareholders entitled to attend and vote at the meeting shall be a quorum. The New By-Laws do not contain a similar provision. The New By-Laws provide that if there is no quorum present at an adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment.

The Existing By-Laws contain provisions permitting the Board to request that retiring directors continue in office if their replacement is not elected or to appoint directors, either to fill casual vacancies or otherwise, subject to a limit of one-third of the number of directors elected or appointed at the previous annual meeting of shareholders. The Existing By-Laws also contain a provision permitting individual directors to appoint alternate directors. The New By-Laws do not contain similar provisions. However, the Company's articles continue to provide that the directors may, between annual meetings of the shareholders, appoint one or more additional directors for a term expiring not later than the close of the next annual meeting of

shareholders, but the number of additional directors so appointed may not exceed one-third of the number of directors elected at the previous annual meeting of shareholders and provided that the total number of directors shall not exceed the maximum number of directors fixed pursuant to the Company's articles.

The foregoing is a summary only of the substantive differences between the Existing By-Laws and the New By-Laws which may be relevant to shareholders. Shareholders are encouraged to review the New By-Laws in their entirety.

The repeal of the Existing By-Laws and the adoption of the New By-Laws has been approved by the Board, subject to approval and confirmation by the shareholders. The Board has resolved to delay the effective date of the New By-Laws until approved and confirmed by shareholders at the Meeting. The text of the resolution approving the repeal of the Existing By-Laws and approving and confirming the adoption of the New By-Laws (the "By-Law Amendment Resolution") is set out below. The By-Law Amendment Resolution must be approved by a majority of the votes cast by shareholders present in person or represented by proxy at the Meeting.

In the event that the By-Law Amendment Resolution receives the requisite shareholder approval, the Existing By-Laws will be repealed and the New By-Laws will be in effect following the Meeting. In the event that the By-Law Amendment Resolution does not receive the requisite shareholder approval, the Existing By-Laws will remain in effect following the Meeting.

Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote FOR the approval of the By-Law Amendment Resolution at the Meeting.

Shareholders will be asked at the Meeting to consider and, if deemed advisable, to pass the following ordinary resolution:

"BE IT RESOLVED THAT:

- (a) the existing by-laws of Scorpio Mining Corporation (the "Company") be repealed in its entirety;
- (b) the new by-laws of the Company, as approved by the board of directors of the Company, the full text of which is attached as Schedule A to the management information circular of the Company dated April 14, 2015, be approved and confirmed as the by-laws of the Company; and
- (c) any director or officer of the Company is hereby authorized and directed for and on behalf of the Company to execute and deliver such instruments, certificates and other documents and to do all such acts or things as such director or officer may determine to be necessary or advisable in connection with or to otherwise give effect to this resolution, the execution and delivery of such instruments, certificates and other documents or the doing of such acts or things being conclusive evidence of such determination."

Item 5 – Approval of Shareholder Rights Plan

The Company previously adopted a shareholder rights plan effective as of June 23, 2014 ("Previous Shareholder Rights Plan"). The Previous Shareholder Rights Plan was not submitted to the Shareholders to be ratified and, as a result, it expired and all rights issued thereunder were terminated in accordance

with its terms. The Company has adopted a new shareholder rights plan (“Shareholder Rights Plan”) effective as of April 14, 2015. Similar to the Previous Shareholder Rights Plan, the Shareholder Rights Plan is intended to ensure, to the extent possible, that shareholders and the Board have adequate time to consider and evaluate any unsolicited take-over bid and provide the Board with adequate time to identify, solicit, develop and negotiate alternatives to enhance shareholder value, including competing transactions that might emerge. The Shareholder Rights Plan was not proposed in response to, or in anticipation of, any acquisition or take-over offer and is not intended to prevent a take-over of the Company, to secure continuance of current management or the directors in office or to deter fair offers for the Common Shares. The Shareholder Rights Plan does not affect in any way the financial condition of the Company.

A summary of the terms of the Shareholder Rights Plan is set out in Schedule B attached to this Circular. The summary is qualified in its entirety by the full text of the Shareholder Rights Plan, which is available on SEDAR at www.sedar.com.

The Rights Plan is effective immediately, although it remains subject to acceptance by the TSX and ratification by shareholders. The Company has been informed that the TSX will defer its consideration of the Rights Plan for acceptance until the Rights Plan has been ratified by shareholders.

In compliance with the requirements of the TSX, the Shareholder Rights Plan is being submitted to shareholders to be ratified at the Meeting. The text of the resolution ratifying the Shareholder Rights Plan (the “Shareholder Rights Plan Resolution”) is set out below. The Shareholder Rights Plan Resolution must be approved by a majority of the votes cast by the Independent Shareholders (as defined in the Shareholder Rights Plan) present in person or represented by proxy at the Meeting.

In the event that the Shareholder Rights Plan Resolution receives the requisite shareholder approval, the Shareholder Rights Plan will remain in effect following the Meeting. In the event that the Shareholder Rights Plan Resolution does not receive the requisite shareholder approval, the Shareholder Rights Plan and the Rights issued thereunder will terminate and be null and void and of no further force and effect at the close of the Meeting. Management of the Company recommends that shareholders vote in favour of the Shareholder Rights Plan Resolution.

Unless authority to do so is withheld, the persons named in the accompanying form of proxy intend to vote FOR the approval of the Shareholder Rights Plan Resolution at the Meeting.

Shareholders will be asked at the Meeting to consider and, if deemed advisable, to pass the following ordinary resolution:

“BE IT RESOLVED THAT:

- (a) the shareholder rights plan dated as of April 14, 2015 of Scorpio Mining Corporation (the “Company”), as adopted by the board of directors of the Company, a summary of which is attached as **Schedule B** to the management information circular of the Company dated April 14, 2015 and the full text of which is available on SEDAR at www.sedar.com, be ratified as the shareholder rights plan of the Company; and
- (b) any director or officer of the Company is hereby authorized and directed for and on behalf of the Company to execute and deliver such agreements, instruments, certificates and other documents and to do all such acts or things as such director or officer may determine to be necessary or

advisable in connection with or to otherwise facilitate the transactions contemplated by this resolution, the execution and delivery of such agreements, instruments, certificates and other documents or the doing of such acts or things being conclusive evidence of such determination.”

Item 6 – Issuance of Compensation Warrants to Medalist Capital Ltd.

On December 23, 2014, the Company and U.S. Silver completed their merger of equals to combine their respective businesses by way of a plan of arrangement with U.S. Silver pursuant to section 182 of the Business Corporations Act (Ontario) (the “U.S. Silver Arrangement”). As a result of the U.S. Silver Arrangement, U.S. Silver is now a wholly-owned subsidiary of the Company.

Prior to the U.S. Silver Arrangement, U.S. Silver had retained Medalist Capital Ltd. (“Medalist”) to provide certain strategic advisory services to U.S. Silver. The engagement letter between U.S. Silver and Medalist effective as of March 24, 2014 (the “Engagement Letter”) provides that Medalist is to receive a fee for its services, to be paid in cash and/or, subject to the approval of the TSX, warrants to purchase common shares of U.S. Silver, as agreed by U.S. Silver and Medalist. U.S. Silver previously paid a portion of the fee owed to Medalist in cash. Recognizing the need to preserve cash in current market conditions, the Company has agreed, subject to shareholder approval and the approval of the TSX, to issue 5,346,639 warrants (the “Compensation Warrants”) to purchase Common Shares to Medalist in order to satisfy the outstanding obligations of U.S. Silver under the Engagement Letter (the “Compensation Warrant Issuance”).

Each Compensation Warrant will be exercisable for a period of 36 months for one Common Share at a price per share equal to \$0.229, being a 20.5% premium to the market price of the Common Shares as of April 13, 2015. The maximum number of Common Shares issuable on the exercise of the Compensation Warrants is 5,346,639, which is equal in value to \$175,000 based on the Black-Scholes valuation thereof, representing approximately 1.59% of the Common Shares outstanding as of the date hereof. The Compensation Warrants will be subject to customary adjustments in the case of share or capital reorganizations, distributions or rights offerings.

The issuance of the Compensation Warrants is not expected to materially affect control of the Company. Medalist currently holds 497,175 warrants of U.S. Silver, which following the U.S. Silver Arrangement are exercisable for 835,254 Common Shares. Following completion of the Compensation Warrant Issuance, Medalist will hold warrants exercisable for 6,181,893 Common Shares representing approximately 1.84% of the outstanding Common Shares, assuming exercise of the warrants of U.S. Silver that Medalist holds and the Compensation Warrants.

Pursuant to the rules of the TSX, listed issuers are required to obtain securityholder approval in connection with an acquisition where the number of securities issued or issuable in payment of the purchase price for the acquisition exceeds 25% of the number of securities of the listed issuer which are outstanding prior to such acquisition, on a non-diluted basis. As the number of Common Shares issued in connection with the U.S. Silver Arrangement exceeded 25% of the number of Common Shares outstanding at the time, the Company obtained securityholder approval for the issuance of the Common Shares in connection with the U.S. Silver Arrangement. As the outstanding obligations of U.S. Silver under the Engagement Letter were indirectly assumed by the Company as a result of the U.S. Silver Arrangement, the TSX considers it necessary for the Company to obtain securityholder approval for the Compensation Warrant Issuance. Accordingly, the Compensation Warrant Issuance is being submitted to the shareholders for approval at the Meeting. The text of the resolution approving the Compensation Warrant Issuance (the “Compensation Warrant Issuance Resolution”) is set out below. The Compensation Warrant Issuance Resolution must be approved by a majority of the votes cast by shareholders present in person or represented by proxy at the Meeting.

Completion of the Compensation Warrant Issuance will be conditional on the Company obtaining the requisite shareholder approval and the approval of the TSX. The Company has obtained conditional approval from the TSX for the Compensation Warrant Issuance and the listing of the Common Shares issuable on the exercise of the Compensation Warrants, subject to shareholder approval and fulfillment of all of the conditions and listing requirements of the TSX. The Company intends to complete the Compensation Warrant Issuance as soon as practicable following receipt of the requisite shareholder approval. If the Compensation Warrant Issuance does not receive the requisite shareholder approval, the Company will be required to make alternative arrangements in order to satisfy the outstanding obligations of U.S. Silver under the Engagement Letter.

Unless authority to do so is withheld, the persons named in the accompanying form of proxy intend to vote FOR the approval of the Compensation Warrant Issuance Resolution at the Meeting.

Shareholders will be asked at the Meeting to consider and, if deemed advisable, to pass the following ordinary resolution:

"BE IT RESOLVED THAT:

- (a) the issuance of up to 5,346,639 warrants ("Compensation Warrants") to purchase common shares ("Common Shares") of Scorpio Mining Corporation (the "Company") to Medalist Capital Ltd. ("Medalist"), each Compensation Warrant being exercisable for a period of 36 months for one Common Share at a price per share equal to \$0.229 (the "Compensation Warrant Issuance"), is hereby authorized and approved;
- (b) notwithstanding that this resolution has been passed by the shareholders of the Company, the board of directors of the Company is hereby authorized and empowered, without notice to or approval of the shareholders of the Company, not to proceed with the Compensation Warrant Issuance; and
- (c) any director or officer of the Company is hereby authorized and directed for and on behalf of the Company to execute and deliver such agreements, instruments, certificates and other documents and to do all such acts or things as such director or officer may determine to be necessary or advisable in connection with or to otherwise facilitate the transactions contemplated by this resolution, the execution and delivery of such agreements, instruments, certificates and other documents or the doing of such acts or things being conclusive evidence of such determination."

Item 7 – Amendment to Articles of Incorporation – Name Change

At the meeting, Shareholders will be asked to consider and, if deemed advisable, to pass a special resolution (the "Name Change Resolution"), authorizing the Company to amend the articles of the Company (the "Articles") to effect the change of name of the Company from "Scorpio Mining Corporation" to "Americas Silver Corporation" (the "Name Change"). In 2007 the Company reorganized its assets, whereby it maintained its principal asset at the time, the 100%-owned Nuestra Señora silver-zinc-copper-lead project located in Mexico and transferred its gold assets (located outside of Mexico) to Scorpio Gold Corporation. The common "Scorpio" name has been the source of some confusion for shareholders. It is also the view of the current Board and management that the name "Scorpio Mining Corporation" does not accurately convey the future aspirations for the Company. The name change is designed to eliminate any confusion and better align the Company's name to its current identity as it focuses its efforts on silver production. Completion of the Name Change will be conditional on the Company obtaining the requisite shareholder approval and the approval of the TSX. The Company has obtained conditional approval from the

TSX for the Name Change subject to the fulfillment of any required conditions. The Company intends to complete the Name Change as soon as practicable following receipt of the requisite shareholder approval. Following the name change, the Company will continue to trade under the symbol “SPM” on the TSX and “SMNPF” on the OTCQX until further notice.

To be effective, the Name Change Resolution must be approved by two-thirds of the votes cast by the Shareholders entitled to vote, present in person or represented by proxy at the Meeting.

The text of the Name Change Resolution is set out below:

“BE IT RESOLVED, as a special resolution of the holders of common shares (the “Shareholders”) of Scorpio Mining Corporation (the “Company”), that:

- a. the name of the Company be changed from “Scorpio Mining Corporation” to “Americas Silver Corporation” or such other name as may be accepted by the relevant regulatory authorities, including the TSX and approved by the board of directors of the Company, and that the articles of the Company be amended to reflect such change;
- b. the directors of the Company may, in their sole discretion and without further notice to, or approval of, the Shareholders of the Company, act upon the foregoing resolution to effect the change of name or, if deemed appropriate, determine not to proceed with the change of name or to otherwise give effect to this special resolution, at any time prior to the change of name becoming effective;
- c. any one director or officer of the Company be and is hereby authorized and directed, for and in the name of and on behalf of the Company, to execute (whether under the corporate seal of the Company or otherwise) and deliver, or cause to be executed and delivered, and to sign and/or file, or cause to be signed and/or filed, as the case may be, all articles, applications, declarations, notices, instruments and other documents, and to do or cause to be done all such other acts and things, as such director or officer may determine to be necessary or desirable to implement this resolution and to give full force and effect to the matters authorized hereby, including, without limitation, the execution and delivery of articles of amendment in the prescribed form, the execution, signing or filing of any such articles, application, declaration, notice, instrument or other document or the doing of any such act or thing being conclusive evidence of such determination; and
- d. upon articles of amendment having become effective in accordance with the *Canada Business Corporations Act*, the articles of the Company are amended accordingly.”

For the reasons indicated above, the Board believes that the proposed name change is in the best interests of the Company and its Shareholders and, accordingly, the Board recommends that Shareholders vote **FOR** the approval of the Name Change Resolution. **Unless authority to do so is withheld, the persons named in the accompanying form of proxy intend to vote FOR the Name Change Resolution at the Meeting.**

STATEMENT OF EXECUTIVE & DIRECTOR COMPENSATION

Introduction

Following the U.S. Silver Arrangement, the newly combined Company's strategic objective is to expand its silver production through the development of its own projects and consolidation of complimentary projects. The combined management team is led by Darren Blasutti, who assumed the title of President and Chief Executive Officer and draws from the expertise of both companies. The Board was initially comprised of Mr. Blasutti together with three directors from Scorpio Mining (prior to the combination the board of Scorpio Mining, the "Previous Board") and four directors from U.S. Silver. Scorpio Mining founder Peter Hawley is the Chairman of the Company.

In accordance with National Instrument 51-102 – Continuous Disclosure Obligations ("NI 51-102"), the Company is required to disclose all direct and indirect compensation provided to certain executive officers and directors for, or in connection with, services they provided to the Company in the previous financial year. Accordingly, in accordance with NI 51-102, set out below under the heading "**2014 Executive Compensation**" are details of the executive compensation amounts provided to certain former and current executive officers and directors of the Company for services they have provided to the Company during the most recently completed financial year. Included in the disclosure set out below, in accordance with NI 51-102, is a discussion and analysis of the significant elements of the compensation awarded to, earned by, paid to, or payable to certain former and current executive officers and directors of the Company. The objective of this disclosure is to provide insight into executive compensation decisions made by the Company during the most recently completed financial year.

Under the current Board, the Company has made certain changes with respect to executive compensation going forward, details as well as a discussion and analysis of which are set out below under the heading "**Discussion of Expected Compensation for 2015**". The objective of this disclosure is to provide insight into the executive compensation decisions made by the current Board after the end of the most recently completed financial year to provide shareholders with an accurate picture of the Corporation's existing executive compensation arrangements for the current fiscal year ending December 31, 2015.

2014 Executive Compensation

All information relating to the period ending December 31, 2014 is based on information available to the current Board and is, to the best of their knowledge, accurate and correct. For the purposes of this discussion, "Named Executive Officers" or "NEOs" means:

- (a) the Chief Executive Officer ("CEO") of the Company for any part of the most recently completed financial year;
- (b) the Chief Financial Officer ("CFO") of the Company for any part of the most recently completed financial year;
- (c) each of the Company's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and the CFO, at the end of the most recently completed fiscal year and whose total compensation was, individually more than \$150,000 as determined in accordance with subsection 1.3(6) of Form, 51-102F6 – Statement of Executive Compensation; and

- (d) any individuals who would be a NEO under paragraph (c) above, 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 the fiscal year.

During the fiscal year ended December 31, 2014, the Company had the following seven Named Executive Officers: Pierre Lacombe, President and CEO; Hemdat Sawh, CFO; Darren Blasutti, President and CEO; Warren Varga, CFO; Felipe Martinez, Mexico Country Manager; James Stonehouse, Vice President, Exploration; and Victoria Vargas, Vice President, Communications and Investor Relations.

[***]

The following table sets forth the compensation awarded, paid to or earned by the Company's NEOs during the fiscal year ended December 31, 2014.

Summary Compensation Table

Name and principal position	Year	Salary (\$) ⁽¹⁾	Non-equity discretionary annual incentive plan (\$)	Share-based awards (\$)	Option - based awards ⁽²⁾ (\$)	All other compensation (\$)	Total Compensation (\$)
Pierre Lacombe ⁽³⁾ President, Chief Executive Officer and Director	2014	345,420	45,455	Nil	Nil	594,318	985,193
	2013	259,055	Nil	Nil	203,568	Nil	462,623
	2012	N/A	N/A	N/A	N/A	N/A	N/A
Hemdat Sawh ⁽⁴⁾ Chief Financial Officer	2014	236,455	23,182	Nil	Nil	259,636	519,273
	2013	247,573	24,757	Nil	20,153	Nil	292,483
	2012	252,525	Nil	Nil	Nil	Nil	252,525
James Stonehouse ⁽⁵⁾ VP Exploration	2014	205,877	8,535	Nil	Nil	Nil	214,412
	2013	203,960	Nil	Nil	40,306	Nil	244,266
	2012	201,947 ⁽⁷⁾	20,138 ⁽⁷⁾	Nil	255,546	Nil	477,632
Felipe Martinez ⁽⁶⁾ Mexico Country Manager	2014	255,693	61,099	N/A	N/A	Nil	Nil
	2013	N/A	N/A	N/A	N/A	N/A	N/A
	2012	N/A	N/A	N/A	N/A	N/A	N/A
Victoria Vargas ⁽⁷⁾ VP Communications and Investor Relations	2014	130,955	18,545	Nil	Nil	Nil	149,505
	2013	198,058	19,806	Nil	10,077	Nil	227,941
	2012	202,020	Nil	Nil	Nil	Nil	202,020
Darren Blasutti ⁽⁸⁾ President, Chief Executive Officer and Director	2014	5,181	3,241	Nil	Nil	Nil	8,422
	2013	N/A	N/A	N/A	N/A	N/A	N/A
	2012	N/A	N/A	N/A	N/A	N/A	N/A
Warren Varga ⁽⁹⁾ Chief Financial Officer	2014	4,663	1,278	N/A	N/A	N/A	5,941
	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

(1) All amounts in U.S. dollars.

