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MANAGEMENT INFORMATION CIRCULAR

INFORMATION PROVIDED AS AT MARCH 18, 2016 (*unless otherwise stated)*
FOR THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON APRIL 22, 2016

PERSONS MAKING THE SOLICITATION

This Management Information Circular (the "Circular") is being furnished in connection with the solicitation of proxies being made by or on behalf of the management of Arizona Mining Inc. (the "Corporation" or "Arizona Mining") for use at the annual general and special meeting (the "Meeting") of holders (the "Shareholders") of the common shares of the Corporation (the "Common Shares") to be held on Friday, April 22, 2016 at the time and place and for the purposes set forth in the accompanying notice of meeting (the "Notice of Meeting").

While it is expected that the solicitation of proxies will be made primarily by mail, proxies may also be solicited personally, by telephone or other means of communication by the directors, officers, employees and agents of the Corporation. All costs of this solicitation will be borne by the Corporation.

The Corporation is sending paper copies of the Notice of Meeting, this Circular and the form of proxy or voting instruction form (collectively, the "**Meeting Materials**") to registered and non-registered Shareholders and is not relying on the "notice-and-access" provisions of Canadian securities laws. The Corporation intends to reimburse any intermediaries for permitted fees and costs incurred by them in connection with the mailing of the Meeting Materials to beneficial Shareholders.

Unless otherwise indicated, all dollar amounts in this Circular are in United States dollars. The exchange rate of Canadian dollars into United States dollars based upon the noon exchange rate reported by the Bank of Canada on December 31, 2015, was C$1.00 = US$0.7225.

APPOINTMENT OF PROXIES

The individuals named as proxyholders in the accompanying form of proxy are directors or officers of the Corporation or both. **A REGISTERED SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR THE SHAREHOLDER OR ON THE SHAREHOLDER'S BEHALF AT THE MEETING, OR ANY ADJOURNMENT OR POSTPONEMENT THEREOF, HAS THE RIGHT TO DO SO, BY INSERTING THE DESIRED PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER VALID FORM OF PROXY. A proxy will not be valid unless the completed form of proxy is received by Computershare Investor Services Inc. (the "Transfer Agent"), at the following address: Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or any adjournment or postponement thereof. Late proxies may be accepted or rejected by the Chair of the Meeting at their discretion, and the Chair is under no obligation to accept or reject any particular late proxy.**

NON-REGISTERED SHAREHOLDERS

Only registered Shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most Shareholders are "non-registered" Shareholders because the Common Shares they own are not registered in their names but are instead registered in the names of a brokerage firm, bank or other intermediary or in the name of a

clearing agency. Shareholders who do not hold their Common Shares in their own name (referred to herein as "beneficial Shareholders") should note that only registered Shareholders (or duly appointed proxyholders) may complete a proxy or vote at the Meeting in person. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in such Shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which company acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against resolutions) at the direction of the beneficial Shareholders. Without specific instructions, brokers and their agents and nominees are prohibited from voting Common Shares for their clients.

The Meeting Materials are being sent to both registered Shareholders and beneficial Shareholders. Beneficial Shareholders fall into two categories – those who object to their identity being known to the issuers of securities which they own ("**Objecting Beneficial Owners**", or "**OBOs**") and those who do not object to their identity being made known to the issuers of the securities they own ("**Non-Objecting Beneficial Owners**", or "**NOBOs**"). Subject to the provision of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of Reporting Issuers* ("**NI 54-101**"), issuers may request and obtain a list of their NOBOs from intermediaries via their transfer agents and use this NOBO list for distribution of proxy-related materials directly to NOBOs.

The Corporation is taking advantage of the provisions of NI 54-101 to send the Meeting Materials directly to the Corporation's NOBOs who have not waived the right to receive them. As a result, NOBOs can expect to receive a voting instruction form (a "**VIF**") as part of the Meeting Materials. These VIFs are to be completed and returned to the Transfer Agent in the envelope provided. By choosing to send these materials directly to NOBOs, the Corporation (and not the intermediary holding on behalf of the NOBOs) has assumed responsibility for (i) delivering these materials to the NOBOs, and (ii) executing proper voting instructions. **NOBOs should carefully follow the instructions provided, including those regarding when and where to return the completed VIFs to the Transfer Agent.**

Should a NOBO wish to attend the Meeting in person and vote its Common Shares, the NOBO must insert its name (or the name of such other person as the NOBO wishes to attend the Meeting and vote on the NOBO's behalf) in the blank space provided for that purpose on the VIF and return the completed VIF to the Transfer Agent. Alternatively, the NOBO can submit to the Corporation or the Transfer Agent a written request that the NOBO or its nominee be appointed as proxyholder. In such circumstances, with respect to proxies held by management of the Corporation in respect of Common Shares owned by the NOBO so requesting, the Corporation must arrange, without expense to the NOBO, to appoint the NOBO or its nominee as a proxyholder in respect of those Common Shares. Under NI 54-101, if the Corporation appoints a NOBO or its nominee as a proxyholder as aforesaid, the NOBO or its nominee, as applicable, must be given the authority to attend, vote and otherwise act for and on behalf of management in respect of all matters that may come before the Meeting and any adjournment or postponement thereof, unless applicable corporate laws do not permit the giving of that authority. Pursuant to NI 54-101, if the Corporation appoints a NOBO or its nominee as proxyholder as aforesaid, the Corporation must deposit the proxy within the timeframe specified above for the deposit of proxies if the Corporation obtains the instructions at least one (1) business day before the termination of that time. **If a NOBO or its nominee is approved as a proxyholder pursuant to such request, the appointed proxyholder will need to attend the Meeting in person in order for their votes to be counted.**

NOBOs that wish to change their vote must contact the Transfer Agent to arrange to change their vote in sufficient time in advance of the Meeting.

In accordance with the requirements of NI 54-101, we have distributed copies of the Meeting Materials to the clearing agencies and intermediaries for onward distribution to OBOs. Intermediaries are required to forward the Meeting Materials to OBOs unless the OBO has waived the right to receive them. Very often, intermediaries will use service companies such as Broadridge Investor Communications Solutions, Canada and its counterpart in the United States to forward the Meeting Materials to OBOs. With those Meeting Materials, intermediaries or their service companies should provide OBOs of Common Shares with a request for a VIF which, when properly completed and signed by such OBO and returned to the intermediary or its service company, will constitute voting instructions which the intermediary must follow. The purpose of this procedure is to permit OBOs to direct the voting of the Common Shares that they beneficially own. The Corporation will pay for intermediaries to deliver the Meeting Materials and request for a VIF to OBOs. **OBOs should carefully follow the instructions of their intermediary, including those regarding when and where the completed request for voting instructions is to be delivered.**

Should an OBO wish to attend the Meeting in person and vote its Common Shares, the OBO must insert its name (or the name of such other person as the OBO wishes to attend the Meeting and vote on the OBO's behalf) in the blank space provided for that purpose on the request for a VIF and return the completed request for a VIF to the intermediary or its service provider. Alternatively, the OBO can submit to the applicable intermediary a written request that the OBO or its nominee be appointed as proxyholder. In such circumstances, an intermediary who is the registered holder of, or holds a proxy in respect of, the Common Shares owned by an OBO is required under NI 54-101 to arrange, without expense to the OBO, to appoint the OBO or its nominee as a proxyholder in respect of those Common Shares. Under NI 54-101, if an intermediary appoints an OBO or its nominee as a proxyholder as aforesaid, the OBO or its nominee, as applicable, must be given the authority to attend, vote and otherwise act for and on behalf of the intermediary, in respect of all matters that may come before the Meeting and any adjournment or postponement thereof, unless applicable corporate laws do not permit the giving of that authority. Pursuant to NI 54-101, an intermediary who appoints an OBO or its nominee as proxyholder as aforesaid is required to deposit the proxy within the timeframe specified above for the deposit of proxies if the intermediary obtains the instructions at least one (1) business day before the termination of that time. **If the OBO or its nominee is appointed a proxyholder pursuant to such request, the appointed proxyholder will need to attend the Meeting in person in order for their votes to be counted.**

Only registered Shareholders have the right to revoke a proxy. NOBOs and OBOs of Common Shares who wish to change their vote must, sufficiently in advance of the Meeting, arrange for their respective intermediaries to change their vote and, if necessary, revoke their proxy in accordance with the revocation procedures set out below.