(2) The fair value of option-based awards is determined in accordance with 'IFRS 2 Share-based payment' of International Financial Reporting Standards ("IFRS"). The Company uses the Black-Scholes model to estimate fair value of stock options annually granted and is determined by multiplying the number of stock options granted by their value following this method. This value is equal to the accounting value established in accordance with IFRS. Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumption can materially affect the fair value estimates and therefore, in management's opinion, existing models do not necessarily provide a reliable measure of the fair value of the Company's Common Share and option-based awards. Sums in this column are not cash but are fair market value of the Options granted and the date of grant.

- (3) Mr. Lacombe was appointed as President, Chief Executive Officer of the Company effective April 22, 2013 and was replaced by Darren Blasutti as President and Chief Executive Officer on December 23, 2014. The compensation disclosed in the table with respect to Mr. Lacombe was paid to him in respect of his service as President and Chief Executive Officer during the 2013 fiscal year and does not include compensation awarded, paid to or earned by, Mr. Lacombe for his service as a non-executive director of the Company during the specified annual periods. In accordance with the terms of the Rolling Plan, the expiry date of any outstanding options accelerated to 90 days thereafter and all such options have now been exercised or have expired. Mr. Lacombe's salary and bonus were converted from Canadian dollars to U.S. dollars using exchange rates of 1.10 for 2014 and 1.03 for 2013. Amount under "other compensation" represents an amount paid as severance.
- (4) Mr. Sawh was appointed as Chief Financial Officer of the Company effective April 30, 2011 and was replaced by Warren Varga as Chief Financial Officer on December 23, 2014. In accordance with the terms of the Rolling Plan, the expiry date of any outstanding options was accelerated to 90 days thereafter and all such options have now been exercised or have expired. Mr. Sawh's salary and bonus were converted from Canadian dollars to U.S. dollars using exchange rates of 1.10 for 2014, 1.03 for 2013 and 0.99 for 2012. Amount under "other compensation" represents an amount paid as severance.
- (5) Mr. Stonehouse was appointed as Vice-President Exploration effective January 1, 2012.
- (6) Ms. Vargas was appointed as Vice-President Communications and Investor Relations effective November 1, 2011. Ms. Vargas' salary and bonus were converted from Canadian dollars to U.S. dollars using exchange rates of 1.10 for 2014, 1.03 for 2013 and 0.99 for 2012. Ms. Vargas resigned effective September 7, 2014.
- (7) Mr. Martinez was appointed as Mexico Country Manager effective December 27, 2013.
- (8) Mr. Blasutti was appointed as President and Chief Executive Officer of the Company effective December 23, 2014. Mr. Blasutti's salary and bonus were converted from Canadian dollars to U.S. dollars using an exchange rate of 1.10 for 2014.
- (9) Mr. Varga was appointed as Chief Financial Officer of the Company effective December 23, 2014. Mr. Varga's salary and bonus were converted from Canadian dollars to U.S. dollars using an exchange rate of 1.10 for 2014.

Outstanding share-based awards and option-based awards

The following table sets forth information concerning option-based awards granted by the Company to NEOs and outstanding as at December 31, 2014.

Name	Number of securities underlying unexercised options (#)	Option exercise price C(\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ C(\$)
Pierre Lacombe	400,000	0.80	08/04/2015	Nil
President and	250,000	1.31	25/05/2016	Nil
Chief Executive Officer	1,000,000	0.475	24/05/2018	Nil
Hemdat Sawh	500,000	1.24	01/05/2016	Nil
Chief Financial Officer	100,000	0.47	27/05/2018	Nil
James Stonehouse	300,000	1.95	03/01/2017	Nil
Vice-President Exploration	200,000	0.47	27/05/2018	Nil
Victoria Vargas	150,000	2.15	13/09/2016	Nil
VP Communications and Investor	150,000	2.02	01/11/2016	Nil
Relations	50,000	0.47	27/05/2018	Nil
Darren Blasutti	244,159	2.68	6/07/2016	Nil
President and	294,000	1.33	28/08/2017	Nil
Chief Executive Officer	252,000	1.08	21/12/2015	Nil
	299,040	0.39	18/07/2016	Nil
	36,960	0.46	25/08/2016	Nil
	588,000	0.29	06/02/2017	Nil
	1,000,000	0.195	30/01/2018	Nil
Warren Varga	29,066	4.50	06/07/2016	Nil
Chief Financial Officer	7,266	5.05	09/09/2016	Nil
	125,000	2.23	28/08/2017	Nil
	100,000	1.82	20/12/2015	Nil
	89,000	0.65	16/07/2016	Nil
	11,000	0.78	26/08/2016	Nil
	600,000	0.19	30/01/2018	Nil

Notes:

- (1) Calculated based on the difference between \$0.23, the closing price of the Common Shares on the TSX on December 31, 2014, and the exercise price.

Incentive Plan Awards-Value Vested or Earned During the Year

The following table sets forth, for each NEO, the value of all incentive plan awards vested or earned during the year ended December 31, 2014.

Name	Option-based awards-Value vested during the year⁽¹⁾ C(\$)	Share-based awards-Value vested during the year⁽²⁾ C(\$)	Non-equity incentive plan compensation-Value earned during the year⁽³⁾ C(\$)
Pierre Lacombe President and Chief Executive Officer	Nil	Nil	50,000
Peter J. Hawley Former interim President and Chief Executive Officer	Nil	Nil	Nil
Hemdat Sawh Chief Financial Officer	Nil	Nil	25,500
John Sadek Mexico Country Manager	Nil	Nil	Nil
Thomas McGrail Former Chief Operating Officer	Nil	Nil	Nil
James Stonehouse VP	Nil	Nil	Nil
Victoria Vargas VP Communications and Investor Relations	Nil	Nil	20,400
Darren Blasutti President and Chief Executive Officer	Nil	Nil	Nil
Warren Varga Chief Financial Officer	Nil	Nil	Nil

Notes:

- (1) *Calculated using the difference between the exercise price and the closing price of the Common Shares of the Company on the TSX immediately before the vesting date. The value shown in this column does not represent the actual value the individual NEO could receive. The actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.*
- (2) *No share-based awards were granted to NEOs during the fiscal year ended December 31, 2014.*
- (3) *These amounts represent cash bonuses paid to the NEOs, relating to performance as determined at the discretion of the Compensation Committee.*

2014 Compensation Discussion and Analysis

In accordance with NI 51-102, and based on the information available to the current Board in respect of the fiscal year ended December 31, 2014, the following compensation discussion and analysis is intended to set out the objectives of the Company's executive compensation arrangements, executive compensation philosophy and application of this philosophy to the Company's executive compensation arrangements under the Previous Board, and still effective as of December 31, 2014.

According to previous disclosure, the Company's executive compensation program was administered by the former Compensation Committee comprised of two directors of the Previous Board. The Compensation Committee had, as part of its mandate, the responsibility for reviewing recommendations from management for subsequent approval by the Board with respect to the appointment and remuneration of executive officers of the Company. The Compensation Committee also monitored the performance of the Company's executive officers and reviewed the design and competitiveness of the Company's executive compensation plans. Prior to the closing of the U.S. Silver Arrangement, the Compensation Committee was comprised of Jonathan A. Berg (Chair) and Peter J. Hawley. Mr. Berg was considered to be "independent" as such term is defined in National Instrument 52-110 – *Audit Committees* ("NI 52-110"). Because Mr. Hawley served as the Company's President and Chief Executive Officer within the last three years, he is not considered to be independent, as so defined.

Executive Compensation Program

While the Board has not adopted a written program concerning the compensation of NEOs, it has developed a consistent approach relating to executive compensation. The objective in the determination of executive compensation is the need to provide total compensation packages that will:

- ensure external competitiveness by developing and maintaining compensation levels that reflect current market rates of pay;
- promote pay-for-performance levels that rewards consistently high performance levels;
- provide the Company with the resources to recruit and retain a highly capable work force;
- establish incentives to develop and achieve performance targets that maximize the success; and
- value of the Company to the benefit of the shareholders and other stakeholders.

The Company's executive compensation program has been based on stated pay for performance philosophy. It is designed to retain, encourage, compensate and reward employees on the basis of individual and corporate performance, both in the short and the long term. The applicable committee reviews and recommends to the Board base salaries based on a number of factors enabling the Company to compete for and retain executives critical to long term success. Incentive compensation in the form of cash bonuses is directly tied to corporate and individual performance. Share ownership opportunities through stock options are provided to align the interests of executive officers with the longer term interests of shareholders. Independent consultants may be retained on as a needed basis by the Company to assess the executive compensation program.

In general, compensation paid by the Company to its NEOs and other executive officers consists of base salary, annual incentive compensation in the form of a discretionary annual bonus and long-term incentive compensation in the form of stock options. Generally, the Company attempts to pay competitively in the aggregate and achieve an appropriate balance between annual compensation (base salary and cash bonuses) and long-term compensation (stock options).

In determining specific compensation amounts for the NEOs, the Compensation Committee has considered factors such as experience, individual performance, length of service, role in achieving corporate objectives, positive production, exploration and development results, stock price, and compensation compared to other employment opportunities for executives. As an executive officer's level of responsibility increases, a greater percentage of total compensation is based on performance (as opposed to base salary and standard employee benefits) and the mix of total compensation shifts towards annual bonuses and in particular stock options, thereby increasing the mutuality of interest between executive officers and shareholders. The Company does not have precise criteria or formulas to determine global remuneration of NEO's and has

used its senior officers and Board of Director's experience and knowledge of the market to do so. The Company's compensation program is designed to reward the success of the Company in achieving its technical and financial objectives. The Company operates in a volatile market and the following elements of the compensation package are required to provide the motivation to NEO's and other employees and achieve retention of the Company's skilled people in such market.

Base Salary

For 2014, senior management of the Company made recommendations to the Compensation Committee, as applicable, as to base salaries for officers and employees at all levels of the Company based on assigned responsibilities, the performance of each of the officers and employees as well as the overall financial performance of the Company and other reviews of market data available for other mining companies of a similar size. The level of base salary for each employee within a specified range has been determined by the level of past performance, as well as by the level of responsibility, the importance of the position to the Company and market factors.

The respective base salaries of the previous Chief Executive Officer, and Chief Financial Officer, were determined based on negotiations between the Company and these individuals prior to the commencement of their employment with the Company, and the recommendations of the Compensation Committee at that time. In determining their base salaries, the Compensation Committee considered, among other things, the salary demands of other potential candidates for their respective positions.

The base salaries of the NEOs were reviewed annually by the Compensation Committee and, if appropriate, adjusted in order to take into account, among other things, the NEO's and the Company's performance and competitive conditions. Based on the recommendation of the Compensation Committee, the Board determined that the annual base salary of each of Mr. Lacombe, Mr. Sawh, Mr. Stonehouse and Ms. Vargas would be increased by 2% in 2014.

Annual Bonus

The Board has determined on a discretionary basis, incentive awards or bonuses to be paid by the Company to the executive officers of the Company, in respect of a fiscal year, following advice from the Compensation Committee or applicable committee. The CEO has determined, on a discretionary basis, bonuses to be paid by the Company to all other eligible employees and consultants of the Company in respect of a fiscal year. Corporate performance has been assessed by reference to a number of factors including the Company's progress towards budgeted milestones, corporate efficiency and success in enhancing shareholder value. Individual performance has been measured by reviewing personal performance and other significant factors, such as level of responsibility and importance of the position to the Company. The individual performance factor allows the Company to recognize and reward those individuals whose efforts have particularly assisted the Company to attain its corporate performance objectives.

Based on information currently available to the Board, no bonuses were paid in respect of services to Scorpio Mining to executive management for the period ended December 31, 2014.

Stock Options

The Company has a Stock Option Plan, which was amended and restated effective as of January 30, 2015 (the "Stock Option Plan") for officers, directors, employees and consultants of the Company, prepared in compliance with the TSX which has been administered by the Compensation Committee. The purpose of the Stock Option Plan is to advance the interests of the Company by (i) providing participants with

additional incentive, (ii) encouraging stock ownership by participants, (iii) increasing the proprietary interest of participants in the success of the Company, (iv) encouraging participants to remain with the Company, and (v) attracting new employees and key service providers.

According to previous disclosure, the Compensation Committee has determined the stock option grants for each executive officer, the employees to whom it recommends that grants be made, and the terms and conditions of the options forming part of such grants, and makes recommendations to the Board accordingly. In making such determinations, the Compensation Committee has considered relevant factors, including individual performance and individual contribution to the success of the Company, experience and length of service. After considering the recommendations of the Compensation Committee, the Board, as a whole, approved all stock options granted by the Company and the terms and conditions of any stock options, subject to the express provisions of the Stock Option Plan. The existing number and terms of the outstanding options are taken into account when granting new options.

The Company's current practice is to make annual and periodic grants of stock options to its directors, officers, employees and consultants, as it deems appropriate. The Company believes that options help in retaining NEOs and other employees during difficult economic periods when salaries and bonuses are restricted by necessity.

The Stock Option Plan provides for a maximum number of Common Shares issuable pursuant to options granted under the Stock Option Plan equal to 10% of the then issued and outstanding Common Shares. As of the date hereof, the Stock Option Plan permits the Company to grant options to purchase up to 33,605,765 Common Shares, representing 10% of Common Shares outstanding as of the date hereof. As of the date hereof, there are options to purchase a total of 26,175,726 Common Shares issued and outstanding representing approximately 7.8% of the Common Shares outstanding as of such date.

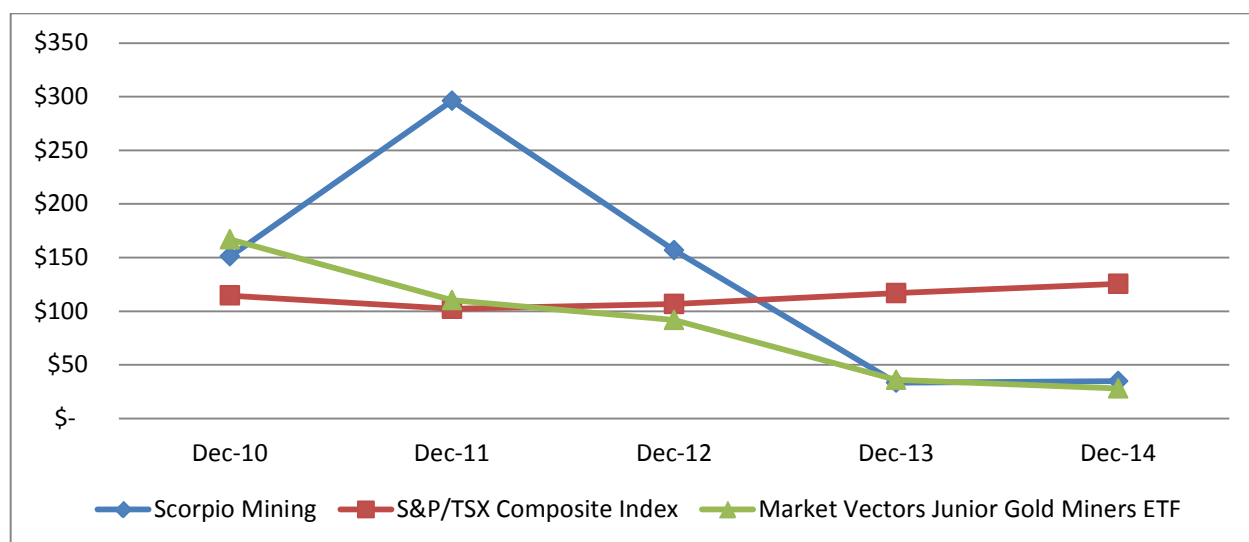
Set forth on **Schedule C** is a summary of the principal terms of the Company's Stock Option Plan.

Defined Benefit or Actuarial Plan Disclosure

The Company does not provide retirement benefits for its directors or officers at this time.

Performance Graph

The following graph compares the total cumulative shareholder return for \$100 invested in Common Shares during the period commencing on December 31, 2010 and ending on December 31, 2014 with the cumulative total return of the S&P/TSX Composite Index during the same period:



December 31,	2010	2011	2012	2013	2014
Corporation	\$151	\$296	\$157	\$33	\$35
S&P/TSX Composite Index	\$115	\$102	\$107	\$117	\$126
Market Vectors Junior Gold	\$167	\$110	\$92	\$36	\$28

During the period commencing on December 31, 2010 and ending on December 31, 2014, the Company's cumulative shareholder return under-performed the total return of the S&P/TSX Composite Index during the same period. The NEOs compensation during the periods reported in this section was not based on the Company's cumulative shareholder return during the same periods and, accordingly, bears no direct relationship to the trend shown in the above graph.

Termination and Change of Control Benefits

During 2014, the Company had the following arrangements pursuant to employment agreements that provide for payments to an NEO or other officer at, following or in connection with termination and a change in control of the Company.

Former CEO and CFO

Pursuant to an employment agreement (the "Lacombe Agreement"), between the Company and Pierre Lacombe, the former Company's President and CEO, Mr. Lacombe has received an annual base salary of US\$347,727. He was also eligible to receive an annual discretionary bonus in an amount, if any, that does not exceed 100% of his base salary during any year, as determined by the Board.

If terminated without cause, the Lacombe Agreement provided for: (i) payment of an amount equal to 12 months of base salary; (ii) payment of an amount equal to his "annual bonus" (described below);¹ and (iii) continued group health insurance for a period of 24 months or pay an amount equal to the premium cost or contributions the Company would otherwise have made.

¹ The "annual bonus" shall be either (i) 50% of base salary on the termination date if the termination date occurs at any time before the Company has paid an annual bonus to him, or (ii) the amount paid to in respect of an annual bonus with respect to the fiscal year immediately preceding the termination date if such termination date occurs at any time after the Company has paid an annual bonus to him.

If (i) there was a change of control, and (ii) the involuntary termination of Mr. Lacombe's employment occurs within 12 months of the date of the change of control, Mr. Lacombe will be entitled to elect to terminate his employment with the Company and the same payments referenced in the preceding paragraph would be made except that the severance payment amount would be based on 24 months of base salary and two times annual bonus (as described above).

Pursuant to an employment agreement (the "Sawh Agreement"), between the Company and Hemdat Sawh, the Company's former CFO, Mr. Sawh has received an annual base salary of US\$236,455. He was also eligible to receive an annual discretionary bonus in an amount, if any, determined by the Board.

If terminated without cause, the Sawh Agreement provides for: (i) payment of an amount equal to 12 months of base salary; (ii) payment of an amount equal to any annual bonus for fiscal year immediately preceding the fiscal year (if any); and (iii) continued group health insurance for a period of 12 months or pay an amount equal to the premium cost or contributions the Company would otherwise have made.

If (i) there was a change of control, and (ii) the involuntary termination of Mr. Sawh's employment occurs within 12 months of the date of the change of control (as described above), Mr. Sawh would be entitled to elect to terminate his employment with the Company then the same payments referenced in the preceding paragraph would be made except that the severance payment amount would be based on 18 months of base salary.

Assuming a termination as noted above were to have occurred as of December 31, 2014, the total estimated incremental payments would be as follows: Mr. Lacombe US\$801,636 (change in control) and US\$536,864 (termination without just cause); Mr. Sawh US\$389,318 (change in control) and US\$267,273 (termination without just cause).

Effective December 23, 2014 the employment relationship between the company and each of Mr. Lacombe and Mr. Sawh ended.