All references to Shareholders in this Circular and the other Meeting Materials are to registered Shareholders unless specifically stated otherwise.

REVOCATION OF PROXIES

A registered Shareholder who has delivered a proxy for use at the Meeting may revoke it by an instrument in writing executed 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 of the corporation, and delivered either (i) to the registered office of the Corporation, at Suite 2600, 595 Burrard Street, Vancouver, British Columbia V7X 1L3, at any time up to and including the last business day preceding the day of the Meeting or any adjournment or postponement thereof, (ii) to the Transfer Agent at 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1 (attention Proxy Department), at any time up to and including the last business day preceding the day of the Meeting or any adjournment or postponement thereof, or (iii) to the Chair of the Meeting on the day of the Meeting or any adjournment or postponement thereof. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

VOTING OF PROXIES

The Common Shares represented by a properly executed proxy in favour of the individuals designated as management proxyholders in the enclosed form of proxy will:

a. be voted or withheld from voting in accordance with the instructions of the person appointing the management proxyholder on any ballot that may be called for; and

b. where a choice with respect to any matter to be acted upon has been specified in the form of proxy, be voted in accordance with the specification made in such proxy.

If, however, direction is not given in respect of any matter, the proxy will be voted as recommended by management of the Corporation.

The enclosed form of proxy, when properly completed and delivered and not revoked, confers discretionary authority upon the individuals appointed as management proxyholder thereunder to vote with respect to amendments or variations of matters identified in the Notice of the Meeting, and in respect of other matters which may properly come before the Meeting. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the individuals designated by management as proxyholders in the enclosed form of proxy to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Circular, management of the Corporation knows of no such amendment, variation or other matter which may be presented to the Meeting.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The board of directors of the Corporation (the "**Board of Directors**" or the "**Board**") has fixed a record date as of the close of business on March 18, 2016 (the "**Record Date**") for the purpose of determining the Shareholders of record that will be entitled to receive notice of and to vote at the Meeting or any adjournment or postponement thereof.

As at the Record Date, there were a total of 168,021,058 Common Shares outstanding. Except as may otherwise be set forth herein, each Common Share entitles the holder thereof to one vote for each Common Share shown as registered in the holder's name as of the Record Date. Only registered Shareholders at the close of business on the Record Date who either personally attend the Meeting or who have completed and delivered a form of proxy in the manner and subject to the provisions described above shall be entitled to vote or to have their Common Shares voted at the Meeting.

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

Name	Number of Shares Beneficially Owned	Percentage of Issued Shares
Richard W. Warke [(1)]	39,671,519	23.61%

(1) 7,362,318 Common Shares are held directly by Richard Warke; 16,911,610 Common Shares are held indirectly by 25022011 Ltd., and 15,365,675 Common Shares are held indirectly by Augusta Capital Corporation each of which is a company that Richard Warke has control and direction over. In addition 31,916 Common Shares are directly held by the Warke Family Trust of which Mr. Warke is a beneficiary.

ANNUAL FINANCIAL STATEMENTS

The audited consolidated financial statements of the Corporation for the year ended December 31, 2015, together with the report of the Corporation's auditors thereon, which were filed on SEDAR at www.sedar.com on March 22, 2016, will be presented to the Shareholders at the Meeting. Shareholders wishing to obtain a copy of the Corporation's audited consolidated financial statements and Management's Discussion and Analysis may obtain a copy, free of charge, from the Corporation's profile on SEDAR, the Corporation's website at www.arizonamining.com or from the Corporation by contacting the Corporation at the following:

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INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No person who has been a director or executive officer of the Corporation at any time since the beginning of the last financial year, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any of the foregoing, has any material interest directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting except with respect to the election of directors, the approval of the AMI Transaction (as defined below), the approval of the First Insider Private Placement (as defined below) and the approval of the Second Insider Private Placement (as defined below).

ELECTION OF DIRECTORS

At the date of this Circular there were six directors of the Corporation. The present term of office of each of these six directors will expire immediately prior to the election of directors at the Meeting. Management intends to present a resolution at the meeting to fix the number of directors of the Corporation at six (6). Management of the Corporation does not contemplate that any of the nominees will be unable to serve as directors. Each director will hold office until the next annual meeting of the Corporation or until his successor is appointed or elected, unless his office is earlier vacated in accordance with the By-Laws of the Corporation or with the provisions of the *Business Corporations Act (British Columbia)*.

At the Meeting, the individuals nominated for election as directors of the Corporation will be voted on individually and the voting results for each nominee will be publicly disclosed in a news release. **Unless such authority is withheld by a Shareholder, the management proxyholder named in the accompanying form of proxy or VIF intend to vote "FOR" the election of the individuals whose names are set out below.**

Pursuant to the Advance Notice Policy of the Corporation approved by Shareholders at the annual meeting held on June 29, 2015, any additional director nominations to be considered at the Meeting must have been received by the Corporation in compliance with the Advance Notice Policy no later than March 23, 2016. As no such nominations were received by the Corporation prior to such date, management's nominees for election as directors set forth below shall be the only nominees eligible to stand for election at the Meeting.

In the following table and notes thereto is stated the name of each person proposed to be nominated by management for election as a director of the Corporation, the country in which he is ordinarily resident, all offices of the Corporation currently held by him, his principal occupation, the business or employments of each proposed director within the preceding five years, the date he was first appointed as a director of the Corporation and the number of Common Shares beneficially owned by him, directly or indirectly, or over which he exercises control or direction, as at the Record Date.

Name of Proposed Director and Current Position with the Company and location of residence	Principal Occupation, Business or Employment During the Past Five Years [(1)]	Date First Appointed as Director of the Corporation	Number of Common Shares beneficially owned, controlled or directed, directly or indirectly[(1)]
James (Jim) Gowans[(7)] President, CEO and Director Surrey, BC, Canada	President, CEO and Director of the Corporation. Co-President of Barrick Gold Corporation from July 2014 to August 31, 2015, Executive Vice President and Chief Operating Officer of Barrick Gold Corporation from January 2014 to July 2014; Managing Director of Debswana Diamond Company (Pty) Ltd. from 2011 to 2014	January 1, 2016	700,000
Poonam Puri[(2)(3)(4)] Director Toronto, ON, Canada	Professor of Law, Osgoode Hall Law School, York University since 1997. Affiliated scholar, Davies Ward, Phillips & Vineberg LLP since September 2014.	May 27, 2015	Nil
Donald R. Siemens[(2)(3)(4)] Director Langley, BC, Canada	Independent financial advisor specializing in corporate finance, cross-border transactions and mergers and acquisitions.	August 15, 2014	Nil
Donald Taylor[(6)] COO and Director Glendale, CO, USA	COO and Director of the Corporation; President of the CorporationVice President, Exploration of the Company between June 2010 and May 2012;	February 12, 2015	541,930
Robert P. Wares[(2)(3)(4)] Director Montreal, QC, Canada	President and CEO of NioGold Mining Corporation and Chief Geologist for Osisko Gold Royalties Ltd. since September 2014; Chief Geologist for Osisko Mining Corp. from October 2012 to June 2014. Executive Vice President and Chief Operating Officer of Osisko Mining Ltd. from September 2006 to October 2012.	May 5, 2006	3,514,984
Richard W. Warke[(5)] Executive Chairman and Director West Vancouver, BC, Canada	Chairman, CEO and Director of the Corporation; Director, President and CEO of Catalyst Copper Corp. since September 2014; Director and Executive Chairman of Augusta Resource Corporation to July 2014; Chairman and Director of Ventana Gold Corp. to March 2011.	July 3, 2008	39,671,519[(5)]

(1) This information has been furnished by the respective directors, individually. The directors listed may be directors of other reporting issuers. Details with respect to other directorships are provided under the heading entitled "*Statement of Corporate Governance Practices*".
(2) Denotes member of Audit Committee.
(3) Denotes member of Compensation Committee.
(4) Denotes member of Nominating and Corporate Governance Committee.
(5) Richard Warke was Chairman and CEO until December 31, 2015. 7,362,318 Common Shares are held directly by Richard Warke; 16,911,610 Common Shares are held indirectly by 25022011 Ltd., and 15,365,675 Common Shares are held indirectly by Augusta Capital Corporation each of which is a company that Richard Warke has control and direction over. In addition 31,916 Common Shares are directly held by the Warke Family Trust of which Mr. Warke is a beneficiary.
(6) Donald Taylor was President until January 1, 2016.
(7) James (Jim) Gowans was appointed President, CEO and Director effective January 1, 2016.

CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES

At the year ended December 31, 2015, except for as provided below, no proposed director of the Corporation is, as at the date of this Circular, or was within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation), that (i) was subject to a cease trade or similar order or an order that denied such company access to any exemption under securities legislation (that was in effect for a period of more than 30 days) that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer, or (ii) was subject to any such order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer:

> The Corporation requested and received notice from the British Columbia Securities Commission of the issuance of a management cease trade order (the "MCTO") on October 30, 2007 in connection with the late filing of its annual audited consolidated financial statements for the fiscal year ending June 30, 2007. Its failure to make the filing within the required time frame was due to the need to clarify potential foreign tax obligations relating to an acquisition it made. The required filing was made on January 7, 2008 and the MCTO was revoked on January 8, 2008. Robert Wares, a director of the Corporation, was a director of the Corporation at the time the order was issued.
>
> Donald Siemens has been a director of Great Western Minerals Group Ltd. ("GWMG") since January 2014. Pursuant to an application by GWMG, in accordance with National Policy 12-203 - Cease Trade Orders for Continuous Disclosure Defaults, a management cease trade order was issued by the Financial and Consumer Affairs Authority of Saskatchewan, GWMG's principal regulator, on April 2, 2015, due to GWMG's failure to file certain required continuous disclosure documents. On April 30, 2015, GWMG announced that it entered into a support agreement with holders of approximately 65.3% of GWMG's US$90 million secured convertible bonds outstanding (the "Supporting Bondholders") pursuant to which GWMG, with the support of the Supporting Bondholders, would commence an orderly process for the solicitation of interests in the GWMG's business, property and assets by way of a sale and investor solicitation process to be implemented pursuant to proceedings commenced by GWMG under the Companies' Creditors Arrangement Act. On May 11, 2015, the Financial and Consumer Affairs Authority of Saskatchewan issued a cease trade covering all securities of GWMG.

No proposed director of the Corporation is or has within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Penalties or Sanctions

No proposed director of the Corporation has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement, with a securities regulatory authority, or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

APPOINTMENT OF AUDITORS

Unless such authority is withheld, the persons named in the accompanying proxy intend to vote to re-elect PriceWaterhouseCoopers LLP, Chartered Professional Accountants, as auditors of the Corporation and to authorize the directors to fix their remuneration. PriceWaterhouseCoopers LLP were first appointed auditors of the Corporation on April 23, 2009.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The following information describes the significant elements of compensation paid to the Corporation's Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and the three most highly compensated executive officers, other than the CEO and CFO who were serving as executive officers during the most recent fiscal year (the "Named Executive

Officer(s)" or "NEO(s)"), provided that disclosure is not required for an executive officer whose total compensation, as defined, does not exceed C$150,000. For the year ended December 31, 2015, the Corporation's NEOs were: Richard W. Warke –Executive Chairman and Director, Donald Taylor - Chief Operating Officer and Director, Paul Ireland – CFO, Gregory F. Lucero – Vice President, Community and Government Affairs and Purni Parikh, Vice President, Corporate Secretary.

The Board of Directors of the Corporation (the "Board" or the "Board of Directors") has established a Compensation Committee whose mandate is to develop and recommend compensation policies and programs to the Board with the objective of ensuring the Corporation is able to attract, retain and motivate executives and key personnel to develop and implement the Corporation's strategic goals. For the year ended December 31, 2015 the Compensation Committee was comprised of three independent directors namely: Robert P. Wares (Chairman), Don Siemens and Poonam Puri. Each member of the Compensation Committee has direct experience in executive compensation matters as directors of other companies, which experience assists in evaluating the suitability of the Corporation's compensation practices and policies.

In consultation with the President and the CEO, the Compensation Committee reviews and recommends, as required on an annual basis, the process, evaluation and determination of the various elements of compensation for the Corporation's executive officers. The Corporation is dependent on individuals with specialized skills and knowledge related to the exploration and development of mineral prospects, corporate finance and management. The objective of the Compensation Committee is to assist in attracting, retaining and motivating executives and key personnel with these skills and in view of the Corporation's goals. In reviewing the compensation arrangements of the Corporation's executive officers, the Compensation Committee will consider the fairness to Shareholders and investors, the Corporation's requirements and market competitiveness in order to attract and retain capable and experienced personnel, reward performance and such other objectives as the Compensation Committee considers advisable.

The Compensation Committee has the authority to engage independent consultants as necessary to assist it in performing its mandate including assessing the competitiveness of the Corporation's compensation program. The last time the Compensation Committee did a market analysis of the compensation paid to the Corporation's executives was in 2013. At that time, the Compensation Committee engaged Roger Gurr & Associates ("Roger Gurr") to perform a market comparison (the "Compensation Survey") and develop recommendations. The Compensation Survey revealed a lack of leadership talent available in the industry in spite of the economic slowdown in the sector. Consequently, the Corporation believes there is a need to continue providing competitive compensation to the executive and management team at the Corporation particularly given the present stage of the Hermosa project and the plans for developing and increasing Shareholder value for such assets.

In completing the Compensation Survey, Roger Gurr completed a comparative financial, pay (by component) and pay-for-performance assessment including a review of total internal pay structure (base salary + STIP + LTIP). The assessment included benchmarking with companies equivalent in size (or slightly larger), in the exploration and development phase, focused on precious metals (primarily silver) with properties primarily in the Americas and a market capitalization in the range of $50 - $500 million.

The peer group not only provides benchmarking details but offers assistance on comparative compensation details and delivery methods, comparative performance analysis, as well as appropriate and competitive pay delivery methodologies. Companies selected in the peer group analysis may not squarely match the Corporation but are companies that the Corporation competes with for executive talent being the most important criteria. As a result some early stage silver producers are included as comparators. A comparator group of 24 mining exploration companies was developed, some of which are listed below:

Alexco Resource Corp.	Golden Minerals Company	Mines Management Inc.
Arian Silver Corporation	Great Panther Silver Limited	Sabina Gold and Silver Corp.
Aurcana Corporation	Levon Resources Ltd.	Silver Bear Resources Inc.
Bear Creek Mining Corporation	MAG Silver Corp.	Silver Bull Resources, Inc.
Excellon Resources Inc.	Midway Gold Corp.	TriMetals Mining Inc.

The Compensation Survey revealed that the salary range and bonus for certain NEOs of the Corporation's and Board fees required upward adjustment, which were implemented in 2013.

In implementing and maintaining appropriate levels of compensation (salary, bonus opportunity and stock options) reference

is made to median market with a reasonable approach which is fair to Shareholders and competitive for executives and directors.

Elements of Compensation

The compensation for the Corporation's executive officers is comprised of three elements: base salary, discretionary bonus ("STIP") and a long term incentive program ("LTIP") comprised of incentive stock options granted pursuant to the Corporation's Amended and Restated Stock Option Plan dated May 27, 2015 (the "2015 Option Plan"). This compensation structure is intended to reward performance and be competitive with the compensation arrangements of other companies of similar size and scope in the industry.

Base Salary

Base salary for the Corporation's executive officers is established taking into account each executive's responsibilities, performance assessment and career experience. To ensure that the Corporation will continue to attract and retain qualified and experienced executives, base salaries may be reviewed annually by the Compensation Committee and adjusted to ensure that they remain at or above the median for comparable companies. During fiscal 2014 and 2015, due to the depressed financial markets, the Corporation did not offer any salary increases to its executives except for an increase in salary for Donald Taylor and Richard Warke in November of 2015.

Bonus (STIP)

The STIP is intended to motivate and reward executives for the achievement of short term goals and their contribution to the business objectives during the relevant year. The amount of bonus payments under the STIP is at the discretion of the Compensation Committee and ultimately the Board. The Compensation Committee reviews and recommends bonus payments based on a combination of individual and corporate performance against a target percentage of the executive's salary as approved by the Board. As compared to other executives, the compensation of the CEO is weighted more against the Corporation's performance

The table below sets forth the percentage of each NEO's base salary that would be paid as a STIP payment assuming full achievement of the target objectives. Elements of STIP (and achievement of "target" performance) are based on objectives that are set annually and may include personal, operational and corporate objectives.