Other NEOs

Pursuant to an employment agreement (the "Stonehouse Agreement") between the Company and James Stonehouse, the Company's VP Exploration, Mr. Stonehouse receives an annual base salary of US\$208,080. He is also eligible to receive an annual discretionary bonus in an amount, if any, determined by the Board.

If terminated without cause or in the event of a change in control and involuntary termination within 12 months (as described above), the Stonehouse Agreement provides for: (i) payment of an amount equal to 12 months of base salary; (ii) payment of an amount equal to any annual bonus for fiscal year immediately preceding the fiscal year (if any); and (iii) continued group health insurance for a period of 12 months or pay an amount equal to the premium cost or contributions the Company would otherwise have made.

Pursuant to an employment agreement (the "Vargas Agreement") between the Company and Victoria Vargas, the Company's former VP Communication and Investor Relation, Ms. Vargas received an annual base salary of US\$189,164.

If terminated without cause or in the event of a change in control and Involuntary Termination within 12 months (as described above), the Vargas Agreement provided for: (i) payment of an amount equal to 12 months of base salary; (ii) payment of an amount equal to any annual bonus for fiscal year immediately preceding the fiscal year (if any); and (iii) continued group health insurance for a period of 12 months or

pay an amount equal to the premium cost or contributions the Company would otherwise have made. Ms. Vargas employment with the Company ended effective September 7, 2014.

Assuming a termination as noted above were to have occurred as of December 31, 2014, the total estimated incremental payments would be as follows: Mr. Stonehouse US\$189,164 (change in control) and US\$189,164 (termination without just cause); Ms. Vargas US\$189,164 (change in control) and US\$189,164 (termination without just cause).

Current CEO and CFO and other Officers

If the current CEO, Mr. Blasutti is terminated (without cause) his agreement provides for (i) payment of salary earned to the date of termination plus a pro rata bonus calculation for the period up to the date of termination; (ii) a severance payment equal to two times the then current years base salary and the highest annual incentive bonus amount paid or owing in the three previously completed fiscal years; and (iii) in accordance with applicable policies and the Employment Standards Act, 2000 benefits coverage through the severance period (or payment in lieu thereof). The same payments will be made in the event of termination within 12 months of a change in control of the Company. Assuming the termination as noted above were to have occurred as of December 31, 2014 and a base salary of US\$295,455, the total estimated incremental payment to be made would be US\$954,545. In addition any RSUs granted in place of annual incentive plan cash bonuses by U.S. Silver may be redeemed immediately (in accordance with terms of grant). Any unvested Options at the time of the change in control will vest immediately (in accordance with terms of grant) and subject to the discretion of the Board will expire in accordance with the terms of the Stock Option Plan (i.e. generally 90 days after the date of termination).

If the current CFO, Warren Varga or other former officers of U.S. Silver are terminated (without cause) their agreements provide for (i) payment of salary earned to the date of termination plus a pro rata bonus calculation for the period up to the date of termination; (ii) a severance payment equal to one times the then current years base salary and the highest annual incentive bonus amount paid or owing in the three previously completed fiscal years; and (iii) in accordance with applicable policies and governing law benefits coverage through the severance period (or payment in lieu thereof). The same payments will be made in the event of termination within 12 months of a change in control of the Company except that the severance payment will be based on up to 1.5 times the then current year's base salary and the highest annual incentive bonus amount paid or owing in the three previously completed fiscal years (if applicable). In addition any RSUs granted in place of annual incentive plan cash bonuses by U.S. Silver may be redeemed immediately (in accordance with terms of grant). Any unvested Options at the time of the change in control will vest immediately (in accordance with terms of grant) and subject to the discretion of the Board will expire in accordance with the terms of the Stock Option Plan (i.e. generally 90 days after the date of termination). Assuming a termination as noted above were to have occurred as of December 31, 2014, the total estimated incremental payments to Mr. Varga would be US\$477,273 (change in control) and US\$318,182 (termination without just cause).

2014 Director Compensation

Based on information currently available to the Board, other than compensation paid to the Named Executive Officers, and except as noted below, no compensation was awarded, paid to or earned to directors in their capacity as directors of the Company or its subsidiaries, in their capacity as members of the Board or a committee of the Board, or as consultants or experts, during the Company's most recently completed financial year.

The following table sets forth the compensation awarded, paid to or earned, by the Company's directors while serving as non-executive directors during the fiscal year ended December 31, 2014:

Name of Director	Fees earned (\$) ⁽¹⁾	Share-based awards (\$)	Option-based awards ⁽²⁾ (\$)	Non-equity incentive plan compensation (\$)	Pension Value (\$)	All other compensation (\$)	Total (\$) ⁽¹⁾
Darren Blasutti ⁽³⁾	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Alex Davidson	946	Nil	Nil	Nil	Nil	Nil	946
Alan Edwards	896	Nil	Nil	Nil	Nil	Nil	896
Peter Hawley	59,182	Nil	Nil	Nil	Nil	Nil	59,182
Bradley Kipp	27,091	Nil	Nil	Nil	Nil	Nil	27,091
Ewan Mason	101,000	Nil	Nil	Nil	Nil	Nil	101,000
Thomas McGrail	56,000	Nil	Nil	Nil	Nil	Nil	56,000
Gordon Pridham	1,046	Nil	Nil	Nil	Nil	Nil	1,046
Lorie Waisberg	946	Nil	Nil	Nil	Nil	Nil	946

Notes:

- (1) All fees have been converted to U.S. funds using a conversion rate of 1.10.
- (2) The fair value of option-based awards is determined in accordance with 'IFRS 2 Share-based payment' of International Financial Reporting Standards ("IFRS"). The Company uses the Black-Scholes model to estimate fair value of stock options annually granted and is determined by multiplying the number of stock options granted by their value following this method. This value is equal to the accounting value established in accordance with IFRS. Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management's opinion, existing models do not necessarily provide a reliable measure of the fair value of the Company's Common Shares and option-based awards. Sums in this column are not cash but are fair market value of the Options granted and the date of grant.
- (3) Mr. Blasutti does not receive compensation in his capacity as a director of the Company due to his position as President and Chief Executive Officer.

The following chart refers to compensation of directors that ceased to be directors on December 23, 2014:

Name of Director	Fees earned (\$) ⁽¹⁾	Share-based awards (\$)	Option-based awards ⁽¹⁾ (\$)	Non-equity incentive plan compensation (\$)	Pension Value (\$)	All other compensation (\$)	Total (\$) ⁽¹⁾
Jonathan A. Berg	76,000	Nil	Nil	Nil	Nil	Nil	76,000
Thomas Weng	40,545	Nil	Nil	Nil	Nil	Nil	40,545

- (1) All fees have been converted to U.S. funds using a conversion rate of 1.10.

During the fiscal year ended December 31, 2014, each non-executive director of the Company was paid a retainer of C\$3,000 per month (pro-rated, as applicable) for each month of service as a non-executive director.

The Company paid the Chairman of the Board an annual retainer of C\$25,000 during the

Company's most recently completed financial year. In addition, the Company paid annual retainer amounts to its directors for their service as chairs and members of then committees of the Board in such period, in the amounts and as set out below:

Committee	Committee Chairman C(\$)	Other Committee Members C(\$)
Audit Committee	20,000	10,000
Compensation Committee	5,000	2,500
Nomination and Corporate Governance Committee	5,000	2,500

Until March 14, 2013, the Company also paid each director a travel fee of C\$1000 for each day such director spent travelling in order to attend meetings of the Board. The Board suspended further payment of such travel fees on such date as part of the Company's cost saving initiatives. Each director of the Company received an allowance of C\$150 per month in respect of incidental expenses that the Board determined would reasonably be expected to be incurred by such director in carrying out his duties as a director in lieu of reimbursement of such expenses. This practice was discontinued as of December 31, 2014. Directors will now submit for reimbursement receipts for expenses that would reasonably be expected to be incurred by such director in carrying out his duties. For further information on current Board compensation, see "**Discussion of Expected 2015 Compensation- Board Compensation**".

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Directors' Outstanding share-based awards and option-based awards

The following table sets forth information concerning all awards outstanding as of December 31, 2014 to non-executive directors of the Company. This includes awards granted in prior years.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised option	Option exercise price	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested	Market or payout value of vested share-based awards not paid out or distributed
	(#)	C(\$)		C(\$)	(#)	C(\$)	C(\$)
Darren Blasutti	244,159 294,000 252,000 299,040 36,960 588,000	2.68 1.33 1.08 0.39 0.46 0.29	6/07/2016 28/08/2017 21/12/2015 18/07/2016 25/08/2016 06/02/2017	Nil	Nil	Nil	Nil
Alex Davidson	122,079 210,000 74,760 9,240 210,000	2.68 1.33 0.39 0.46 0.29	6/07/2016 28/08/2017 18/07/2016 25/08/2016 06/02/2017	Nil	Nil	Nil	Nil
Alan Edwards	157,584 45,024 210,000 74,760 9,240 210,000	2.36 1.85 1.33 0.39 0.46 0.29	24/06/2016 20/01/2017 28/08/2017 18/07/2016 25/08/2016 06/02/2017	Nil	Nil	Nil	Nil
Bradley Kipp	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Peter J. Hawley	1,200,000 350,000 500,000	0.80 1.31 0.47	08/04/2015 25/05/2016 24/05/2018	Nil	Nil	Nil	Nil
Ewan Mason	250,000 350,000 500,000	0.80 1.31 0.475	08/04/2015 25/05/2016 24/05/2018	Nil	Nil	Nil	Nil
Thomas McGrail	500,000 100,000	0.74 0.24	01/03/2018 12/11/2018	Nil	Nil	Nil	Nil
Gordon Pridham	52,527 112,560 45,024 67,536 210,000 74,760 9,240 210,000	1.00 2.36 2.89 1.85 1.33 0.39 0.46 0.29	29/01/2015 24/06/2016 09/16/2016 20/01/2017 28/08/2017 18/07/2016 25/08/2016 06/02/2017	Nil	Nil	Nil	Nil
Lorie Waisberg	97,663 210,000 74,760 9,240 210,000	2.68 1.33 0.39 0.46 0.29	06/07/2016 28/08/2017 18/07/2016 25/08/2016 06/02/2017	Nil	Nil	Nil	Nil

Notes:

- (1) Calculated based on the difference between \$0.23, the closing price of the Common Shares on the TSX on December 31, 2014, and the exercise price of the options. The value shown in this column does not represent the actual value the individual NEO could receive. The actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

Directors' Incentive Plan Awards-Value Vested or Earned During the Year

The following table sets out the aggregate dollar value that would have been realized by the directors of the Company if the options under the option-based award had been exercised on the vesting date during the most recently completed fiscal year ended December 31, 2014.

Name	Option-based awards- Value vested during the year ⁽¹⁾ C(\$)	Share-based awards-Value vested during the year C(\$)	Non-equity incentive plan compensation-Value earned during the year C(\$)
Darren Blasutti	Nil	Nil	Nil
Alex Davidson	Nil	Nil	Nil
Alan Edwards	Nil	Nil	Nil
Bradley Kipp	Nil	Nil	Nil
Peter J. Hawley	Nil	Nil	Nil
Ewan Mason	Nil	Nil	Nil
Thomas McGrail	Nil	Nil	Nil
Gordon Pridham	Nil	Nil	Nil
Lorie Waisberg	Nil	Nil	Nil

Notes:

- (1) Calculated using the difference between the exercise price and the closing price of the Common Shares on the TSX immediately before the vesting date. The value shown in this column does not represent the actual value the individual NEO could receive. The actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

Discussion of Expected Compensation for 2015

As discussed above under the heading “**Statement of Executive & Director Compensation – Introduction**”, the current Board took office pursuant to the closing of the U.S. Silver Arrangement on December 23, 2014. Under the current Board, certain elements of executive compensation will change in some respects. The following disclosure sets out the details of the new compensation arrangements made by the current Board, and is intended to provide insight into the executive compensation decisions made by the current Board after the end of the most recently completed financial year and going forward.

The Company's overall strategic objective is to expand its silver production through the development of its own projects and consolidation of complementary projects. As part of its business strategy the Company is focused on:

- (i) executing operational targets (including safety, costs, production, and environmental);
- (ii) maintaining a strong financial position;
- (iii) enhancing value through project development and continuous improvement of its existing operations; and
- (iv) disciplined growth through additional, value-enhancing, merger and acquisition opportunities.

Consistent with the direction of the Previous Board, the goal of the Company's compensation program is to support the above strategic objective by attracting, retaining and inspiring performance by members of senior management to further the future success and growth of the Company through competitive compensation, paying for performance, aligning compensation with the shareholders' interests, and providing the flexibility necessary to accommodate the needs of the Company in changing business conditions.

In particular, the Company's compensation program aims to support growth by rewarding:

- (i) individual skill and experience of executives;
- (ii) corporate and individual performance objectives; and
- (iii) long-term appreciation of the Company's share price.

2015 Compensation Review Process

The Compensation & Corporate Governance Committee ("CCG Committee") was constituted on the closing of the U.S. Silver Arrangement and replaces the formerly separate Compensation Committee and Nominating Committees. The CCG Committee assists the Board in overseeing certain compensation and succession planning matters as well as fulfilling the corporate governance and director nominating responsibilities of the Company. The CCG Committee is composed of: Lorie Waisberg (Chair), Gordon Pridham, and Alex Davidson, each of whom is "independent" within the meaning of NI 52-110. Each of the members of the CCG Committee has direct experience in the management and administration of compensation matters in their role as an executive officer or a board member. This experience has involved the planning and development of such programs and an analysis of competitive trends in compensation and pay for performance practices. Collectively, the attributes and experiences of the members ensure that the CCG Committee will function effectively in reviewing, assessing and recommending to the Board appropriate compensation policies and practices for the Company.

The CCG Committee has the responsibility of maintaining awareness of competitive compensation practices and of reviewing and reporting to the Board, on at least an annual basis, recommendations on compensation packages for the executive officers and directors of the Company. For purposes of this, the elements of compensation for the executive officers generally relate to that of all officers of the Company. The CCG Committee generally assumes responsibility for assisting the Board in respect of compensation policies for the Company, and in conjunction with the CEO, assessing the performance of the officers of the Company in fulfilling their responsibilities and meeting business objectives. The CCG Committee, following input from the Board, also annually assesses the performance of the CEO.

CCG Committee business includes a review of the attainment of the performance targets established for the payout, if any, of the annual cash bonus awards for the current year as well as the proposed bonus targets for the next following year including the selection of the performance criteria, the establishment of the performance targets, the participants in the executive incentive bonus programs, the percentage of a participants salary subject to an award and the establishment of individual and corporate objectives. The end-of-year meeting of the CCG Committee may also include a review and recommendation to the Board of proposed changes to base salary as well as the proposed grant of long term incentive awards comprised of time based share unit awards ("restricted share units" or "RSUs") or stock options to acquire the Company's Common Shares ("Options") to eligible participants.

In conducting its review, the CCG Committee has regard to current compensation levels and practices including published industry surveys, independent reports and other publicly available data. The CCG Committee may also retain independent compensation consultants as required to assist it in fulfilling its responsibilities, with a view to ensuring that the compensation arrangements are supportive of the Company meeting its business objectives. The compensation arrangements are then reviewed by the CCG Committee having regard to the above mentioned practices and data as well as internal data and recommendations provided by the CEO. The CCG review of proposed compensation matters by the CCG Committee and the approval thereof by the Board (both of which are comprised of a majority of independent directors) provides the independent directors with significant input into such compensation

decisions. See “**Board Committees - Compensation and Corporate Governance Committee**” for further details on the responsibilities of the CCG Committee.

2015 Elements of Executive Compensation

Consistent with the approach for 2014, the Company’s executive compensation program consists of the following elements:

- (i) base salary;
- (ii) annual performance-based incentives;
- (iii) long-term compensation consisting of equity stock options and restricted share units; and
- (iv) medical and other benefits.

Base salary and stock options are discussed above under the headings “**2014 Executive Compensation/Compensation Discussion and Analysis**” and the current Board continues to see the importance of these components in the overall compensation mix. However, in addition to the establishment of competitive base salaries and long-term incentives tied directly to the Company’s share price performance, an important aspect of the compensation strategy is to encourage and recognize strong levels of performance by linking achievement of more specific short-term (i.e. yearly) goals such as the execution and implementation of the Company’s stated objectives and plans with variable compensation in the form of an annual bonus or short term incentive awards. The bonus can be expressed as a percentage of annual base salary with a maximum amount stipulated and is awarded at the discretion of the Board as recommended by the CCG Committee with input from the CEO. Target bonus awards currently range from 40% to 100% of the base salary of the executive team. The incentive bonus plan for the Company leadership team consists of a split of corporate and individual objectives comprising 60% and 40% of the bonus opportunity respectively.

Any bonuses to be awarded in early 2016 for 2015 performance will be determined by considering a number of factors, including the following corporate performance factors accounting for 60% of bonus opportunity:

- (i) total shareholder return – as measured against nine other comparable companies (excluding the impact of certain corporate events) with bonus opportunity measured on a sliding scale from 0-200% depending on the Company’s relative position at the end of 2015;
- (ii) achieving guidance for production and “all-in” cost guidance;²
- (iii) an overall 25% reduction in the company safety incidents as measured by reportable “lost time incidents” “lost time accidents” and “serious and substantial” safety citations compared with 2014; and
- (iv) certain other strategic objectives for the company.

Individual objectives (40% of bonus opportunity) are intended to support the operational and strategic goals of the Company and may be subject to subjective determination as to their achievement by the CCG Committee and Board. Performance relative to these objectives are also expected to be qualitatively assessed in the context of circumstances and challenges arising throughout the year. Note that, as a cash conserving measure, awarded cash bonuses may be reduced and granted in the form of RSUs. The number of RSUs granted will equal the dollar amount of the bonus payable by way of RSUs divided by the closing

² The Company’s guidance for 2015 is production of 2.6 – 3.0 million silver ounces and 4.6 – 5.2 million silver equivalent ounces at cash costs of \$11.50 - \$12.50 per ounce and all-in sustaining costs of \$16.50 - \$17.50 per ounce.

price of the Common Shares on the trading day immediately preceding the date of grant and may be grossed up to reflect the added risk of deferral exposure to the stock price. The award agreements would provide that the RSUs granted here vest immediately but may be redeemed only on a future date but otherwise immediately in the event of a change in control of the Company or the termination or death of the executive officer. In the event of termination, vested RSUs may not be redeemed until the anniversary dates referenced in the previous sentence unless agreed by the CCG Committee. The CCG Committee retains discretion to at any time permit the acceleration of vesting dates (and resulting cash payment or exchange) as may be authorized by the Board (See further discussion of the RSU plan below).

The long-term equity portion of executive compensation is designed to align the interests of executive officers with that of shareholders by encouraging equity ownership through awards of Options to purchase the Company's Common Shares, to motivate executives and other key employees to contribute to an increase in corporate performance and shareholder value, and to encourage the retention of executive officers and other key employees by vesting Options over a period of time. The timing of the grant, and number of Common Shares made subject to option with respect to Options proposed to be granted by the Company to its executive officers is recommended by the CEO, reviewed and recommended (or revised, if thought appropriate) by the CCG Committee, and approved by a resolution of the Board. Consideration in determining option grants is given to, amongst other things, the total number of Options outstanding, current and future expected contribution to the advancement of corporate objectives by such individual, the position of the individual, tenure, and the status of previous option grants to such individuals. No specific weightings are assigned to each factor; instead a subjective determination is made based on an assessment of the individual relative to such factors. Grants of Options also comprise a portion of the compensation package offered to attract and retain new directors and executive officers to the Company. The annual consideration of such awards takes place in December or January. Options granted by the Board are priced at the closing price of the Common Shares on the TSX on the last trading day prior to the date of grant.

Details of the Options granted in 2014 and 2015 are as follows: (i) no options were granted in 2014; and (ii) January 30, 2015 – 2,800,000 Options granted to non-management directors (400,000/director) and 3,450,000 Options granted to officers and certain employees with an exercise price of \$0.195 to vest over a two year period (1/3 upon grant, 1/3 after one year and 1/3 after two years) and expiring in 3 years. All such Options vest immediately upon a change of control of the Company or upon an applicable director ceasing to be on the Board in connection with a transaction involving the Company.

For further details regarding the Stock Option Plan, see under the heading **"Compensation Discussion and Analysis – Executive Compensation Program – Stock Options"**. Set forth on Schedule C is a summary of the principal terms of the Company's Stock Option Plan. The summary is qualified in its entirety by the full text of the Stock Option Plan, which is available on SEDAR at www.sedar.com.

As referenced above, the Board approved a Restricted Share Unit Plan on January 30, 2015. The above discussion on rationale and the granting process with respect to Options is generally applicable to RSUs. RSUs granted vest within a period of three years and may be redeemed in cash after vesting based on the weighted average trading price of the Common Shares on the five-trading days immediately preceding the redemption date. In January 2015 a pool of 200,000 RSUs was approved by the Board for granting to Galena Complex personnel at the discretion of mine management in respect of 2014 performance and as a method of retention. Unless accelerated earlier in the discretion of the CCG Committee, such units will vest on the third anniversary of grant.

2015 Director Compensation

The Board's compensation program for 2015 will be as follows:

- (i) Each non-executive member of the Board will receive an annual retainer of C\$40,000;
- (ii) The Chairman of the Board will receive a retainer of C\$20,000;
- (iii) The Audit Committee Chairman will receive an additional retainer of C\$15,000 and members of the Audit Committee will receive C\$7,500;
- (iv) The Compensation & Corporate Governance Chairman will receive an additional retainer of C\$7,500 and members of the Compensation & Corporate Governance Committee will receive C\$5,000;
- (v) The Sustainability & Technical Committee Chairman will receive an additional retainer of C\$5,000 and members of the sustainability & Technical Committee will receive C\$2,500;
- (vi) The Company does not pay meeting fees or travel fees (although reasonable travel expenses are reimbursed);
- (vii) Directors asked to perform special assignments at the request of the CEO are to be paid at a daily rate; and
- (viii) Directors who are employees of the Company receive no additional compensation for serving on the Board.

Other Compensation – Benefits and Perquisites

The Company's benefits plans provide financial reassurance in the event of illness, disability or death. The Company also supports reasonable expenses in order that employees continuously maintain and enhance their skills and health in the interest of the Company. Benefit plans during the applicable period were provided to NEOs on largely the same basis as other employees in the applicable jurisdiction.

Risks Associated with the Company's Compensation Policies and Practices

The CCG Committee considers the implications and risks of the Company's compensation policies and practices as a factor in assisting the Board in approving and monitoring guidelines and practices regarding the compensation and benefits of officers, as well as administering the Company's equity-based compensation plans. In particular, executive compensation packages are intended to maintain an appropriate balance between risk and reward keyed to the Company's performance. There are a number of elements of the compensation program that are intended to manage risk and discourage excessive risk taking by executives and senior managers including a balance of short, medium and long term incentives and the establishment of appropriate corporate, strategic and individual performance goals for incentive compensation as well as appropriate minimum thresholds and maximum (caps) for achievement if targets are exceeded (which prevents excessive payouts and acts as a disincentive against prudent risk taking). The CCG Committee has not identified any risks in the Company's existing compensation policies and practices that it believes would be reasonably likely to have a material adverse effect on the Company. The Company's Disclosure and Securities Trading Policy prohibits insiders from short selling calls and puts in respect of the future value of Company's securities.

Share Ownership Policy for Directors and NEOs

The Company does not currently have a formal minimum share ownership policy for directors and NEOs. The CCG Committee is reviewing and will consider such a policy for recommendation to the Board.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Company has adopted the Stock Option Plan for directors, officers, employees and eligible service providers of the Company and its subsidiaries. For further details regarding the Stock Option Plan see under the heading “**Compensation Discussion and Analysis – Executive Compensation Program – Stock Options**”. Set forth on Schedule C is a summary of the principal terms of the Company’s Stock Option Plan.

The following table provides information on the Company’s Options as of December 31, 2014.

	Number of Common Shares to be Issued Upon Exercise of Outstanding Options	Weighted-Average Exercise Price of Outstanding Options C(\$)	Number of Common Shares remaining Available for Future Issuance Under Equity Compensation Plans
Equity Compensation Plans Approved By Shareholders – Stock Option Plan	22,672,000	1.03	10,933,765
Equity Compensation Plans Not Approved By Shareholders	Nil	Nil	Nil
Total	22,672,000	1.03	10,933,765

DIRECTORS’ AND OFFICERS’ INSURANCE AND INDEMNIFICATION

The Company carries directors’ and officers’ liability insurance for the directors and officers of the Company, to a maximum amount of \$20,000,000. This policy is in effect until December 23, 2015 for an annual premium of \$50,160.

The Company’s by-laws provide for the indemnification of each director or officer of the Company, each former director or officer of the Company and each individual who acts at the Company's request as a director or officer, or an individual acting in a similar capacity, of another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the Company or other entity, subject to the provisions of the *Canada Business Corporations Act*. The Company has also entered into agreements evidencing its indemnity in favour of the foregoing persons.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The following description reflects the current corporate governance policies of the Company, as reviewed by the CCG Committee and approved by the Board.

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. National Policy 58-201 Corporate Governance Guidelines (“NP 58-201” or “Governance Guidelines”) establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders, and contribute to effective and efficient decision making. Pursuant to National Instrument 58-101 Disclosure of Corporate Governance Practices (“NI 58-101” or the “Governance Disclosure Rule”), the Company is required to disclose its corporate governance practices, as set forth below. The Board will continue to monitor such practices on an ongoing basis and, when necessary, implement such additional practices as it deems appropriate.

Board of Directors and Independence from Management

The Board, in consultation with the CCG Committee, annually reviews the relationship between each director and the Company in order to determine if each director is or remains independent within the meaning of the Governance Guidelines. In addition, annual peer assessments by each director will assess the independence of the other directors. In accordance with applicable securities law five of seven Nominees are considered independent as follows:

Name	Relationship	Reason for Non-Independent Status
Darren Blasutti	Non-Independent	Considered to have a material relationship with the Company by virtue of being the President and Chief Executive Officer
Alex Davidson	Independent	N/A – no material relationship
Alan R. Edwards	Independent	N/A – no material relationship
Peter Hawley	Non-Independent	Considered to have a material relationship with the Company by virtue of being the former President and Chief Executive Officer
Bradley Kipp	Independent	N/A – no material relationship
Gordon Pridham	Independent	N/A – no material relationship
Lorie Waisberg	Independent	N/A – no material relationship

The Governance Guidelines state that the Board of every listed company should be constituted with a majority of individuals who qualify as “independent” directors under NI 52-110 and also that compensation and nominating committees should be constituted entirely of independent directors. NI 52-110 provides that a director is independent if he or she has no direct or indirect “material relationship” with the Company. “Material relationship” is defined as a relationship that could, in the view of the

Company's Board, be reasonably expected to interfere with the exercise of a director's independent judgment. A "material relationship" is deemed to be present in the case of individuals that is, or has been, within the last three years, an employee or executive officer of the issuer (including subsidiaries). As such, Mr. Blasutti is not considered independent as a result of his position as CEO, Mr. Hawley is not considered independent as a result of his position as former CEO.

The Company has a majority of independent directors and recognizes the importance of providing leadership to its independent directors. The Chair of each of the Company's committees is an independent director and every committee charter provides for access to information respecting the Company and to officers, employees, external auditors and legal counsel of the Company. As well, each charter states that the committees may engage separate independent counsel and advisors at the expense of the Company.

The CCG Committee is responsible for identifying whether the Board's mandate is effectively being carried out. Specifically, this committee reviews with the Board, on a regular basis and at least annually, the role of the Board, the terms of reference of each of the committees of the Board and the methods and processes by which the Board fulfills its duties and responsibilities.

As well, to facilitate the Board operating independently of management, the following processes are in place:

- (a) at every Board meeting, members of management, including the President and CEO, are not present for the discussion and determination of certain matters;
- (b) under the Company's Articles any one director may call a Board meeting;
- (c) the compensation of the President and CEO is considered independently by the CCG Committee at least annually; and
- (d) in addition to the standing committees of the Board, independent committees may be appointed from time to time, when appropriate.

Performance Assessment

On a yearly basis, each member of the Board completes a questionnaire which includes, among other items, a careful examination of Board structure (including an assessment as to whether the Board as a whole possesses the right skills and background for the current issues facing the Company), Board meetings and their effectiveness, the quality and timing of information provided to the Board, preparedness for succession planning within the organization, the Board's relationship with management, committee and Board effectiveness and strategy and metrics. The CCG Committee approves the content of each questionnaire and the Chair of the CCG Committee analyzes the feedback and presents it to the full Board, including the CEO.

Meetings of the Board and Committees of the Board

The Board meets a minimum of five times per year, including every quarter and on the day of the annual meeting of the Company's shareholders. Each committee of the Board meets at least once each year or more frequently as deemed necessary by the applicable committee. The frequency of the meetings and the nature of the meeting agendas are dependent upon the nature of the business and affairs, which the Company faces from time to time. In years like 2014, the Board is required to meet or have calls on a more frequent basis as reflected below.

The following table provides details regarding director attendance at Board and committee meetings held during the relevant time period (January 1, 2014 to December 31, 2014).

Meetings attended	Board of Directors	Audit Committee	Nominating Committee	Compensation Committee	Special Committee
Jonathan Berg	7 of 7	4 of 4	2 of 2	1 of 1	11 of 11
Darren Blasutti ⁽¹⁾	N/A				
Alex Davidson ⁽²⁾	N/A				
Alan Edwards ⁽³⁾	N/A				
Peter Hawley	7 of 7			1 of 1	11 of 11
Bradley Kipp ⁽⁴⁾	3 of 7	2 of 4			
Pierre Lacombe	6 of 7				
Ewan Mason	7 of 7	4 of 4	2 of 2		11 of 11
Thomas McGrail	7 of 7				11 of 11
Gordon Pridham ⁽⁵⁾	N/A				
Lorie Waisberg ⁽⁶⁾	N/A				
Thomas Weng ⁽⁷⁾	7 of 7	2 of 4			

Notes:

(1) Mr. Blasutti joined the Board December 23, 2014.

(2) Mr. Davidson joined the Board December 23, 2014.

(3) Mr. Edwards joined the Board December 23, 2014.

(4) Mr. Kipp joined the Board, and appointed Chair of the Audit Committee June 12, 2014. Prior to his appointment, the Board had held 4 meetings and the Audit Committee had held 2 meetings.

(5) Mr. Pridham joined the Board December 23, 2014.

(6) Mr. Waisberg joined the Board December 23, 2014.

(7) Mr. Weng resigned from the Audit Committee June 12, 2014.

The following table provides details regarding director attendance at the U.S. Silver Board and committee meetings held during the relevant time period (January 1, 2014 to December 31, 2014)

Meetings attended	Board of Directors	Audit Committee	Compensation & Corporate Governance Committee	Environment, Health & Safety Committee
Darren Blasutti	8 of 8			
Alex Davidson	8 of 8		3 of 3	
Alan Edwards	8 of 8			3 of 3
Gordon Pridham	8 of 8		3 of 3	
Lorie Waisberg	8 of 8	3 of 3	3 of 3	

Board members are expected to attend all meetings of the Board in person or by phone and to have reviewed in advance Board materials and be prepared to discuss such materials.

Meetings of Independent Directors

Each meeting of the Board includes a session whereby independent members may meet in the absence of management. Independent directors are also free to meet separately at any time or to require management to withdraw during certain discussions. Additionally, the Audit Committee and the CCG Committee are composed entirely of independent directors.

Board Mandate

A copy of the Board's written mandate, as approved January 30, 2015 ("Mandate"), which sets out the responsibilities and duties of the Directors as well as the Directors expectations of management, is available on the Company's website at www.scorpiomining.com and is attached as Schedule D to this Circular.

The CCG Committee and the Board shall review and assess the adequacy of this Mandate on an annual basis, taking into account all legislative and regulatory requirements applicable to the Board, as well as any best practice guidelines recommended by securities regulatory authorities or the Toronto Stock Exchange or any stock exchanges on which the Company's shares are listed.

Position Descriptions

The Board has developed a written position description for the Chairman as detailed in the Board's Mandate. The Chair of each Board committee acts within the parameters set by their respective committee charters. The Board and CCG Committee, together with Mr. Blasutti, have developed a written position description for the President and CEO.

Directorships

The following current and proposed directors of the Company presently serve as directors of other reporting issuers as follows:

Director	Reporting Issuer
Darren Blasutti	Noront Resources Ltd.
Alex Davidson	MBAC Fertilizer Corp., Capital Drilling Limited, Amara Mining plc, Orca Gold Inc., Yamana Gold Inc., Nulegacy Gold Corp.
Alan R. Edwards	Entrée Gold Inc., AuRico Gold Inc. (Chairman), AQM Copper Inc. (Chairman),
Peter Hawley	Niogold Mining Corp., Scorpio Gold Corporation
Bradley Kipp	Equity Financial Holdings Inc., African Copper Plc
Ewan Mason	N/A
Gordon E. Pridham	Newalta Corporation (Chairman), Titanium Corporation Inc. (Chairman), CHC Student Housing Inc. (Chairman), Orvanna Minerals Inc., Roxgold Inc. and Enertech Capital
Lorie Waisberg	Arcan Resources Ltd., Chantrell Ventures Corp., Chemtrade Logistics Income Fund, Metalex Ventures Ltd., Tembec Inc.

Orientation and Continuing Education

The Board and the Company's senior management will conduct orientation programs for new directors as soon as possible after their appointment as directors. The orientation programs will include presentations by management to familiarize new directors with the Company's operations, projects and strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its code of business conduct and other governance policies, its principal officers, its independent auditors and its outside legal advisors. In addition, the orientation programs will include a review of the Company's expectations of its directors in terms of time and effort, a review of the directors' duties and visits to Company headquarters and, to the extent practical, the Company's significant locations of operation. This informal process is considered to be appropriate given the Company's size, current level of operations, and the ongoing interaction amongst the directors.

The skills and knowledge of the Board as a whole is such that no formal continuing education process is currently deemed required. The Board is comprised of individuals with varying backgrounds, who have, both collectively and individually, extensive experience in running and managing public companies, particularly in the natural resource sector and involving mineral properties. It is the Company's view that all current members of the Board are well-versed and educated in the factors critical to the success of the Company. Board members are encouraged to communicate with management, auditors and technical and other consultants to keep themselves current with industry trends and developments and changes in legislation, with management's assistance. To enable each director to better perform his or her duties and to recognize and deal appropriately with issues that arise, the Company will provide the

directors with suggestions to undertake continuing director education. Reference is made to the table under the heading “*Election of Directors*” for a description of the current principal occupations of the members of the Board.

Nomination of Directors

The CCG Committee will generally be responsible for (i) identifying individuals qualified to become Board members, consistent with criteria approved by the Board, (ii) recommending to the Board the persons to be nominated for election as directors at any meeting of shareholders, and (iii) recommending to the Board persons to be elected by the Board to fill any vacancies on the Board. While no formal nomination procedure is in place to identify new candidates the Board and the CCG Committee does review the experience and performance of Nominees for the election to the Board. When required, the Board and the CCG Committee will meet to consider any vacancies on the Board or the desired size of the Board. Members of the Board are canvassed with respect to the qualifications of a potential candidate and each candidate is evaluated with respect to his or her experience and expertise, with particular attention paid to those areas of expertise that complement and enhance current management and Board composition. The Board also assesses any potential conflicts, independence or time commitment concerns the candidate may present.

The CCG Committee periodically reviews the current profile of the Board, including the average age and tenure of individual directors and the representation of various areas of expertise, experience and diversity. The objective is to have a sufficient range of skills, expertise and experience to ensure that the Board can carry out its responsibilities effectively. The succession planning process may also involve the creation of a skills matrix, to help the CCG Committee and the Board identify any gaps in the skills and competencies considered most relevant for the Company. The Board does not have a mandatory term limit or age limit policy. In conjunction with the Board evaluation and as part of the succession planning process, directors are also canvassed on their intention to retire from the Board in order to identify impending vacancies as far in advance as possible.

In 2014, amendments to the continuous disclosure regime in Canada were adopted requiring new disclosure regarding the representation of women on boards and in executive officer positions. There are a limited number of people that possess both the management experience and mining industry knowledge required to serve capably as public mining company directors, including women. There are currently no women on the Board or holding executive officer positions with the Company. The Company recognizes the benefits of having a diverse Board and leadership team and seeks to increase diversity. The CCG Committee and the Board does not have a formal policy with respect to diversity at this time and does not adhere to any targets or quotas in determining Board membership or executive officer appointments, however, the Board’s processes for succession and recruitment will look to encourage the promotion of diversity. As a result, while the emphasis on filling board vacancies is on finding the best qualified candidates given the needs and circumstances of the Board, a nominee’s diversity of gender, race, nationality or other attributes may be considered favorably in his or her assessment.

Risk Management

The Board has responsibility for oversight of management of the Company to ensure that it is acting in the best interests of the Company and its shareholders. This responsibility includes oversight in identifying and understanding the principal risks of the Company’s business (including, without limitation, strategic, operational, financial, compensation and regulatory risks). The Board does not have a standing risk management committee, but rather administers this oversight function directly through the Board as a

whole, as well as through various standing committees of the Board that address risks inherent in their respective areas of oversight. The Audit Committee is responsible for monitoring financial risks and exposures, including the risk of a material misstatement in the Company's financial disclosures. The CCG Committee is responsible for monitoring risks associated with the Company's compensation policies and for effectiveness of the Company's corporate governance policies. The S&T Committee is responsible for monitoring sustainability (including health, safety, environmental and social responsibility) risks and technical/operational risks associated with the Company's mines and projects. The Board and its committees receive risk management updates from management provided at meetings of the Board or its committees throughout the year as necessary. Periodically, the Company plans to undergo a more extensive risk identification and analysis process, which will involve one-on-one interviews with applicable executive officers as well as other senior management employees and the general managers of certain operations. The results of the interviews will be reviewed and analyzed by the Company's executive management team and Board. Following consideration of the information provided by management, the Board will provide feedback and make recommendations, as needed.

Ethical Business Conduct

The Company has a written Code of Business Conduct and Ethics as approved January 30, 2015 (the "Code") which is designed to provide guidance on the conduct of the Company's business in accordance with high ethical standards. A copy of the Company's Code of Ethical Business Conduct is available on the Company's website: www.scorpiomining.com.

All directors, officers and employees are expected to comply with the Code and will sign off annually on the Code, which reaffirms the Company's high standards of business conduct. The Code is part of the Company's continuing effort to ensure that it complies with all applicable laws, has an effective program to prevent and detect violations of law, and conducts its business with fairness, honesty and integrity.

Consistent with the provisions of the Code, directors and senior officers are bound by the provisions of the *Canada Business Corporations Act* which sets forth resolutions for any conflicts of interest. In particular, any director who has a material interest in a particular transaction is required to disclose such interest and to refrain from voting with respect to the approval of any such transaction.