Position in Organization	STIP Payout as Percentage of Base Salary on Meeting Target Performance
Richard Warke Executive Chairman and Director	50%
Donald Taylor COO and Director	50%
Paul Ireland CFO	40%
Greg Lucero Vice President, Community & Government Affairs	30%
Purni Parikh Vice President, Corporate Secretary	30%

While the NEOs met their objectives for 2015 to varying degrees, the Compensation Committee recommended to the Board that, given the general deterioration in precious and base metals prices and industry conditions, particularly for juniors, as well as funding constraints on the Corporation, bonuses should not be paid for fiscal 2015.

Long Term Incentive Compensation (LTIP)

The Corporation's LTIP is currently comprised of incentive stock option grants pursuant to its 2015 Option Plan. The purpose of the 2015 Option Plan is to secure for the Corporation and the Shareholders the benefits of the incentives inherent to common share ownership by officers, directors and other eligible persons who, in the judgment of the Board, will have a sufficient role in the Corporation's growth and success.

Stock options are typically granted in March of each year, subject to the imposition of trading black-out periods. The Compensation Committee recommends the granting of stock options taking into account the relative performance of each NEO to the long-term goals of the Corporation, the base pay and level of stock options previously granted to each NEO and the relative levels of stock options granted to NEO's of comparable companies. However, given the depressed market conditions and consistent with the approach with other elements of compensation during fiscal 2014 the Corporation did not grant stock options to its executives and Board members until May 2015. Please see the column entitled "Option-Based Awards" in the Summary Compensation Table for further details with respect to stock options awarded to NEO's for the three most recently completed financial years.

Amended and Restated Option Plan Background and Summary

The Corporation's Amended and Restated Stock Option Plan dated December 9, 2011 (the "**2011 Option Plan**") was confirmed and approved by the Shareholders at the Corporation's annual meeting held on December 9, 2011 and approved by the Toronto Stock Exchange (the "**TSX**") on December 22, 2011. Since then, on May 28, 2012, the Board approved and the Corporation revised the cashless exercise feature provided for in the 2011 Option Plan and certain other corresponding amendments of a "housekeeping" nature as permitted by section 3.9(a) of the 2011 Option Plan (resulting in the "**2012 Option Plan**"). The TSX approved the amendments on June 8, 2012 and the 2012 Option Plan thereby became adopted by the Corporation.

In accordance with requirements of the TSX and following the approval of the Board on May 27, 2015, shareholders approved amendments to the 2012 Option Plan at the Meeting of Shareholders held on June 29, 2015. The amendments in the 2015 Option Plan provide that if there is a change of control, the Board may in its discretion determine that all holders of outstanding Options with an exercise price equal to or greater than the price per share provided for in the transaction giving rise to such change of control shall be entitled to receive and shall accept, immediately prior to or concurrently with the transaction giving rise to such change of control, in consideration for the surrender of such Options, the value of such Options determined in accordance with the Black and Scholes Option Pricing Model, as determined by the Board. The 2015 Option Plan was approved by the TSX on August 12, 2015.

Pursuant to the policies of the TSX, all unallocated options, rights or other entitlements under a security based compensation arrangement that does not have a fixed maximum number of securities issuable must be approved by the listed issuer's securityholders every three years after the institution of the arrangement. The 2015 Option Plan is a "rolling" plan such that the number of securities granted under the 2015 Option Plan can be up to a maximum of 10% of the issued and outstanding common shares of the Corporation at the time of the grant on a non-diluted basis, and such aggregate number of common shares shall increase or decrease as the number of issued and outstanding common shares changes.

The summary of the 2015 Option Plan set out below is intended to be a brief description and is subject to and qualified in its entirety by the full text of the 2015 Option Plan. Capitalized terms used in the following section "Summary of the 2015 Option Plan" but not otherwise defined in the Circular have the meanings given to them in the 2015 Option Plan.

Summary of the 2015 Option Plan

The purpose of the 2015 Option Plan is to secure for the Corporation and the Shareholders the benefits of the incentives inherent to common share ownership by officers, directors and other eligible persons who, in the judgment of the Board, will have a sufficient role in the Corporation's growth and success.

Directors, officers and employees of, and consultants to, the Corporation or any of its Subsidiaries, as well as employees of companies providing management services or support to the Corporation or any of its Subsidiaries, are eligible to receive Option grants under the 2015 Option Plan. Subject to Board discretion, certain grants to citizens or residents of the United States will considered "Incentive Stock Options" and will qualify as such under U.S. federal income tax laws.

The 2015 Stock Option Plan includes the following significant terms and restrictions:

- The aggregate number of Common Shares that may be reserved for issuance pursuant to the 2015 Option Plan and all other Share Compensation Arrangements cannot exceed 10% of the number of Common Shares issued and outstanding from time to time. Of this number, a maximum of 2,200,000 Common Shares may be granted as Incentive Stock Options.

- Any Common Shares subject to an Option that expires or terminates without having been fully exercised may be made the subject of a further Option.

- Upon the partial or full exercise of an Option, the Common Shares issued upon such exercise automatically become available to be made the subject of a new Option, provided that the total number of Common Shares reserved for issuance under the 2015 Option Plan does not exceed 10% of the number of Common Shares then issued and outstanding.

- The aggregate number of Common Shares reserved for issuance pursuant to the 2015 Option Plan or any other Share Compensation Arrangement to any one Participant cannot exceed 5% of the number of Common Shares issued and outstanding at any time.

- The aggregate number of Common Shares issuable pursuant to the 2015 Option Plan or any other Share Compensation Arrangement to Insiders cannot exceed 10% of the number of Common Shares issued and outstanding at any time.

- The aggregate number of Common Shares issued to Insiders pursuant to the 2015 Option Plan or any other Share Compensation Arrangement in any one-year period cannot exceed 10% of the number of Common Shares then issued and outstanding.

As of the date hereof, there are 11,074,000 Options outstanding to purchase an aggregate of 11,074,000 Common Shares representing 6.59% of the issued and outstanding Common Shares. Other than the 2015 Stock Option Plan, there are no Share Compensation Arrangements pursuant to which Eligible Persons can be issued Common Shares.

The 2015 Option Plan provides that the aggregate number of Common Shares that may be issued upon the exercise of Options cannot exceed 10% of the number of Common Shares issued and outstanding from time to time. As a result, the number of Options available to be granted under the 2015 Option Plan will automatically increase if the Corporation issues any additional Common Shares in the future. The TSX rules require that this type of "evergreen" plan must be approved by Shareholders every three years in order for the Corporation to be able to continue to make grants thereunder. If Shareholder approval is not obtained every three years, all unallocated entitlements under the 2015 Option Plan will be cancelled, however, all allocated awards, such as Options that have been granted but not yet exercised, will continue unaffected.

The Exercise Price for each Common Share subject to an Option will be determined by the Board at the time of the Option grant, and may not be lower than the last closing price of a common share on the TSX preceding the time of the Option grant. In addition, the Exercise Price for each common share subject to an Incentive Stock Option granted to a U.S. Participant that is a 10% Shareholder may not be lower than 110% of the last closing price of a common share on the TSX preceding the time of the Incentive Stock Option grant.

Options will vest and become exercisable at such time or times as may be determined by the Board on the date of the Option grant.

Unless the Board determines otherwise and subject to any accelerated termination in accordance with the 2015 Option Plan, each Option will expire on the fifth anniversary of the date on which it was granted. In no event may an Option expire later than the tenth anniversary of the date on which it was granted; provided that in no event will an Incentive Stock Option granted to a U.S. Participant that is a 10% Shareholder expire later than five years after the date on which it was granted. If the date on which an Option is scheduled to expire occurs during, or within ten business days after the last day of, a Black Out Period applicable to the Optionee, then the date on which the Option will expire will be extended to the last day of such ten business day period.

Options are non-assignable and non-transferable, with the exception of an assignment by testate succession or by the laws of descent and distribution upon the death of an Optionee.