In the unlikely event of a waiver, any such waivers of the Code for directors or NEOs must be approved by the Board or the CCG Committee and such waiver will be promptly disclosed as required by law.

Whistleblower Policy

The Board has adopted a Whistleblower Policy, as approved on January 30, 2015 that establishes procedures for (i) the receipt, retention, investigation and treatment of complaints received by the Company regarding violations of the Company's Code or accounting, internal accounting controls, auditing matters; and (ii) submission by company personnel and others of complaints regarding such reportable activities on a confidential basis. A copy of the Company's Whistleblower Policy is available on the Company's website: www.scorpiomining.com.

Corporate Disclosure and Securities Trading Policy

The Board has adopted a Corporate Disclosure and Securities Trading Policy as approved on January 30, 2015 a copy of which is available on the Company's website: www.scorpiomining.com. The policy is intended to help to ensure that the Company and Company personnel comply with these requirements by setting out procedures and guidelines for:

- Dealing on a day-to-day basis with the Company's material non-public and/or confidential information;
- Communicating with all market participants; and
- Restricting trading by Company personnel in securities of the Company and other issuers in respect of which Company personnel may receive material, non-public information while representing the Company, if the Company personnel is in possession of material, non-public information.

Strict compliance with the provisions of this policy is required, with a view to enhancing investor confidence in the Company's securities and contributing to the ethical business conduct of the Company's personnel.

Board Committees

To assist it in exercising its responsibilities, the Board has established three standing committees of the Board effective January 30, 2015: an audit committee (the "Audit Committee"), the CCG Committee and a sustainability and technical committee (the "S&T Committee"). The Board may establish other standing committees, from time to time as may be appropriate. Each committee is governed by a written charter as referenced below. At a minimum, each charter clearly establishes the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations (including any authority to delegate to individual members and subcommittees), and manner of reporting to the Board. Each charter will be reviewed by the Board (or the CCG Committee) annually. The Board is responsible for appointing directors to each of its committees, in accordance with the written charter for each committee.

Compensation and Corporate Governance Committee

The CCG Committee is currently comprised of Lorie Waisberg (Chair), Alex Davidson and Gordon Pridham, all of whom are independent directors. The role of the CCG Committee is to assist the Board in fulfilling its corporate governance and director nominating responsibilities as well as overseeing certain compensation and succession planning matters. The CCG Committee is governed by its charter, a copy of which is available on the Company's website: www.scorpiomining.com.

Audit Committee

The Audit Committee is responsible for monitoring the Company's accounting and financial reporting practices and procedures, the adequacy of internal accounting controls and procedures, the quality and integrity of financial statements and for directing the auditors' examination of specific areas. The members of the Audit Committee are Bradley Kipp (Chair), Ewan Mason and Gordon Pridham, all of whom are "independent" directors as defined in NI 52-110. Each member of the Audit Committee is considered to be "financially literate" within the meaning of NI 52-110, which includes 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 Company's financial statements.

Information and disclosure relating to the Company's audit committee as required under NI 52-110F is available on page 48 to the Company's Annual Information Form dated March 30, 2015 and is available under the Company's profile at www.sedar.com. The Audit Committee Charter is available on the Company's website: www.scorpiomining.com.

Sustainability and Technical Committee

The S&T Committee is currently comprised of Alan Edwards (Chair), Alex Davidson and Peter Hawley. Alan Edwards and Alex Davidson are “independent” directors as defined in NI 52-110. The role of the S&T Committee is to assist Board in reviewing sustainability matters, including environmental, health, safety and technical and operational matters and programs and overseeing the Company’s performance in such areas. The S&T Committee Charter is available on the Company’s website: www.scorpiomining.com.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

No director or officer or any associate or affiliate of any such director or officer is, or at any time during the recently completed financial year was, indebted to the Company, for other than routine indebtedness.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as described below or elsewhere herein no director, executive officer or 10% shareholder of the Company or any associate or affiliate of any such person or company, has or had any material interest, direct or indirect, in any transaction since the commencement of the Company’s most recently completed financial year or any proposed transaction that has materially affected or will materially affect the Company or any of its subsidiaries.

SHAREHOLDER PROPOSALS

Pursuant to section 127(5)(a) of the *Canada Business Corporations Act*, any notice of a shareholder proposal intended to be raised at the Company’s next annual meeting must be submitted to the Company at its registered office, to the attention of the Secretary, on or before January 14, 2016 to be considered for inclusion in the management information circular to be prepared in connection with the Company’s next annual meeting of shareholders.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found under the Company’s profile at www.sedar.com. Additional financial information is provided in the Company’s annual financial statement for the fiscal year ended December 31, 2014, the notes appended thereto and in the Management’s Discussion and Analysis for the fiscal year ended December 31, 2014 which can be obtained upon request to the Company or by going to the Company’s profile at www.sedar.com. The Company may require payment of a reasonable charge if the request is made by a person or company who is not a shareholder of the Company

BOARD APPROVAL

The contents and sending of this Circular have been approved by the Board. A copy of this Circular has been sent to each director of the Company, each shareholder entitled to notice of the Meeting and to the auditors of the Company.

DATED this 14th day of April, 2015.

BY ORDER OF THE BOARD

Signed: *"Darren Blasutti"*

Darren Blasutti
President and Chief Executive Officer

FORWARD-LOOKING STATEMENTS

Certain information in this Circular may contain forward-looking statements. This information is based on current expectations that are subject to significant risks, assumptions and uncertainties that are difficult to predict. Potential risks include: those associated with the Company's compensation or governance policies. Actual results might differ materially from results suggested in any forward-looking statements. All statements, other than statements of historical fact, including, without limitation, statements regarding future plans and objectives of the Company, are forward-looking statements. Words such as "expect", "anticipate", "estimate", "may", "will", "should", "intend", "believe" and other similar expressions are forward-looking statements. Forward-looking statements are not guarantees of future results and conditions but rather reflect our current views with respect to future events and are subject to risks, uncertainties, assumptions and other factors, and actual results and future events could differ materially from those anticipated in such statements. There can be no assurance that such forward-looking statements will prove to be accurate. The Company assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward-looking statements unless and until required by securities laws applicable to the Company. Additional information identifying risks and uncertainties is contained in filings by the Company with the Canadian securities regulators, which filings are available at www.sedar.com.

**SCHEDULE A
NEW BY-LAWS**

SCORPIO MINING CORPORATION

BY-LAWS

A by-law relating generally to the conduct of the affairs of SCORPIO MINING CORPORATION (the "Corporation").

BE IT ENACTED AND IT IS HEREBY ENACTED as a by-law of the Corporation as follows:

INTERPRETATION

1. Definitions and Interpretation

In this by-law and all other by-laws of the Corporation, unless the context otherwise specifies or requires:

- (a) "Act" means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44 and the regulations thereunder, as from time to time amended, and every statute or regulation that may be substituted therefor and, in the case of such amendment or substitution, any reference in the by-laws of the Corporation shall be read as referring to the amended or substituted provisions;
- (b) "by-law" means any by-law of the Corporation from time to time in force and effect;
- (c) all terms contained in the by-laws which are defined in the Act shall have the meanings given to such terms in the Act;
- (d) words importing the singular number only shall include the plural and vice versa; words importing any gender shall include all genders; words importing persons shall include partnerships, syndicates, trusts and any other legal or business entity; and
- (e) the headings used in the by-laws are inserted for reference purposes only and are not to be considered or taken into account in construing the terms or provisions thereof or to be deemed in any way to clarify, modify or explain the effect of any such terms or provisions.

2. Unanimous Shareholder Agreements

The provisions of this by-law are subject to the terms of any unanimous shareholder agreement in effect from time to time in respect of the Corporation and, to the extent of any inconsistency between this by-law and any such unanimous shareholder agreement, such unanimous shareholder agreement shall prevail over this by-law.

REGISTERED OFFICE

3. The Corporation may from time to time (i) by resolution of the directors change the place and address of the registered office of the Corporation within the Province in Canada specified in its articles, and (ii) by an amendment to its articles, change the Province in Canada in which its registered office is situated.

SEAL

4. The Corporation may, but need not, have a corporate seal. An instrument or agreement executed on behalf of the Corporation by a director, an officer or an agent of the Corporation is not invalid merely because the corporate seal, if any, is not affixed thereto.

DIRECTORS

Number

The number of directors, or the minimum and maximum number of directors of the Corporation, is set out in the articles of the Corporation. If a minimum and maximum number of directors is set out in the articles of the Corporation, the number of directors of the Corporation shall be the number of directors elected by the shareholders of the Corporation at the most recent meeting of shareholders. At least twenty-five per cent of the directors (or one director, if the Corporation has less than four directors) shall be resident Canadians. If the Corporation is a distributing corporation and any of its outstanding securities are held by more than one person, it shall have at least three directors, at least two of whom are not officers or employees of the Corporation or its affiliates.

Powers

The directors shall manage, or supervise the management of, the business and affairs of the Corporation and may exercise all such powers and do all such acts and things as may be exercised or done by the Corporation and are not by the Act, the articles, the by-laws, any special resolution of the Corporation, a unanimous shareholder agreement or by statute expressly directed or required to be done in some other manner.

Duties

Every director and officer of the Corporation in exercising their powers and discharging their duties shall:

- (a) act honestly and in good faith with a view to the best interests of the Corporation;
and
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Every director and officer of the Corporation shall comply with the Act, the regulations thereunder, the Corporation's articles and by-laws and any unanimous shareholder agreement.

8. Qualification

Every director shall be an individual 18 or more years of age and no one who is of unsound mind and has been so found by a court in Canada or elsewhere or who has the status of a bankrupt shall be a director.

9. Election of Directors

Directors shall be elected by the shareholders of the Corporation by ordinary resolution. Whenever at any election of directors of the Corporation the number or the minimum number of directors required by the articles is not elected by reason of the lack of consent, disqualification, incapacity or death of any candidates, the directors elected at that meeting may exercise all the powers of the directors if the number of directors so elected constitutes a quorum, but such quorum of directors may not fill the resulting vacancy or vacancies and shall without delay call a special meeting of shareholders to fill the vacancy or vacancies and, if they fail to call a meeting or if there are no directors then in office, the meeting may be called by any shareholder.

An individual who is elected or appointed to hold office as a director is not a director and is deemed not to have been elected or appointed to hold office as a director unless

- (a) he or she was present at the meeting when the election or appointment took place and he or she did not refuse to hold office as a director; or
- (b) he or she was not present at the meeting when the election or appointment took place and
- (c) he or she consented to hold office as a director in writing before the election or appointment or within 10 days after it, or
- (d) he or she has acted as a director pursuant to the election or appointment.

10. Nomination of Directors

Subject to the provisions of the Act and the articles of the Corporation, only persons who are nominated in accordance with the procedures set out in this paragraph 10 shall be eligible for election as directors.

Nominations of persons for election to the board of directors may be made at any annual meeting of shareholders or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of one or more directors. Such nominations must be made:

- (a) by or at the direction of the board (or any duly authorized committee thereof), including pursuant to a notice of meeting;
- (b) by or at the direction or request of one or more shareholders pursuant to a proposal within the meaning of, and made in accordance with, the provisions of the Act, or a requisition of the shareholders made in accordance with the provisions of the Act; or
- (c) by any person (a "Nominating Shareholder") (i) who, at the close of business on the

date of the giving of the notice provided for below in this paragraph 10 and at the close of business on the record date for notice of such meeting, is entered in the securities register of the Corporation as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (ii) who complies with the notice procedures set out below in this paragraph 10.

In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder pursuant to subparagraph (c) above, the Nominating Shareholder must have given notice thereof that is both timely and in proper written form (as set out below in this paragraph 10) to the Secretary of the Corporation at the principal executive office of the Corporation.

To be timely, a Nominating Shareholder's notice to the Secretary of the Corporation must be made:

- (a) in the case of an annual meeting of shareholders, not less than 30 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the "Notice Date") on which the first public announcement (as defined below) of the date of the annual meeting of shareholders was made, notice by the Nominating Shareholder may be made not later than the close of business on the 10th day following the Notice Date; and
- (b) in the case of a special meeting of shareholders (which is not also an annual meeting of shareholders) called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

To be in proper written form, a Nominating Shareholder's notice to the Secretary of the Corporation must set out:

- (a) as to each person whom the Nominating Shareholder proposes to nominate for election to the board:
 - (i) the name, age, business address and residential address of the person;
 - (ii) the principal occupation or employment of the person for the past five years;
 - (iii) the status of such person as a "resident Canadian" as defined in the Act;
 - (iv) the class or series and number of securities in the capital of the Corporation that are controlled or directed or that are owned beneficially or of record by the person and his or her Representatives (as defined below) as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice;
 - (v) full particulars regarding any contract, agreement, arrangement, understanding or relationship (collectively, "Arrangements"), including without limitation financial, compensation and indemnity related

Arrangements, between the person or any of his or her Representatives and the Nominating Shareholder or any of its Representatives;

- (vi) whether the person is party to any existing or proposed Arrangement with any competitor of the Corporation (or any of the Corporation's affiliates) or any other third party which may give rise to a real or perceived conflict of interest between the interests of the Corporation or any of the Corporation's affiliates and the interests of the person; and
 - (vii) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with a solicitation of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and
- (b) as to the Nominating Shareholder giving the notice:
- (i) the name, age, business address and, if applicable, residential address of the Nominating Shareholder;
 - (ii) the class or series and number of securities in the capital of the Corporation that are controlled or directed or that are owned beneficially or of record by such Nominating Shareholder and his, her or its Representatives as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice;
 - (iii) full particulars regarding (A) any proxy or other Arrangement pursuant to which such Nominating Shareholder has a right to vote or direct the voting of any shares of the Corporation and (B) any other Arrangement of the Nominating Shareholder or any of its Representatives relating to the voting of any shares of the Corporation or the nomination of any person(s) to the Board;
 - (iv) full particulars regarding the Nominating Shareholder's interests in, or rights or obligations associated with, any Arrangement of such Nominating Shareholder or any of its Representatives, the purpose or effect of which is to alter, directly or indirectly, the economic interest of such Nominating Shareholder or any of its Representatives in a security of the Corporation or the economic exposure of any such Nominating Shareholder or any of its Representatives to the Corporation;
 - (v) whether such Nominating Shareholder is party to any existing or proposed Arrangement with any competitor of the Corporation (or any of the Corporation's affiliates) or any other third party which may give rise to a real or perceived conflict of interest between the interests of the Corporation or any of the Corporation's affiliates and the interests of such Nominating Shareholder; and
 - (vi) full particulars regarding any Arrangement, including without limitation financial, compensation and indemnity related Arrangements, between the

Nominating Shareholder or any Representative of the Nominating Shareholder and any person whom the Nominating Shareholder proposes to nominate for election to the board or any of his or her Representatives;

- (vii) any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws.

The Corporation may require any proposed nominee for election as a director to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as a director, with respect to independence or any other relevant criteria for eligibility or that could be material to a reasonable shareholder's understanding of the independence or eligibility, or lack thereof, of such proposed nominee.

Unless otherwise specified in this paragraph 10, all information to be provided in a timely notice pursuant to this paragraph 10 shall be provided as of the date of such notice. If requested by the Corporation, the Nominating Shareholder shall update such information forthwith so that it is true and correct in all material respects as of the date that is 10 business days prior to the date of the meeting, or any adjournment or postponement thereof.

No person shall be eligible for election as a director unless nominated in accordance with this paragraph 10; provided, however, that nothing in this paragraph 10 shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter that is properly before such meeting pursuant to the provisions of the Act.

The chair of the meeting of shareholders shall have the power and duty to determine whether a nomination of a person for election to the board was made in accordance with this paragraph 10 and, if the chair of the meeting determines that a nomination does not comply with this paragraph 10, to declare that such defective nomination shall be disregarded.

For the purposes of this paragraph 10:

- (a) "public announcement" means disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System for Electronic Document Analysis and Retrieval at www.sedar.com;
- (b) "Applicable Securities Laws" means the applicable securities legislation, as amended from time to time, of each province and territory of Canada, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission or similar regulatory authority of each province and territory of Canada; and
- (c) "Representatives" means, in respect of a person, the affiliates and associates of such person, all persons acting jointly or in concert with such person or any of the foregoing, and the affiliates and associates of any of such persons acting jointly or in concert.

Notwithstanding any other provision of the by-laws, notice given to the Secretary of the Corporation pursuant to this paragraph 10 may only be given by personal delivery, email (at such email address as may be stipulated from time to time by the Secretary of the Corporation for purposes of this notice) or fax, and shall be deemed to have been given and made only at the time it is served by personal delivery to the Secretary at the address of the principal executive office of the Corporation or delivered to the Secretary by email (at the aforesaid email address) or fax (provided that receipt of confirmation of such fax has been received); provided that if such delivery or electronic communication is made on a non-business day or later than 5:00 p.m. (Toronto time) on a day that is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.

Notwithstanding any of the foregoing, the board may, in its sole discretion, waive any requirement in this section 10.

11. Term of Office

A director's term of office (subject to the provisions (if any) of the Corporation's articles and paragraph 14 below), unless such director was elected for an expressly stated term, shall be from the date of the meeting at which such director is elected or appointed until the close of the annual meeting of shareholders next following such director's election or appointment or until such director's successor is elected or appointed. If qualified, a director whose term of office has expired is eligible for re-election as a director.

12. Ceasing to Hold Office

A director ceases to hold office if such director:

- (a) dies;
- (b) sends to the Corporation a written resignation, which shall be effective upon receipt by the Corporation, or at the time specified in the resignation, whichever is later;
- (c) is removed from office in accordance with paragraph 14 below;
- (d) becomes bankrupt; or
- (e) is found by a court in Canada or elsewhere to be of unsound mind.

13. Vacancies

Notwithstanding any vacancy among the directors, the remaining directors may exercise all the powers of the directors so long as a quorum of the number of directors remains in office. Subject to subsections 111(1) and (3) of the Act and to the provisions (if any) of the Corporation's articles, where there is a quorum of directors in office and a vacancy occurs, such quorum of directors may appoint a qualified person to fill such vacancy for the unexpired term of such appointee's predecessor.

14. Removal of Directors

Subject to subsection 109(2) of the Act and unless the articles of the Corporation

provide for cumulative voting, the shareholders of the Corporation may by ordinary resolution at a special meeting remove any director before the expiration of such director's term of office and may, by a majority of the votes cast at the meeting, elect any person in such director's stead for the remainder of such director's term.

If a meeting of shareholders was called for the purpose of removing a director from office as a director, the director so removed shall vacate office forthwith upon the passing of the resolution for such director's removal.

15. Validity of Acts

An act of a director or officer is valid notwithstanding an irregularity in their election or appointment or a defect in their qualification.

MEETINGS OF DIRECTORS

16. Place of Meetings

Meetings of directors and of any committee of directors may be held at any place.

17. Calling Meetings

A meeting of directors may be convened by the Chair of the Board (if any), the President or any director at any time and the Secretary shall upon direction of any of the foregoing convene a meeting of directors.

18. Notice

Notice of the time and place for the holding of any meeting of directors or committee of directors shall be sent to each director not less than 24 hours before the meeting or such shorter period as may be reasonably necessary in the circumstances as determined by the Chair of the Board; provided that meetings of the directors or of any committee of directors may be held at any time without formal notice if all the directors are present (except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called) or if all the absent directors have waived notice. Notice of the time and place for the holding of any meeting of directors or any committee of directors may be given by personal delivery, fax, email or any other electronic means. The notice shall specify any matter referred to in subsection 115(3) of the Act that is to be dealt with at the meeting.

For the first meeting of directors to be held following the election of directors at an annual or special meeting of the shareholders or for a meeting of directors at which a director is appointed to fill a vacancy in the board, no notice of such meeting need be given to the newly elected or appointed director or directors in order for the meeting to be duly constituted, provided a quorum of the directors is present.

19. Waiver of Notice

Notice of any meeting of directors or of any committee of directors or any irregularity in any meeting or in the notice thereof may be waived in any manner by any director, and such waiver may be validly given before, at or after the meeting to which such waiver relates. Attendance

of a director at a meeting of directors is a waiver of notice of the meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

20. Electronic Participation

Where all the directors of the Corporation consent thereto (whether before, at or after the meeting), a director may participate in a meeting of directors or of any committee of directors by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, and a director participating in a meeting by such means shall be deemed for the purposes of the Act and the by-laws to be present at that meeting.

21. Quorum and Voting

A majority of the number of directors of the Corporation shall constitute a quorum for the transaction of business. Subject to subsections 111(1), 114(4) and 117(1) of the Act, no business shall be transacted by the directors except at a meeting of directors at which a quorum is present and at which at least twenty-five per cent of the directors present are resident Canadians or, if the Corporation has less than four directors, at least one of the directors present is a resident Canadian. Questions arising at any meeting of directors shall be decided by a majority of votes. In case of an equality of votes, the chair of the meeting shall not have a second or casting vote in addition to the chair's original vote as a director.

22. Adjournment

Any meeting of directors or of any committee of directors may be adjourned from time to time by the chair of the meeting, with the consent of the meeting, to a fixed time and place. No notice of the time and place for the holding of the adjourned meeting need be given to any director if the time and place of the adjourned meeting is announced at the original meeting. Any adjourned meeting shall be duly constituted if held in accordance with the terms of the adjournment and a quorum is present thereat. The directors who form the quorum at the adjourned meeting need not be the same directors who formed the quorum at the original meeting. If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment.

23. Resolutions in Writing

A resolution in writing, signed by all the directors entitled to vote on that resolution at a meeting of directors or committee of directors, is as valid as if it had been passed at a meeting of directors or committee of directors.

COMMITTEES OF DIRECTORS

24. General

The directors may from time to time appoint from their number one or more committees of directors. The directors may delegate to each such committee any of the powers of the directors, except that no such committee shall have the authority to:

- (a) submit to the shareholders any question or matter requiring the approval of the shareholders;
- (b) fill a vacancy among the directors or in the office of auditor, or appoint additional directors;
- (c) subject to subsection 189(2) of the Act, issue securities except as authorized by the directors;
- (d) issue shares of a series under section 27 of the Act except as authorized by the directors;
- (e) declare dividends;
- (f) purchase, redeem or otherwise acquire shares issued by the Corporation;
- (g) pay any commission referred to in section 41 of the Act, except as authorized by the directors;
- (h) approve a management proxy circular;
- (i) approve a take-over bid circular or directors' circular;
- (j) approve any annual financial statements to be placed before the shareholders of the Corporation; or
- (k) adopt, amend or repeal by-laws of the Corporation.

25. Audit Committee

If the Corporation is a distributing corporation and any of its outstanding securities are held by more than one person, the board of directors shall elect annually from among their number an audit committee to be composed of not fewer than three directors, a majority of whom are not officers or employees of the Corporation or any of its affiliates.

Each member of the audit committee shall serve during the pleasure of the board of directors and, in any event, only so long as such member shall be a director. The directors may fill vacancies in the audit committee by election from among their number.

The audit committee shall have power to fix its quorum at not less than a majority of its members and to determine its own rules of procedure subject to any regulations imposed by the board of directors from time to time and to the following paragraph.

The auditor of the Corporation is entitled to receive notice of every meeting of the audit committee and, at the expense of the Corporation, to attend and be heard thereat; and, if so requested by a member of the audit committee, shall attend every meeting of the committee held during the term of office of the auditor. The auditor of the Corporation or any member of the audit committee may call a meeting of the committee.

The audit committee shall review the financial statements of the Corporation prior to approval thereof by the board of directors and shall have such other powers and duties as may from

time to time by resolution be assigned to it by the board.

OFFICERS

26. Appointment of Officers

The directors may annually or as often as may be required appoint such officers as they shall deem necessary, who shall have such authority and shall perform such functions and duties as may from time to time be prescribed by resolution of the directors, delegated by the directors or by other officers or properly incidental to their offices or other duties, provided that no officer shall be delegated the power to do anything referred to in paragraph 24 above. Such officers may include, without limitation, any of a President, a Chief Executive Officer, a Chair of the Board, one or more Vice-Presidents, a Chief Financial Officer, a Controller, a Secretary, a Treasurer and one or more Assistant Secretaries and/or one or more Assistant Treasurers. None of such officers (except the Chair of the Board) need be a director of the Corporation. A director may be appointed to any office of the Corporation. Two or more of such offices may be held by the same person.

27. Removal of Officers

All officers shall be subject to removal by resolution of the directors at any time, with or without cause. The directors may appoint a person to an office to replace an officer who has been removed or who has ceased to be an officer for any other reason.

28. Duties of Officers may be Delegated

In case of the absence or inability or refusal to act of any officer of the Corporation or for any other reason that the directors may deem sufficient, the directors may delegate all or any of the powers of such officer to any other officer or to any director for the time being.

REMUNERATION OF DIRECTORS, OFFICERS AND EMPLOYEES

29. The remuneration to be paid to the directors of the Corporation shall be such as the directors shall from time to time by resolution determine and such remuneration may be in addition to the salary paid to any officer or employee of the Corporation who is also a director. The directors may also by resolution award special remuneration to any director in undertaking any special services on the Corporation's behalf other than the normal work ordinarily required of a director of a corporation. The confirmation of any such resolution or resolutions by the shareholders shall not be required. The directors may fix the remuneration of the officers and employees of the Corporation. The directors, officers and employees shall also be entitled to be paid their travelling and other expenses properly incurred by them in connection with the affairs of the Corporation.

Protection of directors and officers

30. Indemnification

Subject to the provisions of section 124 of the Act, the Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation or another individual who acts or acted at the Corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in

respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the Corporation or other entity. The Corporation is hereby authorized to execute agreements evidencing its indemnity in favour of the foregoing persons to the full extent permitted by law.

31. Insurance

Subject to the Act, the Corporation may purchase and maintain such insurance for the benefit of any person referred to in paragraph 30 against any liability incurred by such person in his or her capacity as a director or officer of the Corporation or of another body corporate where he or she acts or acted in that capacity at the Corporation's request.

32. Limitation of Liability

Except as otherwise provided in the Act, no director or officer for the time being of the Corporation shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee or for joining in any receipt or act for conformity or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any persons, firm or corporation including any person, firm or corporation with whom or which any moneys, securities or effects shall be lodged or deposited for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Corporation or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his respective office or trust or in relation thereto unless the same shall happen by or through his failure to exercise the powers and to discharge the duties of his office honestly and in good faith with a view to the best interests of the Corporation and in connection therewith to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The directors for the time being of the Corporation shall not be under any duty or responsibility in respect of any contract, act or transaction whether or not made, done or entered into in the name of or on behalf of the Corporation, except such as shall have been submitted to and authorized or approved by the board. If any director or officer of the Corporation shall be employed by or shall perform services for the Corporation otherwise than as a director or officer or shall be a member of a firm or a shareholder, director or officer of a company which is employed by or performs services for the Corporation, the fact of his being a director or officer of the Corporation shall not disentitle such director or officer or such firm or company, as the case may be, from receiving proper remuneration for such services.

SHAREHOLDERS' MEETINGS

33. Annual or Special Meetings

The directors of the Corporation

- (a) shall call an annual meeting of shareholders not later than 18 months after the Corporation comes into existence and subsequently not later than 15 months after holding the last preceding annual meeting but no later than 6 months after the end of the Corporation's preceding financial year; and

- (b) may at any time call a special meeting of shareholders.

34. Place of Meetings

Meetings of shareholders of the Corporation shall be held at such place within Canada as the directors may determine, or at a place outside Canada if the place is specified in the articles or all the shareholders entitled to vote at the meeting agree that the meeting is to be held at that place.

35. Electronic Participation and Voting

Subject to the Act, any person entitled to attend a meeting of shareholders may participate in the meeting by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, if the Corporation makes available such a communication facility. A person participating in a meeting by such means is deemed for all purposes of the Act and the by-laws to be present at the meeting. Subject to the Act, if the directors or the shareholders of the Corporation call a meeting of shareholders pursuant to the Act, those directors or shareholders, as the case may be, may determine that the meeting shall be held entirely by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting. Subject to the Act, any vote at a meeting of shareholders may be held entirely by means of a telephonic, electronic or other communication facility, if the Corporation makes available such a communication facility, and any person participating in a meeting of shareholders by means of such facility and entitled to vote at that meeting may vote by means of such facility, provided that any such facility made available by the Corporation shall enable the votes to be gathered in a manner that permits their subsequent verification and permit the tallied votes to be presented to the Corporation without it being possible for the Corporation to identify how each shareholder or group of shareholders voted.

36. Record Dates for Shareholder Meetings

Subject to section 134 of the Act, the directors may fix in advance a date as the record date for the purpose of determining shareholders entitled to receive notice of a meeting of shareholders and/or entitled to vote at a meeting of shareholders, but such record date shall not precede by more than 60 days or by less than 21 days the date on which the meeting is to be held. Such shareholders shall be determined as at the close of business on the date fixed by the directors, unless otherwise specified by the directors.

If no record date is fixed, the record date for the determination of the shareholders entitled to receive notice of a meeting of the shareholders and to vote shall be:

- (a) at the close of business on the day immediately preceding the day on which the notice is given; or
- (b) if no notice is given, the day on which the meeting is held.

37. Shareholder List

The Corporation shall prepare an alphabetical list of the shareholders entitled to receive notice of a meeting and vote at the meeting, showing the number of shares held by each

shareholder,

- (a) if a record date for determining the shareholder entitled to receive notice of the meeting and/or entitled to vote at the meeting has been fixed, not later than 10 days after that date; or
- (b) if no record date has been fixed, on the record date established in accordance with paragraph 36 above.

A shareholder whose name appears on such list is entitled to vote the shares shown opposite such shareholder's name at the meeting to which the list relates.

38. Notice

A notice stating the day, hour and place of meeting and, if special business is to be transacted thereat, stating (i) the nature of that business in sufficient detail to permit the shareholder to form a reasoned judgment thereon, and (ii) the text of any special resolution to be submitted to the meeting, shall be sent to each shareholder entitled to vote at the meeting, to each director of the Corporation and to the auditor (if any) of the Corporation. Such notice shall be sent in accordance with the Act and these by-laws, if the Corporation is a distributing corporation, not less than 21 days (or, if the Corporation is not a distributing corporation, not less than such number of days as may be fixed by the directors) and not more than 60 days (exclusive of the day of mailing and of the day for which notice is given) before the date of every meeting. Notwithstanding the foregoing, a meeting of shareholders may be held for any purpose at any date and time and, subject to subsection 132(2) of the Act, at any place without notice if all the shareholders and other persons entitled to notice of such meeting are present in person or represented by proxy at the meeting (except where a shareholder or such other person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called) or if all the shareholders and other persons entitled to notice of such meeting and not present in person nor represented by proxy thereat waive notice of the meeting. Notice of any meeting of shareholders or the time for the giving of any such notice or any irregularity in any such meeting or in the notice thereof may be waived in any manner by any shareholder, the duly appointed proxy of any shareholder, any director or the auditor of the Corporation and any other person entitled to attend a meeting of shareholders, and any such waiver may be validly given before, at or after the meeting to which such waiver relates.

The auditor (if any) of the Corporation is entitled to receive notice of every meeting of shareholders of the Corporation and, at the expense of the Corporation, to attend and be heard thereat on matters relating to the auditor's duties.

39. Omission of Notice

The accidental omission to give notice of any meeting to or the non-receipt of any notice by any person shall not invalidate any resolution passed or any proceeding taken at any meeting of shareholders.

40. Chair

The Chair of the Board (if any) shall when present preside at all meetings of shareholders. In the absence of the Chair of the Board (if any), the President or, if the President is

also absent, a Vice-President (if any) shall act as chair. If none of such officers is present at a meeting of shareholders, the shareholders present entitled to vote shall choose a director as chair of the meeting and if no director is present or if all the directors decline to take the chair then the shareholders present shall choose one of their number to be chair.

41. Votes

Votes at meetings of the shareholders may be cast either personally or by proxy. At every meeting at which a shareholder is entitled to vote, such shareholder (if present in person) or the proxyholder for such shareholder shall have one vote on a show of hands. Upon a ballot on which a shareholder is entitled to vote, every shareholder (if present in person or by proxy) shall (subject to the provisions, if any, of the Corporation's articles) have one vote for every share registered in such shareholder's name.

Every question submitted to any meeting of shareholders shall be decided in the first instance on a show of hands and in case of an equality of votes the chair of the meeting shall not have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder or proxy nominee.

At any meeting, unless a ballot is demanded by a shareholder or proxyholder entitled to vote at the meeting, either before or after any vote by a show of hands, a declaration by the chair of the meeting that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be evidence of the fact without proof of the number or proportion of votes recorded in favour of or against the motion.

If at any meeting a ballot is demanded on the election of a chair or on the question of adjournment or termination, the ballot shall be taken forthwith without adjournment. If a ballot is demanded on any other question or as to the election of directors, the ballot shall be taken in such manner and either at once or later at the meeting or after adjournment as the chair of the meeting directs. The result of a ballot shall be deemed to be the resolution of the meeting at which the ballot was demanded. A demand for a ballot may be made either before or after any vote by show of hands and may be withdrawn.

If the chair of a meeting of shareholders declares to the meeting that, if a ballot is conducted, the total number of votes attached to shares represented at the meeting by proxy required to be voted against what to the knowledge of the chair will be the decision of the meeting in relation to any matter or group of matters is less than 5% of all of the votes that might be cast by shareholders personally or by proxy at the meeting on the ballot, unless a shareholder or proxyholder demands a ballot prior to the vote,

- (a) the chair may conduct the vote in respect of that matter or group of matters by a show of hands; and
- (b) a proxyholder or alternate proxyholder may vote in respect of that matter or group of matters by a show of hands, notwithstanding any directions to the contrary given to such proxyholder or alternate proxyholder from any shareholder who appointed such proxyholder or alternate proxyholder, or any conflicting instructions from more than one such shareholder.

Where a body corporate or association is a shareholder, any individual authorized by

a resolution of the directors or governing body of the body corporate or association may represent it at any meeting of shareholders and exercise at such meeting on behalf of the body corporate or association all the powers it could exercise if it were an individual shareholder, provided that the Corporation or the chair of the meeting may require such shareholder or such individual authorized by it to furnish a certified copy of such resolution or other appropriate evidence of the authority of such individual.

Where two or more persons hold the same share or shares jointly, any one of such persons present at a meeting of shareholders has the right, in the absence of the other or others, to vote such share or shares, but if more than one of such persons are present or represented by proxy and vote, they shall vote together as one on the share or shares jointly held by them.

42. Proxies

A shareholder entitled to vote at a meeting of shareholders may by means of a proxy appoint a proxyholder or proxyholders or one or more alternate proxyholders, who are not required to be shareholders, to attend and act at the meeting in the manner and to the extent authorized by the proxy and with the authority conferred by the proxy.

A form of proxy shall be a written or printed form that complies with the Act and the regulations thereunder (to the extent applicable). A form of proxy becomes a proxy on completion by or on behalf of a shareholder and execution by the shareholder or such shareholder's attorney authorized in writing. Alternatively, a proxy may be an electronic document that satisfies the requirements of Part XX.1 of the Act. A proxy is valid only at the meeting in respect of which it is given or at any adjournment thereof.

The directors may specify in a notice calling a meeting of shareholders a time not exceeding 48 hours (excluding Saturdays, Sundays and holidays) preceding the meeting or an adjournment or postponement thereof before which time proxies to be used at the meeting must be deposited with the Corporation or its agent (subject to the rights of shareholders to revoke proxies, as provided below).

A shareholder may revoke a proxy either (i) by depositing an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing at the registered office of the Corporation at any time up to and including the last business day preceding the day of the meeting, or an adjournment or postponement thereof, at which the proxy is to be used, or with the chair of the meeting on the day of the meeting or an adjournment or postponement thereof, or (ii) in any other manner permitted by law.

43. Adjournment

The chair of the meeting may with the consent of the meeting adjourn any meeting of shareholders from time to time to a fixed time and place. If the meeting is adjourned for less than 30 days, no notice of the time and place for the holding of the adjourned meeting need be given to any shareholder, other than by announcement at the earliest meeting that is adjourned. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting but, unless the meeting is adjourned by one or more adjournments for an aggregate of more than 90 days, subsection 149(1) of the Act does not apply. Any adjourned meeting shall be duly constituted if held in accordance with the terms of the adjournment and a quorum is present thereat. The persons who form the quorum

at the adjourned meeting need not be the same persons who formed the quorum at the original meeting. If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment. Any business may be brought before or dealt with at any adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same.

44. Quorum

Two persons present and each holding or representing by proxy at least one issued share of the Corporation shall be a quorum of any meeting of shareholders for the choice of a chair of the meeting and for the adjournment of the meeting to a fixed time and place but may not transact any other business; for all other purposes a quorum for any meeting shall be persons present not being less than two in number and holding or representing by proxy not less than 10% of the total number of the issued shares of the Corporation for the time being enjoying voting rights at such meeting. If a quorum is present at the opening of a meeting of shareholders, the shareholders present may proceed with the business of the meeting, notwithstanding that a quorum is not present throughout the meeting.

Notwithstanding the foregoing, if the Corporation has only one shareholder, or only one shareholder of any class or series of shares, the shareholder present in person or by proxy constitutes a meeting and a quorum for such meeting.

45. Resolutions in Writing

Subject to subsection 142(1) of the Act,

- (a) a resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders; and
- (b) a resolution in writing dealing with all matters required by the Act to be dealt with at a meeting of shareholders, and signed by all the shareholders entitled to vote at that meeting, satisfies all the requirements of the Act relating to meetings of shareholders.

SHARES AND TRANSFERS

46. Issuance

Subject to the articles of the Corporation, shares in the Corporation may be issued at such time and issued to such persons and for such consideration as the directors may determine.

47. Security Certificates

Security certificates (and the form of transfer power on the reverse side thereof) shall (subject to compliance with section 49 of the Act) be in such form as the directors may from time to time by resolution approve and such certificates shall be signed by a director or officer of the Corporation, or by a registrar, transfer agent or branch transfer agent of the Corporation, or an individual on their behalf, or by a trustee who certifies it in accordance with a trust indenture, or the signature shall be printed or otherwise mechanically reproduced on the certificate. If a security

certificate contains a printed or mechanically reproduced signature of a person, the Corporation may issue the security certificate, notwithstanding that the person has ceased to be a director or an officer of the Corporation, and the security certificate is as valid as if the person were a director or an officer at the date of its issue.

48. Agent

The directors may from time to time by resolution appoint or remove an agent to maintain a central securities register and branch securities registers for the Corporation.

49. Surrender of Security Certificates

Subject to the Act, no transfer of a security issued by the Corporation shall be recorded or registered unless and until either (i) the security certificate representing the security to be transferred has been surrendered and cancelled, or (ii) if no security certificate has been issued by the Corporation in respect of such share, a duly executed security transfer power in respect thereof has been presented for registration.