If an Optionee ceases to be an Eligible Person (other than by reason of death, permanent disability or termination for cause), the Optionee may exercise any vested Options for a period of 30 days after the Optionee ceases to provide services to the Corporation or any of its Subsidiaries, subject to the earlier expiry of the Options. If an Optionee ceases to be an Eligible Person by reason of death, the Optionee's heir may exercise any vested Options for one-year following the date of the Optionee's death, subject to the earlier expiry of the Options. If an Optionee ceases to be an Eligible Person while on

permanent disability, the Optionee or his legal representatives may exercise any vested Options until the expiry of the Options. If an Optionee is dismissed for cause, any Options (whether vested or unvested) held by such Optionee shall terminate immediately upon receipt by the Optionee of notice of such dismissal. In addition, if an Incentive Stock Option is not exercised within certain prescribed periods following the date on which the Optionee ceases to be employed by the Corporation, such Option will no longer qualify as an Incentive Stock Option for U.S. federal income tax purposes.

The Board may from time to time, subject to applicable law and any required approval of the TSX, or any other regulatory authority, suspend, terminate or discontinue the 2015 Option Plan at any time, or amend or revise the terms of the 2015 Option Plan or of any Option granted thereunder; provided that no such amendment, revision, suspension, termination or discontinuance can adversely affect the rights of an Optionee under any previously granted Option except with the consent of that Optionee.

(a) Shareholder approval is not required for the following amendments, subject to any regulatory approvals, including, where required, the approval of the TSX:

(i) amendments to the 2015 Option Plan to ensure continuing compliance with applicable laws, regulations, requirements, rules or policies of any governmental or regulatory authority or any stock exchange;

(ii) amendments of a "housekeeping", clerical, technical or stylistic nature, which include amendments relating to the administration of the 2015 Option Plan or to eliminate any ambiguity or correct or supplement any provision contained in the 2015 Option Plan which may be incorrect or incompatible with any other provision of the 2015 Option Plan;

(iii) changing the terms and conditions governing any Option(s) granted under the 2015 Option Plan, including the vesting terms, the exercise and payment method, the Exercise Price and the effect of the Optionee's death or permanent disability, the termination of the Optionee's employment, term of office or consulting engagement or the Optionee ceasing to be an Eligible Person;

(iv) determining that any of the provisions of the 2015 Option Plan concerning the effect of the Optionee's death or permanent disability, the termination of the Optionee's employment, term of office or consulting engagement or the Optionee ceasing to be an Eligible Person shall not apply for any reason acceptable to the Board;

(v) amendments to the definition of Eligible Person;

(vi) changing the termination provisions of the 2015 Option Plan or any Option which, in the case of an Option, does not entail an extension beyond an Option's originally scheduled expiry date;

(vii) changing the terms and conditions of any financial assistance which may be provided by the Corporation to Optionees to facilitate the purchase of common shares under the 2015 Option Plan, or adding or removing any provisions providing for such financial assistance;

(viii) amendments to the cashless exercise feature;

(ix) the addition of or amendments to any provisions necessary for Options to qualify for favourable tax treatment to Optionees or the Corporation under applicable tax laws or otherwise address changes in applicable tax laws;

(x) amendments relating to the administration of the 2015 Option Plan; and

(xi) any other amendment, whether fundamental or otherwise, not requiring Shareholder approval under applicable law or the rules or policies of any stock exchange upon which the Common Shares trade from time to time.

(b) No amendment requiring the approval of the Shareholders under applicable law or the rules or policies of any stock exchange upon which the Common Shares trade from time to time shall become effective until such approval is obtained. In addition to the foregoing, the approval of the Shareholders by ordinary resolution is required for:

(i) any amendment to the amendment provisions of the 2015 Option Plan that is not an amendment (x) to ensure continuing compliance with applicable laws, regulations, requirements, rules or policies of any governmental or regulatory authority or any stock exchange or (y) of a "housekeeping", clerical, technical or stylistic nature;

(ii) any increase in the maximum number of Common Shares that can be issued under the 2015 Option Plan, except in connection with an adjustment made in accordance with the 2015 Option Plan's adjustment provisions;

(iii) any reduction in the Exercise Price of an Option granted under the 2015 Option Plan (including the cancellation and re-grant of an Option, constituting a reduction of the Exercise Price of an Option), except in connection with an adjustment made in accordance with the 2015 Option Plan's adjustment provisions;

(iv) any amendment to extend the expiry of an Option beyond its original Expiry Date;

(v) any amendment to the provisions of the 2015 Option Plan limiting Insider participation to increase participation by Insiders; and

(vi) any amendment to the provisions of the 2015 Option Plan that would permit Options to be transferred or assigned other than for normal estate settlement purposes,

provided further that Insiders are not eligible to vote their Common Shares in respect of the required approval of the Shareholders to amend or vary the 2015 Option Plan (I) to increase participation by Insiders, and (II) in certain other cases, if such Insiders will benefit from the proposed amendment or variance.

Risk Assessment of the Corporation's Compensation Policies and Practices

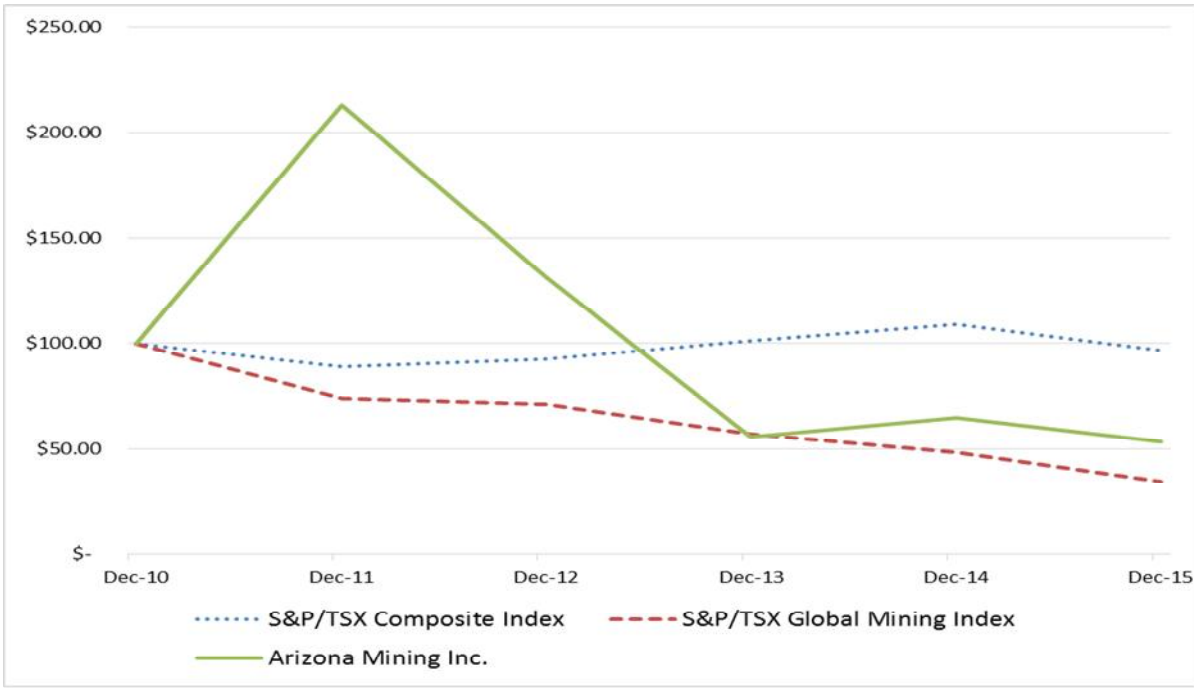
The Compensation Committee considers the implications and risks associated with the Corporation's compensation policies and practices including the various elements of compensation. This risk assessment also considers risks considered by the Corporation's Audit Committee.

It is believed that the Corporation's compensation program discourages or mitigates the taking of inappropriate or excessive risk by using an approach which includes fixed and variable pay over a short and long term period incentivized by both performance and time based measures, while maintaining consistency in its approach for all executives. In addition, stock based awards and compensation overall is recommended by the Compensation Committee and approved by the Board ensuring independence and fairness thereby reducing risk.

During fiscal 2015 no inappropriate or excessive risks were identified in the Corporation's compensation policies and practices, which could reasonably be expected to have a material adverse effect on the Corporation.

Performance Graph

The following graph compares the annual percentage change in the Corporation's cumulative total shareholder return based on the assumption that C$100 was invested in the Corporation's Common Shares on January 1, 2011 against the cumulative total shareholder return of the S&P/TSX Composite Index and the TSX Global Mining Index for the five most recently completed financial years of the Corporation ended December 31, 2015.



As discussed in the Compensation Discussion and Analysis, compensation for the Corporations NEO's is comprised of different elements including a base salary and bonus that do not necessarily directly correlate to the market price of the Corporation's shares. In addition, the market price of a publicly traded stock, especially a junior resource issuer, may be affected by many variables that may not be directly related to NEO performance including the market for junior resource stocks, the strength of the economy generally, commodity prices, the availability and attractiveness of alternative investments, and the breadth of the public market for the stock.

The Corporation acquired its 80% interest in the Hermosa property in 2006 and initiated limited exploration activities as funding permitted. Encouraging drill results from a much larger drill program started in late 2010, increased silver prices and better communication of the Corporation's progress all contributed to an increase in the Corporation's share price in 2011 as the marketplace began to recognize the potential of the Corporation's Central Deposit. During 2012 and 2013 the Corporation made further significant advances on the Central Deposit releasing updated resource estimates, a new simplified metallurgical process, an updated preliminary economic evaluation and in December 2013, a prefeasibility study and initial reserve estimate. While these advances resulted in an increase in the Corporation's reserves and resources and an improvement in the economics of the Corporation's Central Deposit, they were to some extent overshadowed by subsequent decreases in the prices of precious metals, including silver, and general negative market sentiment towards junior explorers. Consequently, the Corporation saw a decline in its share price during most of 2013 and 2014. As a result, during 2014, the Corporation refocused its efforts away from the Central Deposit and onto the sulfide mineralization that lies below the manto oxide of the Central Deposit. In July 2014, the Corporation announced an updated resource for the zinc/lead/silver Taylor Deposit (formerly known as the Hermosa North West project) on its Hermosa property. During the fall of 2014, following receipt of funding from insiders, the Corporation commenced a drill program to test the boundaries of the mineralization of the Taylor Deposit and released the first drill results in May, 2015. Throughout 2015 insiders continued to fund the Corporation's activities including the drilling program with additional results reported in September of 2015. Other significant advancements during 2015 included negotiating the expansion of the Hermosa patented land package by 300 acres and an option on 16 unpatented mining claims totaling 279 acres. Details of these activities are more fully described in the Corporation's Annual Information Form dated March 21, 2016.

The Corporation's compensation philosophy during the five year period has been to provide its NEOs with a mid-market base salary with a reward structure based on long-term incentives through the granting of incentive stock options and more recently the use of cash STIPs. The Corporation implemented the bonus structure in 2011 and 2012 (paid in the following years) in line with market to ensure its NEO's were appropriately compensated for the major achievements on progressing the Hermosa projects, notwithstanding decreases in the Corporation's share price that could be considered to be due to global or market influences beyond the Corporation's control. Salaries have been frozen since 2013 (except for an increase in salary for Donald Taylor and Richard Warke in late November 2015) and no STIP payments made as a result of continuing depressed markets and cash constraints on the Corporation. In addition, the Corporation determined not to grant any new

options to NEO's until May 2015 when tangible progress on the Taylor Deposit was evident.

Independent Compensation Consultant

The Corporation has not paid or accrued fees with respect to consulting services for the purposes of determining compensation for any of the Corporation's directors and officers for fiscal 2014 and 2015.

Summary Compensation Table

The following table sets forth compensation awarded, earned or paid to the NEOs of the Corporation for the three most recently completed financial years:

Name and principal position	Year	Salary US$	Share-based awards ($)	Option-based awards[1]	Non-equity incentive plan compensation ($)		Pension value ($)	All other compen-sation ($)	Total compensation
					Annual incentive plans	Long-term incentive plans			
Richard W. Warke [2]	2015	$131,469	N/A	$777,741	$0	N/A	N/A	N/A	$909,210
Chairman & Director	2014	$138,552	N/A	$0	$0	N/A	N/A	N/A	$138,552
	2013	$148,062	N/A	$50,723	$0	N/A	N/A	N/A	$198,785
Donald Taylor[3]	2015	$224,400	N/A	$555,530	$0	N/A	N/A	N/A	$779,930
President, COO &	2014	$224,400	N/A	$0	$0	N/A	N/A	N/A	$224,400
Director	2013	$223,667	N/A	$50,723	$0	N/A	N/A	N/A	$274,390
Paul Ireland[2]	2015	$121,427	N/A	$222,212	$0	N/A	N/A	N/A	$343,639
CFO	2014	$155,983	N/A	$0	$0	N/A	N/A	N/A	$155,983
	2013	$197,471	N/A	$20,289	$0	N/A	N/A	N/A	$217,760
Gregory F. Lucero[3]	2015	$183,750	N/A	$111,106	$0	N/A	N/A	N/A	$294,856
Vice President,	2014	$183,750	N/A	$0	$0	N/A	N/A	N/A	$183,750
Community &	2013	$182,292	N/A	$15,217	$0	N/A	N/A	N/A	$197,509
Government Affairs									
Purni Parikh	2015	$88,783	N/A	$222,212	$0	N/A	N/A	N/A	$310,995
Vice President, Corporate	2014	$24,404	N/A	$0	$0	N/A	N/A	N/A	$24,404
Secretary	2013	$91,156	N/A	$15,217	$0	N/A	N/A	N/A	$106,373

(1) For the years ended December 31, 2015 and December 31, 2013, the fair value of the option based awards were calculated using the Black Scholes model using the following weighted average assumptions: expected life of five years; annualized volatility of 91% (107% for 2013) ; a risk-free interest rate of 1.0% (1.41% for 2013); no dividend payments. For the year ended December 31, 2014, the Corporation did not grant any option based awards. For the purposes of this table the Canadian value of the option award is converted into US$ as follows: for 2015 the US$/C$ exchange rate at the date of grant of $1.2304; for 2014 not applicable; for 2013 the US$/C$ exchange rate at the date of grant of $1.0261;

(2) Messrs. Warke and Ireland's and Ms. Parikh's salaries are paid through a management services company equally owned by the Corporation and other companies related by virtue of certain common directors and officers. The salaries for Messrs. Warke and Ireland and Ms. Parikh reflect the amount charged to the Corporation and are paid in Canadian dollars. For purposes of this table these salaries were converted into US dollars at the average exchange rate for the period over which they were earned as follows: 2015 - $1.2815; 2014 - $1.1034; 2013 - $1.0277. Mr. Warke became Executive Chairman and remained as a director effective January 1, 2016.

(3) Salary amounts for Messrs. Taylor, and Lucero were paid in US dollars. Mr. Taylor resigned as President effective January 1, 2016 and remained as COO and director.

The value for stock option awards disclosed in footnote (1) was calculated using the Black-Scholes option pricing model based on the assumptions indicated in the footnote. These assumptions are highly subjective and can materially affect the calculated fair value. Further, calculating the value of stock options using this methodology is not the same as the simple "in-the-money" value of the options, which on the date of grant would be $nil. Accordingly, caution should be exercised in comparing grant date fair values, as calculated using the Black-Scholes model, to cash values or an in-the-money calculation.

NEO Employment Agreements

The Corporation has entered into an employment or letter agreement with each NEO for an indefinite term. Each NEO agreement provides for a base salary (as may be adjusted annually), a bonus, grant of incentive stock options, vacation time and various standard benefits including life, disability, medical, dental and reimbursement of reasonable expenses. Where applicable, the payment of a bonus is to be tied to corporate, operational and individual performance and the grant of incentive stock options are at the discretion of the Board. Refer to the Summary Compensation Table above for compensation paid to, earned by or accrued for each NEO for fiscal year ended December 31, 2015.