50. Defaced, Destroyed, Stolen or Lost Security Certificates

In case of the defacement, destruction, theft or loss of a security certificate, the fact of such defacement, destruction, theft or loss shall be reported by the owner to the Corporation or to a trustee, registrar, transfer agent or other agent of the Corporation (if any) acting on behalf of the Corporation, with a statement verified by oath or statutory declaration as to the defacement, destruction, theft or loss and the circumstances concerning the same and with a request for the issuance of a new security certificate to replace the one so defaced, destroyed, stolen or lost. Upon the giving to the Corporation (or, if there is such an agent, then to the Corporation and to such agent) of an indemnity bond of a surety company in such form as is approved by any authorized officer of the Corporation, indemnifying the Corporation (and such agent, if any) against all loss, damage and expense, which the Corporation and/or such agent may suffer or be liable for by reason of the issuance of a new security certificate to such shareholder, and provided the Corporation or such agent does not have notice that the security has been acquired by a *bona fide* purchaser, a new security certificate may be issued in replacement of the one defaced, destroyed, stolen or lost, if such issuance is ordered and authorized by any authorized officer of the Corporation or by resolution of the directors.

DIVIDENDS

51. Declaration and Payment of Dividends

The directors may from time to time by resolution declare and the Corporation may pay dividends on its issued shares, subject to the provisions (if any) of the Corporation's articles.

The directors shall not declare and the Corporation shall not pay a dividend if there are reasonable grounds for believing that:

- (a) the Corporation is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realizable value of the Corporation's assets would thereby be less than the

aggregate of its liabilities and stated capital of all classes.

The Corporation may pay a dividend by issuing fully paid shares of the Corporation and, subject to section 42 of the Act, the Corporation may pay a dividend in money or property.

52. Joint Securityholders

In case several persons are registered as the joint holders of any securities of the Corporation, any one of such persons may give effectual receipts for all dividends and payments on account of dividends, principal, interest and/or redemption payments on redemption of securities (if any) subject to redemption in respect of such securities.

RECORD DATES

53. Shareholders' Meetings

Subject to section 134 of the Act, the directors may fix in advance a date as the record date for the purpose of determining shareholders entitled to receive notice of a meeting of shareholders and/or entitled to vote at a meeting of shareholders, but such record date shall not precede by more than 60 days or by less than 21 days the date on which the meeting is to be held. Such shareholders shall be determined as at the close of business on the date fixed by the directors, unless otherwise specified by the directors.

If no record date is fixed, the record date for the determination of the shareholders entitled to receive notice of a meeting of the shareholders and to vote shall be:

- (a) at the close of business on the day immediately preceding the day on which the notice is given; or
- (b) if no notice is given, the day on which the meeting is held.

54. Dividends, Distributions or Other Purposes

Subject to section 134 of the Act, the directors may fix in advance a date as the record date for the determination of shareholders (i) entitled to receive payment of a dividend, (ii) entitled to participate in a liquidation or distribution, (iii) for any other purpose (other than to establish a shareholder's right to receive notice of a meeting or to vote), but such record date shall not precede by more than 60 days the particular action to be taken. Such shareholders shall be determined as at the close of business on the date fixed by the directors, unless otherwise specified by the directors.

If no record date is fixed, the record date for the determination of shareholders for any purpose other than to establish a shareholder's right to receive notice of a meeting or to vote shall be at the close of business on the day on which the directors pass the resolution relating thereto.

55. Notice of Record Date

If a record date is fixed, unless notice of the record date is waived in writing by every holder of a share of the class or series affected whose name is set out in the securities register at the

close of business on the day the directors fix the record date, notice thereof shall be given, not less than seven days before the date so fixed,

- (a) by advertisement in a newspaper published or distributed in the place where the Corporation has its registered office and in each place in Canada where it has a transfer agent or where a transfer of its shares may be recorded; and
- (b) by written notice to each stock exchange in Canada on which the shares of the Corporation are listed for trading.

SECURITIES OF OTHER ISSUERS HELD BY CORPORATION

56. Any one director or officer is authorized to (i) sell, assign, transfer, exchange, convert or convey all securities owned by or registered in the name of the Corporation and to sign and execute (under the seal of the Corporation or otherwise) all assignments, transfers, conveyances, powers of attorney and other instruments that may be necessary for the purpose of selling, assigning, transferring, exchanging, converting or conveying any such securities, and (ii) vote all securities owned by or registered in the name of the Corporation carrying voting rights at all meetings of shareholders, bondholders, debenture holders or holders of such securities, as the case may be.

NOTICES, ETC.

57. Service

Any notice or other document required to be given or sent by the Corporation to any shareholder or director or the auditor of the Corporation shall be delivered personally or sent by prepaid mail or by fax, email or other electronic means capable of producing a written copy addressed to:

- (a) such shareholder at such shareholder's latest address as shown on the records of the Corporation or its transfer agent;
- (b) such director at such director's latest address as shown in the records of the Corporation or in the last notice filed under section 106 or 113 of the Act; and
- (c) the auditor of the Corporation at the auditor's latest address known to the Corporation.

With respect to every notice or other document sent by prepaid mail, it shall be sufficient to prove that the envelope or wrapper containing the notice or other document was properly addressed and put into a post office or into a post office letter box and such notice or document shall be deemed to be received at the time it would be delivered in the ordinary course of mail unless there are reasonable grounds for believing that the recipient did not receive the notice or document at that time or at all.

58. Shareholders Who Cannot be Found

If the Corporation sends a notice or document to a shareholder and the notice or document is returned on two consecutive occasions because the shareholder cannot be found, the

Corporation is not required to send any further notices or documents to the shareholder until the shareholder informs the Corporation in writing of the shareholder's new address.

59. Shares Registered in More than One Name

All notices or other documents shall, with respect to any shares in the capital of the Corporation registered in more than one name, be given to whichever of such persons is named first in the records of the Corporation and any notice or other document so given shall be sufficient notice or delivery of such document to all the holders of such shares.

60. Persons Becoming Entitled by Operation of Law

Every person who by operation of law, transfer or by any other means whatsoever shall become entitled to any shares in the capital of the Corporation shall be bound by every notice or other document in respect of such shares which prior to such person's name and address being entered on the records of the Corporation shall have been duly given to the person or persons from whom such person derives title to such shares.

61. Deceased Shareholder

Any notice or other document delivered or sent by post or left at the address of any shareholder as the same appears in the records of the Corporation shall, notwithstanding that such shareholder be then deceased and whether or not the Corporation has notice of such shareholder's death, be deemed to have been duly served in respect of the shares held by such shareholder (whether held solely or with other persons) until some other person be entered in such shareholder's stead in the records of the Corporation as the holder or one of the holders thereof and such service shall for all purposes be deemed a sufficient service of such notice or other document on such shareholder's heirs, executors or administrators and all persons (if any) interested with such shareholder in such shares.

62. Signatures to Notices

The signature of any director or officer of the Corporation to any notice may be written, printed or otherwise mechanically reproduced.

63. Computation of Time

Where notice is required to be given under any provisions of the articles or by-laws of the Corporation, or any time period or time limit for the doing of any other act is prescribed by the articles or by-laws, the notice period or such other time period or time limit shall be determined in accordance with sections 26 to 30, inclusive, of the *Interpretation Act* (Canada), R.S.C. 1985, c. I-21, unless otherwise expressly provided in the articles or by-laws.

64. Proof of Service

A certificate of any officer of the Corporation in office at the time of the making of the certificate or of an agent of the Corporation as to facts in relation to the mailing or delivery or service or other communication of any notice or other documents to any shareholder, director, officer or auditor or as to the publication of any notice or other document shall be conclusive evidence thereof and shall be binding on every shareholder, director, officer or auditor of the

Corporation, as the case may be.

EXECUTION OF CONTRACTS, ETC.

65. **Authorization to Sign Contracts**

Contracts, documents or instruments in writing requiring the signature of the Corporation may be signed by any one director or officer and all contracts, documents or instruments in writing so signed shall be binding upon the Corporation without any further authorization or formality. The directors are authorized from time to time by resolution to appoint any officer or officers or any other person or persons on behalf of the Corporation either to sign contracts, documents or instruments in writing generally or to sign specific contracts, documents or instruments in writing. The term "contracts, documents or instruments in writing" as used in this by-law shall include deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, immovable or movable, powers of attorney, agreements, releases, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of securities and all paper writings.

66. **Corporate Seal**

The corporate seal, if any, of the Corporation may, when required, be affixed to contracts, documents or instruments in writing signed as aforesaid or by an officer or officers, person or persons appointed as aforesaid by resolution of the board of directors.

67. **Reproduction of Signatures**

The signature or signatures of any officer or director of the Corporation and/or of any other officer or officers, person or persons appointed as aforesaid by resolution of the directors may, if specifically authorized by resolution of the directors, be printed, engraved, lithographed or otherwise mechanically reproduced upon all contracts, documents or instruments in writing or bonds, debentures or other securities of the Corporation executed or issued by or on behalf of the Corporation and all contracts, documents or instruments in writing or securities of the Corporation on which the signature or signatures of any of the foregoing officers, directors or persons shall be so reproduced, by authorization by resolution of the directors, shall be deemed to have been manually signed by such officers, directors or persons whose signature or signatures is or are so reproduced and shall be as valid to all intents and purposes as if they had been signed manually and notwithstanding that the officers, directors or persons whose signature or signatures is or are so reproduced may have ceased to hold office at the date of delivery or issue of such contracts, documents or instruments in writing or securities of the Corporation.

68. **Signature of Cheques, Notes, etc.**

All cheques, drafts or orders for the payment of money and all notes, acceptances and bills of exchange shall be signed by such officer or officers or other person or persons, whether or not officers of the Corporation, and in such manner as the directors, or such officer or officers as may be delegated authority by the directors to determine such matters, may from time to time designate.

FINANCIAL YEAR

69. The financial year of the Corporation shall end on such day in each year as the board of directors may from time to time by resolution determine.

BORROWING

70. Authority of Directors

The directors may and they are hereby authorized from time to time to, without authorization of the shareholders,

- (a) borrow money upon the credit of the Corporation;
- (b) limit or increase the amount to be borrowed;
- (c) issue, reissue, sell or pledge bonds, debentures, notes or other debt obligations of the Corporation for such sums and at such prices as may be deemed expedient;
- (d) give a guarantee on behalf of the Corporation to secure payment or performance of an obligation of any person; and
- (e) mortgage, hypothecate, charge, pledge or otherwise create a security interest in all or any currently owned or subsequently acquired real and personal, movable and immovable, property of the Corporation and the undertaking and rights of the Corporation, to secure any such bonds, debentures, notes or other debt obligations, or to secure any present or future borrowing, liability or obligation of the Corporation, including any guarantee given pursuant to subparagraph 70(d) above.

71. Delegation by Directors

The directors may from time to time by resolution delegate to any one or more directors or officers, or to any committee of directors, of the Corporation all or any of the powers conferred on the directors by paragraph 70 above to the full extent thereof or such lesser extent as the directors may in any such resolution provide.

72. Other Borrowing Powers

The powers hereby conferred shall be deemed to be in supplement of and not in substitution for any other powers to borrow money for the purposes of the Corporation or to do any other acts or things referred to in paragraph 70 above possessed by its directors or officers pursuant to the articles of the Corporation, any other by-law of the Corporation or applicable law.

PASSED by the directors of the Corporation on April 14, 2015

CONFIRMED by the shareholders of the Corporation on

SCHEDULE B

SHAREHOLDER RIGHTS PLAN SUMMARY

The following description of the Shareholder Rights Plan is a summary only. Reference is made to the agreement constituting the Shareholder Rights Plan (the “Agreement”), a copy of which has been filed on SEDAR at www.sedar.com.

The Board approved the Shareholder Rights Plan on April 14, 2015 and authorized the issue of one Right in respect of each outstanding Common Share to holders of record as of 5:00 p.m. (Toronto time) on April 14, 2015 (the “Record Time”) and each Common Share issued after the Record Time and prior to the earlier of the Separation Time (as defined below) and the Expiration Time (as defined in the Shareholder Rights Plan).

The Company entered into the Agreement with Computershare Investor Services Inc., as rights agent, to act in connection with the exercise of Rights, the issue of certificates evidencing the Rights and other related matters.

The principal terms and conditions of the Shareholder Rights Plan are summarized below.

Term

The Shareholder Rights Plan is in effect from and after the Record Time. If the Shareholder Rights Plan is not ratified by a resolution passed by a majority of the independent shareholders of the Company at a meeting held within six months following the adoption of the Shareholder Rights Plan, then the Shareholder Rights Plan and any outstanding Rights will be terminated. If the Shareholder Rights Plan is ratified by the independent shareholders of the Company, then the Shareholder Rights Plan and any outstanding Rights will continue in effect until the third annual meeting of shareholders of the Company following the meeting at which the Shareholder Rights Plan was ratified.

Issue of Rights

On April 14, 2015, one Right in respect of each outstanding Common Share was issued to holders of record as of the Record Time. One Right will be issued in respect of each Common Share issued after the Record Time and prior to the earlier of the Separation Time and the Expiration Time.

Exercise of Rights

The Rights are not exercisable initially. The Rights will separate from the Common Shares and become exercisable at the close of business on the second business day after the earlier of the first public announcement of facts indicating that a person has acquired Beneficial Ownership (as defined in the Shareholder Rights Plan) of 20% or more of the Common Shares or the commencement, or first public announcement, of the intent of any person to commence a take-over bid which would result in such person Beneficially Owning 20% or more of the Common Shares, or the date upon which a Permitted Bid or Competing Permitted Bid (in each case as defined in the Shareholder Rights Plan) ceases to be such, or such later time as the Board may determine (in any such case, the “Separation Time”). After the Separation Time, but prior to the occurrence of a Flip-in Event (as defined below), each Right may be exercised to purchase one Common Share at an exercise price equal to five times the market price of the Common Shares as at the Separation Time.

The exercise price payable and the number of securities issuable upon the exercise of the Rights are subject to adjustment from time to time upon the occurrence of certain corporate events affecting the Common Shares.

Flip-in Event and Exchange Option

Subject to certain exceptions, upon the acquisition by any person (an "Acquiring Person") of Beneficial Ownership of 20% or more of the Common Shares (a "Flip-in Event") and following the Separation Time, each Right, other than Rights Beneficially Owned by an Acquiring Person, its affiliates and associates, their respective joint actors and certain transferees, may be exercised to purchase that number of Common Shares which have a market value equal to two times the exercise price of the Right. Rights beneficially owned by an Acquiring Person, its affiliates and associates, their respective joint actors and certain transferees will be void.

In addition, the Shareholder Rights Plan permits the Board to authorize the Company, after a Flip-in Event has occurred, to issue or deliver, in return for the Rights and on payment of the relevant exercise price or without charge, debt, equity or other securities or assets of the Company or a combination thereof.

Certificates and Transferability

Prior to the Separation Time, certificates for Common Shares will also evidence one Right for each Common Share represented by the certificate. Certificates issued after the Record Time will bear a legend to this effect. Prior to the Separation Time, Rights will not be transferable separately from the associated Common Shares. From and after the Separation Time, the Rights will be evidenced by Rights certificates which will be transferable and trade separately from the Common Shares.

Permitted Bids

The Shareholder Rights Plan will not be triggered by a Permitted Bid or Competing Permitted Bid. A Permitted Bid is one that (i) is made by means of a take-over bid circular; (ii) is made to all holders of Common Shares for all Common Shares held by them; (iii) is open for at least 60 days; (iv) contains an irrevocable condition that no Common Shares will be taken up and paid for until at least 50% of the Common Shares held by the independent shareholders of the Company have been tendered and not withdrawn; (v) contains an irrevocable condition that Common Shares may be deposited at any time and withdrawn until they are taken up and paid for; and (vi) contains a provision that, if 50% of the Common Shares held by the independent shareholders of the Company are tendered, the bidder will make an announcement to that effect and keep the bid open for at least 10 more business days.

Redemption and Waiver

The Rights may be redeemed by the Board at a redemption price of \$0.00001 per Right at any time prior to the occurrence of a Flip-in Event without the prior approval of the holders of Common Shares or Rights. The Board will be deemed to have elected to redeem the Rights if a person who has made a take-over bid in respect of which the Separation Time has occurred and in respect of which the Board has waived the application of the Shareholder Rights Plan takes up and pays for Common Shares pursuant to the terms and conditions of such take-over bid.

The provisions of the Shareholder Rights Plan that apply upon the occurrence of a Flip-in Event may

be waived at the option of the Board and without the prior approval of the holders of Common Shares or Rights prior to or following the occurrence of a Flip-in Event. If the provisions of the Shareholder Rights Plan that apply upon the occurrence of a Flip-in Event are waived in respect of a take-over bid made by means of a take-over bid circular to all shareholders, then the provisions of the Shareholder Rights Plan that apply upon the occurrence of a Flip-in Event will also be deemed to be waived in respect of any other Flip-in Event occurring by reason of any take-over bid made by any other offeror by means of a take-over bid circular to all shareholders prior to the expiry, termination or withdrawal of any take-over bid in respect of which a waiver is, or is deemed to have been, granted.

In addition, the operation of the Shareholder Rights Plan may be waived where a person has inadvertently become an Acquiring Person and has reduced its beneficial ownership of Common Shares such that it is no longer an Acquiring Person.

Amendment of the Shareholder Rights Plan

The Board may at any time and from time to time amend the Agreement and the Rights without the prior approval of the holders of Common Shares or Rights.

SCHEDULE C

STOCK OPTION PLAN SUMMARY

The Stock Option Plan was approved by the Shareholders at the Company's annual and special meeting held on April 30, 2007 and reconvened on May 1, 2007. Pursuant to the requirements of the TSX, every three years after adoption, all unallocated options, rights and other entitlements under a security based compensation arrangement which does not have a fixed maximum number of securities issuable thereunder, must be approved by the majority of the issuer's security holders. Unallocated options under the Stock Option Plan were most recently approved by the Shareholders at the Company's annual and special meeting held on June 13, 2013.

The Stock Option Plan was amended and restated effective January 30, 2015 in order to adopt certain amendments to the Company's previous stock option plan. The amendments were made to include a cashless exercise feature, to provide for earlier notice of a change of control transaction and to provide for the eventual termination, at the discretion of the Board, of vested options following the completion of a change of control. The amendments also provide additional clarifications regarding the right of the Company to satisfy its obligation to remit withholding taxes on the exercise of options. The remaining amendments were of a "housekeeping" nature. Each of the amendments was permitted by the terms of the Company's previous stock option plan to be made by the Board without further approval by the Shareholders. As such, the Company is not seeking shareholder approval for these amendments.

The principal terms and conditions of the Stock Option Plan are summarized below.

Eligible Persons

Any director, officer, employee (whether part-time or full-time), or consultant of the Company or any of its subsidiaries (collectively an "Eligible Person") is eligible to be granted options under the Stock Option Plan. There are no limits in the Stock Option Plan on the number of options that may be granted to insiders or any other Eligible Persons.

Shares Reserved

The number of Common Shares available for purchase pursuant to options granted under the Stock Option Plan will not exceed 10% of the number of Common Shares which are issued and outstanding on the particular date of grant. Any Common Shares subject to an option which for any reason is cancelled or terminated without having been exercised shall again be available for grant under the Stock Option Plan.

Grants and Option Price

Subject to certain restrictions, the Board shall have the authority to determine the limitations, restrictions and conditions applicable to the exercise of options. The Board shall establish the option exercise price at the time each option is granted, which shall in all cases be not less than the closing price of the Common Shares on the TSX immediately preceding the date of grant.