Incentive Plan Awards

Outstanding share-based awards and option-based awards

To date, the Corporation has granted only option based awards. The following table sets out all awards outstanding at the end of the most recently completed financial year held by each NEO including awards granted before the most recently completed financial year:

	Option-based Awards				Share-based Awards	
Name	Number of securities underlying unexercised options	Option exercise price C$	Option expiration Date	Value of unexercised in-the-money options C$[1]	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested
Richard W. Warke[2] Chairman & Director	3,500,000	$0.40	May 25, 2020	$0	N/A	N/A
Donald Taylor[3] President, COO & Director	2,500,000	$0.40	May 25, 2020	$0	N/A	N/A
Paul Ireland CFO	1,000,000	$0.40	May 25, 2020	$0	N/A	N/A
Gregory F. Lucero Vice President, Community & Government Affairs	500,000	$0.40	May 25, 2020	$0	N/A	N/A
Purni Parikh Vice President, Corporate Secretary	1,000,000	$0.40	May 25, 2020	$0	N/A	N/A

(1) On December 31, 2015 the closing price of the Corporation's shares on the TSX was C$0.325. Value is calculated for vested plus unvested options on December 31, 2015.
(2) Mr. Warke became Executive Chairman and remained as a director effective January 1, 2016.
(3) Mr. Taylor resigned as President effective January 1, 2016 and remained as COO and director.

Value Vested or Earned During the Year

The following table represents the aggregate dollar value that would have been realized if the stock options under the option based award had been exercised on the vesting date for each NEO:

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$)
Richard W. Warke Chairman & Director	$0	N/A	N/A
Donald Taylor President, COO & Director	$0	N/A	N/A
Paul Ireland CFO	$0	N/A	N/A
Gregory F. Lucero Vice President, Community & Government Affairs	$0	N/A	N/A
Purni Parikh Vice President, Corporate Secretary	$0	N/A	N/A

(1) Represents the value of stock options vested during the year ended December 31, 2015 calculated as if stock options had been exercised on their vesting date based on the market price on the vesting date of the stock options less the exercise price
(2) Mr. Warke became Executive Chairman and remained as a director effective January 1, 2016.
(3) Mr. Taylor resigned as President effective January 1, 2016 and remained as COO and director.

Pension Plan Benefits

The Corporation does not provide retirement benefits for its directors or executive officers.

Termination and Change of Control Benefits

The following describes the arrangements in place as at December 31, 2015 with respect to remuneration payable to each NEO of the Corporation in the event of termination of employment. If the NEO is terminated for cause as defined no payment or incremental benefits are due to the NEO.

(1) In the event of termination by the Corporation without cause or by the employee for good reason, the Corporation shall pay, at the time of such termination, a lump sum cash amount to each NEO as follows:

Richard W. Warke[1] Chairman & Director	Two (2) times his Annual Salary immediately preceding such termination and two (2) times the Target Bonus that would be payable on such Annual Salary.
Donald Taylor[1] President, COO & Director	Two (2) times his Annual Salary immediately preceding such termination and two (2) times the Target Bonus that would be payable on such Annual Salary.
Paul Ireland CFO	Two (2) times his Annual Salary immediately preceding such termination and two (2) times the Target Bonus that would be payable on such Annual Salary.
Gregory F. Lucero Vice President, Community & Government Affairs	One and a half (1.5) times his Annual Salary immediately preceding such termination and one and a half (1.5) times the Target Bonus that would be payable on such Annual Salary.
Purni Parikh Vice President, Corporate Secretary	One and a half (1.5) times her Annual Salary immediately preceding such termination and one and a half (1.5) times the Target Bonus that would be payable on such Annual Salary.

(1) Mr. Warke became Executive Chairman and remained as a director effective January 1, 2016; Mr. Taylor resigned as President effective January 1, 2016 and remained as COO and director.

In addition, all non-vested securities under any securities compensation plan granted to the NEO shall immediately and fully vest on the effective date of such termination and be redeemable or exercisable for 90 days thereafter.

(2) In the event that the NEO should resign for any reason after a change of control or the Corporation should terminate his or her employment without cause within six months after a change of control, the Corporation shall compensate the NEO with a lump sum cash amount as follows:

Richard W. Warke[1] Chairman & Director	Three (3) times his Annual Salary immediately preceding such termination and three (3) times the Target Bonus that would be payable on such Annual Salary.
Donald Taylor[1] President, COO & Director	Three (3) times his Annual Salary immediately preceding such termination and three (3) times the Target Bonus that would be payable on such Annual Salary.
Paul Ireland CFO	Two (2) times his Annual Salary immediately preceding such termination and two (2) times the Target Bonus that would be payable on such Annual Salary.
Gregory F. Lucero Vice President, Community & Government Affairs	Two (2) times his Annual Salary immediately preceding such termination and two (2) times the Target Bonus that would be payable on such Annual Salary.
Purni Parikh Vice President, Corporate Secretary	One and a half (1.5) times her Annual Salary immediately preceding such termination and one and a half (1.5) times the Target Bonus that would be payable on such Annual Salary.

(1) Mr. Warke became Executive Chairman and remained as a director effective January 1, 2016; Mr. Taylor resigned as President effective January 1, 2016 and remained as COO and director.

In addition, all non-vested securities under any securities compensation plan granted to the NEO shall immediately and fully vest on the effective date of such termination following a change of control and be redeemable or exercisable for 90 days thereafter.

Estimated Payment on Termination without Cause or by NEO for Good Reason

The following table provides details regarding the estimated incremental payments and benefits to each NEO on termination without cause or by the NEO for good reason, assuming a triggering event occurred on December 31, 2015.

	Multiple	Base Salary	Bonus	Equity[1][2]	Total
Richard W. Warke[1][3] Chairman & Director	2	$361,272	$180,636	$0	$541,908
Donald Taylor President, COO & Director	2	$448,800	$224,400	$0	$673,200
Paul Ireland[1] CFO	2	$224,783	$89,913	$0	$314,696
Gregory F. Lucero Vice President, Community & Government Affairs	1.5	$275,625	$82,688	$0	$358,313
Purni Parikh Vice President, Corporate Secretary	1.5	$123,929	$37,179	$0	$161,108

(1) Converted from C$ to US$ based on the noon exchange rate reported by the Bank of Canada on December 31, 2015 of $1.3840.
(2) Equity value represents the calculated value of the unvested stock options that would vest at December 31, 2015 as a result of termination and is not impacted by the applicable multiple. At December 31, 2015 the closing price of the Corporation's shares on the TSX was C$0.325.
(3) Mr. Warke became Executive Chairman and remained as a director effective January 1, 2016; Mr. Taylor resigned as President effective January 1, 2016 and remained as COO and director.

Estimated Payment on a Change of Control

The following table provides details regarding the estimated incremental payments and benefits to each NEO on termination on a change of control, assuming a triggering event occurred on December 31, 2015.

	Multiple	Base Salary	Bonus	Equity[(1)(2)(3)]	Total
Richard W. Warke[(1)(4)] Chairman & Director	3	$541,908	$270,954	$0	$812,862
Donald Taylor[(4)] President, COO & Director	3	$673,200	$336,600	$0	$1,009,800
Paul Ireland[(1)] CFO	2	$224,783	$89,913	$0	$314,696
Gregory F. Lucero Vice President, Community & Government Affairs	1.5	$275,625	$82,688	$0	$358,313
Purni Parikh Vice President, Corporate Secretary	1.5	$123,929	$37,179	$0	$161,108

(1) Converted from C$ to US$ based on the noon exchange rate reported by the Bank of Canada on December 31, 2015 of $1.3840.

(2) Equity value represents the calculated value of the unvested stock options that would vest at December 31, 2015 as a result of termination and is not impacted by the applicable multiple. At December 31, 2015 the closing price of the Corporation's shares on the TSX was C$0.325.

(3) In accordance with the Corporation's 2015 Option Plan, if there is a change of control, the Board may in its discretion determine that all holders of outstanding Options with an exercise price equal to or greater than the price per share provided for in the transaction giving rise to such change of control shall be entitled to receive and shall accept, immediately prior to or concurrently with the transaction giving rise to such change of control, in consideration for the surrender of such Options, the value of such Options determined in accordance with the Black and Scholes Option pricing Model, as determined by the Board.

(4) Mr. Warke became Executive Chairman and remained as a director effective January 1, 2016; Mr. Taylor resigned as President effective January 1, 2016 and remained as COO and director.

Director Compensation

During fiscal 2015 Board fees for the Corporation's non-executive directors were structured as provided for in the table below.