Exercise of Options

Options granted under the Stock Option Plan must be exercised no later than 10 years after the date of grant, or such lesser period as may be determined by the Board. Options may be exercised only by the Eligible Person to whom an option has been granted (each, a "Participant") or the personal representative of the Participant.

The expiry date of outstanding options held by Participants which may expire during a restricted trading period imposed by the Company in accordance with applicable securities laws (a "Blackout Period") will be extended for a period of time ending on the tenth business day after the expiry date of the Blackout Period to provide such Participants with an extension to the right to exercise such options.

In lieu of paying the aggregate exercise price on the exercise of an option, a Participant may elect to receive, without payment of cash or other consideration (except in order to satisfy any withholding taxes), Common Shares equal in value to the difference between the closing price of the Common Shares on the TSX immediately preceding the date of exercise and the exercise price of the option. Upon the cashless exercise of an option, the number of Common Shares reserved for issuance under the Stock Option Plan shall be reduced by the total number of Common Shares underlying the portion of the option so exercised.

Options held by a Participant who ceases to be an Eligible Person for any reason other than death will cease to be exercisable on or before the earlier of the expiry date of the options and 90 days after the date that the Participant ceased to be an Eligible Person. If any portion of an option is not vested by such date, that portion of the option may not under any circumstances be exercised by the Participant. If a Participant dies while an Eligible Person, the legal representative of the Participant may exercise the Participant's options on or before the earlier of the expiry date of the options and the date that is 12 months after the Participant's death, but only to the extent the options were by their terms exercisable on the date of death.

There is no financial assistance available to Participants for the exercise of options under the Stock Option Plan.

No fractional Common Shares shall be issued pursuant to the exercise of options.

Effect of Take-Over

In the event of a bona fide takeover offer for the Company, including an offer to acquire shares of the Company which would result in the offeror exercising control over the Company or a business combination transaction involving the Company which would result in the Shareholders holding less than 50% of the total voting securities of the resulting successor corporation, the Stock Option Plan provides that the Company shall give Participants notice of such transaction, whereupon all options outstanding will become immediately vested and be fully exercisable notwithstanding any vesting restriction that would otherwise apply. Unless the Board determines otherwise, in its discretion, upon the expiration of the period specified in such notice, all rights of the Participants to exercise any outstanding options shall terminate and such options shall expire, subject to the completion of the transaction.

Amendments

Subject to any required stock exchange or shareholder approval, the Board may amend the terms of the Stock Option Plan, provided that no such amendment shall alter or impair the terms of any outstanding options held by a Participant without the consent of the Participant. The Board may, at any time, without further approval by the Shareholders, amend the Stock Option Plan or any option granted thereunder in such respects as it may consider advisable and, without limiting the generality of the foregoing, it may do so to:

- (a) amend typographical, clerical and grammatical errors;
- (b) reflect changes to applicable securities laws;
- (c) change the termination provisions of options or the Stock Option Plan which do not entail an extension beyond the original expiry date;
- (d) include the addition of a cashless exercise feature, payable in cash or securities;
- (e) ensure that the options granted under the Stock Option Plan will comply with any provisions respecting income tax and other laws in force in any country or jurisdiction of which a Participant may from time to time be resident or a citizen; and
- (f) reduce the exercise price of an option for a Participant who is not an insider.

Adjustments to Options

The Stock Option Plan contains adjustment provisions in the event of the subdivision or consolidation of the shares of the Company, or in the event that the Company is re-organized, amalgamated or merged with or consolidated into another corporation or there is a change in control of the Company.

Assignment or Transfer of Options

Subject to certain exceptions in the case of the death of a Participant, options granted under the Stock Option Plan are not transferrable or assignable by a Participant.

Withholding Tax Requirements

Upon and as a condition of the exercise of options, Participants shall pay to the Company amounts necessary to satisfy applicable withholding tax requirements or shall otherwise make arrangements satisfactory to the Company for such requirements. In order to satisfy the Company's obligation, if any, to remit any withholding taxes in respect of the exercise of options by a Participant, the Company and its subsidiaries shall have the right to retain and withhold amounts from any amounts owing to the Participant, require the Participant to pay the withhold tax amount as a condition of exercise of the option or withhold from the Common Shares deliverable to the Participant the number of Common Shares having a market value not less than the withholding tax amount and causing such Common Shares to be sold to fund the payment of the withholding taxes.

SCHEDULE D
BOARD MANDATE
SCORPIO MINING CORPORATION

1. Role and Objectives

The directors are elected by the shareholders and are responsible for the stewardship of the business and affairs of Scorpio Mining Corporation (the “Company”). The Board of Directors (the “Board”) seeks to discharge this responsibility by reviewing, discussing and approving the Company’s strategic planning and organizational structure and supervising management to oversee that the strategic planning and organizational structure enhance and preserve the business and the underlying value of the Company.

2. Director Responsibilities

- (a) **Oversee Management of the Company** – The principal responsibility of the Board is to oversee the management of the Company to ensure that it is acting in the best interests of the Company and its shareholders. This responsibility requires that the Board attend to the following:
- (i) Review and approve on a regular basis, and as the need arises, fundamental operating, financial, and other strategic corporate plans which take into account, among other things, the opportunities and risks of the business;
 - (ii) Evaluate the performance of the Company, including the appropriate use of corporate resources;
 - (iii) Evaluate the performance and integrity of, and oversee the progress and development of, senior management and take appropriate action, such as promotion, change in responsibility and termination;
 - (iv) Implement senior management succession plans;
 - (v) Establish the Company’s compensation programs and approve compensation matters relating to senior executive officers (i.e. the Chief Executive Officer (the “CEO”) and direct reports to the CEO);
 - (vi) Establish a corporate environment that promotes timely and effective disclosure (including appropriate controls), fiscal accountability, high ethical standards and compliance with applicable laws and industry and community standards;
 - (vii) Oversee the Company’s communication and disclosure policy;
 - (viii) Oversee the Company’s auditing and financial reporting functions;
 - (ix) Oversee the Company’s internal control and management information systems;
 - (x) The identification of the principal risks of the Company’s business, and ensuring the implementation of appropriate systems to manage these risks;
 - (xi) Review and decide upon material transactions and commitments;
 - (xii) Develop a corporate governance structure that allows and encourages the Board to fulfill its responsibilities including developing a set of corporate governance principles and guidelines that are specifically applicable to the Company;
 - (xiii) Provide assistance to the Company’s senior management, including guidance on those matters that require Board involvement; and
 - (xiv) Evaluate the overall effectiveness of the Board and its committees.
- (b) **Chair of the Board** – Responsibilities of the Chair of the Board include but are not

limited to:

- (i) Providing leadership to the Board with respect to its functions as described in this Mandate;
 - (ii) Chairing meetings of the Board, including in camera sessions, unless not present;
 - (iii) Ensuring that the Board meets on a regular basis and at least quarterly;
 - (iv) Establishing a calendar for holding meetings of the Board;
 - (v) In conjunction with the CEO, establishing the agenda for each meeting of the Board, with input from other Board members and any other parties as applicable;
 - (vi) Ensuring that Board materials are available to any director on request;
 - (vii) Fostering ethical and responsible decision making by the Board and its individual members;
 - (viii) Ensuring that resources and expertise are available to the Board so that it may conduct its work effectively and efficiently;
 - (ix) Facilitating effective communication between members of the Board and management; and
 - (x) Attending each meeting of shareholders to respond to any questions from shareholders as may be put to the Chair.
- (c) **Exercise Business Judgment** – In discharging their duties directors are expected to exercise their business judgment to act in what they reasonably and honestly believe to be the best interests of the Company and its shareholders free from personal interests. In discharging their duties, the directors normally are entitled to rely on the Company's senior executives, other employees believed to be responsible, and its outside advisors, auditors and legal counsel, but also should consider second opinions where circumstances warrant. Nothing contained in this Mandate is intended to expand applicable standards of conduct under statutory or regulatory requirements for the directors of the Company.
- (d) **Understand the Company and its Business** – With the assistance of the management, directors are expected to become and remain informed about the Company and its business, properties, risks and prospects.
- (e) **Establish Effective Systems** – Directors are responsible for determining that effective systems are in place for the periodic and timely reporting to the Board on important matters concerning the Company and receiving feedback from Company stakeholders.
- (f) **Protect Confidentiality and Proprietary Information** – Directors are responsible for establishing policies that are intended to protect the Company's confidential and proprietary information from unauthorized or inappropriate disclosure. Likewise, all discussions and proceedings of the Board must be treated as strictly confidential and privileged to preserve open discussions between directors and to protect the confidentiality of Board discussions.

- (g) **Board, Committee and Shareholder Meetings** – Directors are responsible for adequately preparing for and attending Board meetings and meetings of committees on which they serve. They must devote the time needed, and meet as frequently as necessary, to properly discharge their responsibilities.
- (h) **Indemnification** – Directors are entitled to Company-provided indemnification through corporate articles and by-laws, corporate statutes, indemnity agreements and, when available on reasonable terms, directors' and officers' liability insurance.

3. **Director Qualification Standards**

- (a) **Independence** – The Board will ensure that it has at all times at least the minimum number of directors who meet applicable standards of director independence. The Board will determine independence on the basis of (i) applicable legal and stock exchange requirements and (ii) being satisfied that the director does not have, directly or indirectly, a financial, legal or other relationship with the Company that, in the Board's judgment, would reasonably interfere with the exercise of independent judgment in carrying out the responsibilities of the director.
- (b) **Size and Skills of Board** – The Board believes that a Board comprised of 3 to 10 members is an appropriate size given the Company's present circumstances. The Board also will consider the competencies and skills that the Board, as a whole, should possess and the competencies and skills of each director.
- (c) **Other Directorships** – The Board does not believe that its members should be prohibited or discouraged from serving on boards of other organizations, and the Board does not propose any specific policies limiting such activities, provided they do not reduce a director's effectiveness, or result in a continuing conflict of interest.
- (d) **Tenure** – The Board does not believe it should establish director term limits. Term limits could result in the loss of directors who have been able to develop, over a period of time, significant insight into the Company and its operations and an institutional memory that benefits the Board as well as management. As an alternative to term limits, the Compensation and Corporate Governance Committee will review each director's continuation on the Board annually. This will allow each director the opportunity to confirm his or her desire to continue as a member of the Board and allow the Company to replace directors where, upon recommendation of the Compensation and Corporate Governance Committee, the Board makes a determination in that regard.
- (e) **Separation of the Offices of Chair and CEO** – The Board will select a Chair of the Board in a manner and upon the criteria that the Board deems appropriate at the time of selection. The Board believes the offices of Chair of the Board and the CEO should not be held by the same persons.
- (f) **Selection of New Director Candidates** – Except where the Company is legally required by contract, law or otherwise to provide third parties with the right to nominate directors, the Compensation and Corporate Governance Committee will be responsible for (i) identifying individuals qualified to become Board members, consistent with

criteria approved by the Board, (ii) recommending to the Board the persons to be nominated for election as directors at any meeting of shareholders, and (iii) recommending to the Board persons to be elected by the Board to fill any vacancies on the Board. The Compensation and Corporate Governance Committee's recommendations will be considered by the Board but the recommendations are not binding upon it.

- (g) **Extending the Invitation to a New Director Candidate to Join the Board** – An invitation to join the Board will be extended by the Chair of the Board when authorized by the Board.
- (h) **Majority Vote Policy** – If the votes “for” the election of a director nominee at a meeting of shareholders are fewer than the number voted “withheld”, the nominee is expected to submit his or her resignation promptly after the meeting for the consideration of the Compensation and Corporate Governance Committee. The Compensation and Corporate Governance Committee will make a recommendation to the Board after reviewing the matter, and the Board will then decide whether to accept or reject the resignation within 90 days following the applicable shareholders meeting. The Board's decision to accept or reject the resignation will be disclosed to shareholders. The nominee will not participate in any Compensation and Corporate Governance Committee deliberations whether to accept or reject the resignation. This policy does not apply in circumstances involving contested director elections.

4. **Director Orientation and Continuing Education**

- (a) **Director Orientation** – The Board and the Company's senior management will conduct orientation programs for new directors as soon as possible after their appointment as directors. The orientation programs will include presentations by management to familiarize new directors with the Company's projects and strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its code of business conduct, its principal officers, its independent auditors and its outside legal advisors. In addition, the orientation programs will include a review of the Company's expectations of its directors in terms of time and effort, a review of the directors' duties and visits to Company headquarters and, to the extent practical, the Company's significant locations of operation.
- (b) **Continuing Education** – To enable each director to better perform his or her duties and to recognize and deal appropriately with issues that arise, the Company will provide the directors with suggestions to undertake continuing director education.

5. **Director's Access to Management and Independent Advisors**

- (a) **Access to Officers and Employees** – All directors have, at all reasonable times and on reasonable notice, full and free access to officers and employees of the Company as may be required in connection with their duties. Any meetings or contacts that a director wishes to initiate should normally be arranged through the CEO, the Chief Financial Officer or the General Counsel. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company. The directors

are normally expected to provide a copy or otherwise inform senior management as applicable of communication with employees of the Company.

- (b) **Access to Independent Advisors** – The Board or its board committees may engage outside advisors at the expense of the Company as deemed necessary in the circumstances to carry out their duties. The engagement of the outside advisor should, in most circumstances, be coordinated through the Chair and the CEO, and be subject to Board approval.

6. Board Meetings

- (a) **Powers Exercised by Resolution** – The powers of the Board may be exercised at a meeting for which notice has been given and at which a quorum is present or, in appropriate circumstances, by resolution in writing signed by all the directors.
- (b) **Selection of Agenda Items** – In conjunction with the CEO, the Chair of the Board shall propose an agenda for each Board meeting. Each Board member is free to request the inclusion of other agenda items and is generally free to request at any Board meeting the consideration of subjects that are not on the agenda for that meeting.
- (c) **Frequency and Length of Meetings** – The Chair of the Board, in consultation with the members of the Board, will normally determine the frequency and length of Board meetings; however, the ultimate power in this regard rests with the Board. Special meetings may be called from time to time as required to address the needs of the Company's business.
- (d) **Advance Distribution of Materials** – Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting will normally be distributed in writing to the directors reasonably before the meeting and directors should review these materials in advance of the meeting. The Board acknowledges that certain items to be discussed at a Board or committee meeting may be of a very time-sensitive nature and that the distribution of materials on these matters before the meeting may not be practicable.
- (e) **Executive Session of Independent Directors** – At least one executive session of independent directors will be held on an annual basis.
- (f) **Lead Director** – A Lead Director may be elected annually at the first meeting of the Board following the shareholders meeting. This role is normally filled by the Chair. At any time when the Chair is an employee of the Company, the non-management directors shall select an independent director to carry out the functions of a Lead Director. This person would chair regular meetings of the non-management directors and assume other responsibilities which the non-management directors as a whole have designated.
- (g) **Minutes** – A secretary should be named for each Board and committee meeting and minutes should be circulated in due course after such meeting for approval.

7. Board Committees

- (a) To assist it in exercising its responsibilities, the Board has established three (3) standing committees of the Board: an audit committee, a compensation and corporate governance committee and a sustainability and technical committee. The Board may establish other standing committees, from time to time.
- (b) Each committee shall be governed by a written charter that addresses those matters required by applicable laws and stock exchange rules. At a minimum, each charter shall clearly establish the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations (including any authority to delegate to individual members and sub-committees), and manner of reporting to the Board. Each charter shall be reviewed by the Board (or the Compensation and Corporate Governance Committee) annually.
- (c) The Board is responsible for appointing directors to each of its committees, in accordance with the written charter for each committee.

8. The Board's Expectations of Management – The Board expects that management will, among other things:

- (a) Review continuously the Company's strategies and their implementation in light of evolving conditions;
- (b) Present an annual operating plan and budget and regularly report on the Company's performance and results relative to that plan and budget;
- (c) Report regularly on the Company's business and affairs, with a focus on matters of material consequence for the Company;
- (d) Implement systems to identify and manage the principal risks of the Company's business and provide (at least annually) a report relating thereto; and
- (e) Implement and maintain appropriate (i) systems of internal control and (ii) disclosure controls and procedures.

In addition, the CEO and other executive officers of the Company will use their best efforts to achieve value for all shareholders and conduct themselves with integrity. The Board expects that the CEO and other executive officers will create a culture of integrity throughout the Company.

9. Annual Review

The Board shall review and assess the adequacy of this Mandate on an annual basis, taking into account all legislative and regulatory requirements applicable to the Board, as well as any best practice guidelines recommended by securities regulatory authorities or the TSX Exchange or any stock exchanges on which the Company's shares are listed.

Ratified by the Board of Directors on January 30, 2015

Annex A

Matters Requiring Board Approval

This Policy identifies certain items which must be approved by the Board or a committee of the Board and may not be delegated to management without Board approval. A general overriding consideration is that the directors are required under law to manage, or supervise the management of, the business and affairs of the Company. Accordingly, even if an action might fall outside these guidelines, management should consider whether the matter, nevertheless, should be referred to the Board for consideration.

Under these guidelines, except as otherwise complies with internal delegation of authority control protocols as may be in place from time-to-time, an “Out of Budget Transaction” is a transaction that exceeds the budgeted amount by \$500,000 or greater and that is not already part of an approved budget. The following is a list of items which officers must refer to the Board, or an appropriate committee thereof, for consideration.

1. The approval of annual budgets.
2. The approval of all financial information and other disclosure documents that are required by law to be approved by the Board before they are released to the public.
3. Allotment of any securities. This includes shares, options, warrants or other convertible or debt securities, and the payment of a commission to any person as consideration for purchasing securities of the Company or providing purchasers for any such securities. Securities may be issued by executive officers where previously allotted by the Board (e.g. exercise of previously allotted options and warrants upon exercise).
4. Entering into transactions of a fundamental nature such as amalgamations, mergers and material acquisitions or dispositions.
5. Agreeing to redeem, purchase or otherwise acquire any of the Company’s shares.
6. Entering into any agreement or commitment to acquire or dispose of assets that are material to the Company including, but not limited to, those that are an Out of Budget Transaction.
7. Entering into, or making a material modification of, any agreement or commitment to become liable for any indebtedness, including the granting of a guarantee or similar standby obligation, if (a) the amount of such indebtedness is an Out of Budget Transaction or (b) any assets of the Company are made subject to a security interest in an Out of Budget Transaction.
8. Committing to making any material capital expenditure which is an Out of Budget Transaction.
9. Entering into any contract, agreement or commitment out of the ordinary course of business if such agreement involves a material commitment of financial resources.
10. Adoption of hedging policies.
11. Entering into any agreement with an officer, director or 10% shareholder of the Company or any parent or subsidiary of the Company outside of the ordinary course of business.

12. Terminating, suspending or significantly modifying any material business activity or business strategy of the Company.
13. Undertaking a new business activity that requires an allocation of material resources.
14. Making any material change to a business or strategic plan that has been approved by the Board.
15. Initiating or settling any legal proceeding involving a material payment.
16. Employing or terminating the Company's independent auditor.
17. Hiring or terminating the employment, or determining the compensation, of any person who is an executive officer of the Company.
18. Compensation matters for senior executive officers at the Company (i.e. the CEO and direct reports to the CEO).
19. Offering any material employment or consulting terms to any individual or entity which are not customary for the Company. This determination is to be made by reference to terms of employment or consultancy that have generally been offered to other employees or consultants in similar positions or with similar status.
20. The approval of a request by any executive officer of the Company to serve on the board of another entity, other than not-for-profit entities or family businesses that in no material way compete with the Company or do any material business with the Company.
21. Approval of technical reports and annual mineral resource and mineral resource estimates as required.
22. Any other matter specified by the Board as requiring its prior approval.