	C$
Annual base compensation per Board member	$15,000/annum
Board meeting attendance (per meeting basis)	Nil
Audit Committee Chair	$7,500/annum
Compensation Committee Chair	$5,000/annum
Nominating and Corporate Governance Committee Chair	$3,000/annum
Committee Member Compensation	Nil

All reasonable expenses incurred by a director in attending Board meetings, committee meetings or shareholder meetings, together with all expenses properly and reasonably incurred by any director in the conduct of the Corporation's business or in the discharge of his duties as a director are paid by the Corporation.

Compensation levels are typically impacted by the demand and supply of talent. In the case of board directors there continues to be a shortage of leadership talent caused by both supply and demand. This shortage is driving up the price of leadership talent and companies face difficult pay decisions to attract and retain experienced leaders. As a result, there is a need to provide fair and competitive pay levels in a highly priced marketplace.

On the demand side in the past, following Sarbanes Oxley, many companies have been diversifying the talent requirements at the board level. In particular they have been seeking expertise in finance, auditing, capital markets, governance and compensation. Such talent is not always readily available especially as directors are limiting the number of boards upon which they serve. Continuing changes to the regulatory environment and governance practices in Canada places additional responsibilities and demands on board members. Boards have a need to diversify their knowledge and expertise, particularly in risk management. This need for experienced talent at the Board level combined with the continuing emphasis being placed on good corporate governance in North America has resulted in a compensation structure for directors to reward them for contributing to the success of the company while recognizing the value of the their time and effort.

The compensation analysis completed by Roger Gurr also included an analysis of Board compensation. The emphasis of the analysis was to ensure Board members were compensated fairly for the services of their expanding function and in line with Corporation's peers and current trends. The comparator group used for executive compensation was also used in determining director compensation. The Compensation Survey revealed that 96% of the comparator companies provided

some form of cash compensation to non-executive Board directors. Additional compensation for leadership roles such as committee chairs is typically provided in the form of an additional retainer. Most audit committee chairs are constantly being challenged (requiring more time and diligence) with ensuring the accuracy and completeness of financial reporting. Similar challenges face compensation committee chairs with continually changing reporting requirements for executive director compensation. In addition, the use of equity based compensation for board directors is very prevalent amongst the comparator group.

The analysis of non-executive board director compensation by Roger Gurr with reference to the median of the peer comparator group of mining companies indicated levels were below market and compensation increases (toward market median) were implemented in 2013. As there is a trend towards providing board directors with 'retainer only' cash compensation, no meeting fees were proposed. The Corporation maintained the 2013 fee structure for its non-executive board members through fiscal 2014 and 2015.

The following table sets forth all amounts of compensation paid to or earned by the non-executive directors of the Corporation for the year ended December 31, 2015.

Name	Fees earned ($)[2]	Share-based awards ($)	Option-based awards[1] ($)	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensation ($)	Total ($)
R. Stuart Angus[3]	$6,037	N/A	$0	N/A	N/A	N/A	$6,037
Gilmour Clausen[4]	$1,772	N/A	$0	N/A	N/A	N/A	$1,772
Donald Siemens	$17,616	N/A	$55,553	N/A	N/A	N/A	$73,169
Robert Wares	$15,659	N/A	$55,553	N/A	N/A	N/A	$71,212
Poonam Puri[5]	$8,215	N/A	$29,711	N/A	N/A	N/A	$37,926

(1) The fair value of the option based awards were calculated using the Black Scholes model using the following weighted average assumptions: expected life of five years; annualized volatility of 91%; a risk-free interest rate of 1.0%; no dividend payments. For the purposes of this table the Canadian value of the option award is converted into US$ using the average US$/C$ exchange rate on the date the options were granted, which averages $1.2342.
(2) For the purposes of this table, directors fees are converted into US$ using the average US$/C$ exchange rate for the period over which they are earned which approximated $1.2757.
(3) Mr. Angus ceased to be a director on June 30, 2015
(4) Mr. Clausen ceased to be a director on February 12, 2015.
(5) Ms. Puri was appointed on May 27, 2015.

As discussed in footnote (1) in the table above, the value disclosed for stock option awards was calculated using the Black-Scholes option pricing model based on the assumptions indicated in the footnote. These assumptions are highly subjective and can materially affect the calculated fair value. Further, calculating the value of stock options using this methodology is not the same as the simple "in-the-money" value of the options, which on the date of grant would be $nil. Accordingly, caution should be exercised in comparing grant date fair values, as calculated using the Black-Scholes model, to cash values or an in-the-money calculation.

Directors' outstanding share based and option-based awards

The following table sets forth, for each director of the Corporation that is not a NEO, all awards outstanding at the end of the period ended December 31, 2015 including awards granted before this period.

	Option-based Awards				Share-based Awards	
Name	Number of securities underlying unexercised options	Option exercise price C$	Option expiration date	Value of unexercised in-the-money options[1] C$	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested
Robert Wares	250,000	0.40	May 25, 2020	$0	N/A	N/A
Donald Siemens	250,000 100,000	$0.40 $0.51	May 25, 2020 Aug 18, 2019	$0 $0	N/A	N/A
Poonam Puri[2]	125,000	$0.425	May 27, 2020	$0	N/A	N/A

(1) On December 31, 2015, the closing price of the Corporation's shares on the TSX was C$0.325. Value is calculated for vested options at December 31, 2015.
(2) Ms. Puri was appointed on May 27, 2015.

Value Vested or Earned During the Year

The following table represents the aggregate dollar value that would have been realized if the stock options under the option based award had been exercised on the vesting date for each listed director:

Name	Option-based awards – Value vested during the year (C$)	Share-based awards – Value vested during the year (C$)	Non-equity incentive plan compensation – Value earned during the year (C$)
R. Stuart Angus[1]	$0	N/A	N/A
Gilmour Clausen[2]	$0	N/A	N/A
Donald Siemens	$3,125	N/A	N/A
Robert Wares	$3,125	N/A	N/A
Poonam Puri[3]	$0	N/A	N/A

(1) Mr. Angus ceased to be a director on June 30, 2015
(2) Mr. Clausen ceased to be a director on February 12, 2015
(3) Ms. Puri was appointed on May 27, 2015

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

2015 Option Plan

The following table sets forth information as at December 31, 2015 concerning the Corporation's 2015 Option Plan:

Equity compensation plans approved by securityholders	Number of Common Shares to be issued upon exercise of options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans
Existing Option Plan	11,074,000 [1]	$0.39	5,121,196 [2]

(1) Of these 412,500 were exercisable at December 31, 2015.
(2) Based on 10% of the Corporation's issued and outstanding Common Shares at December 31, 2015 less stock options outstanding at December 31, 2015. This aggregate number of securities will be available for issue under all security based compensation plans of the Corporation.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

AMI TRANSACTION

At the Meeting, Shareholders will be asked to consider and, if thought fit, to pass a resolution (the "**AMI Transaction Resolution**"), substantially in the form attached as Schedule A to this Circular, authorizing and approving (i) the transaction (the "**AMI Transaction**") pursuant to which Arizona Mining will acquire 5348 Investments Ltd. ("**5348**") from a private company (the "**Seller**") controlled by Richard Warke, the Corporation's Chairman, and (ii) the issuance of the Consideration Shares (as defined below) and the Consideration Warrants (as defined below) as consideration for the AMI Transaction, each pursuant to the share purchase agreement (the "**Share Purchase Agreement**") entered into on March 21, 2016 between the Corporation and the Seller, all as more particularly described below.

The Board recommends that Shareholders vote FOR the approval of the AMI Transaction Resolution. Unless otherwise directed, the management proxy nominees named in the accompanying form of proxy to this Circular intend to vote the Common Shares represented thereby FOR the approval of the AMI Transaction Resolution.

Summary of the AMI Transaction

The Corporation currently owns 80% of the common shares of Arizona Minerals Inc. ("**AMI**"), a private company which owns the Hermosa Project. The balance of the common shares of AMI is held by 5348, a private company owned by the Seller. 5348 owns (i) 20% of the issued and outstanding common shares of AMI, (ii) 4,164,181 Series A preferred shares of AMI and (iii) certain debt advances to AMI.

The purpose of the AMI Transaction is to permit the Corporation to indirectly acquire the 20% interest in the common shares of AMI that it does not currently own, through the acquisition of 5348.

Pursuant to the Share Purchase Agreement, the Corporation will acquire from the Seller all of the issued and outstanding

shares of 5348 and all amounts due from 5348 to the Seller, affiliates of the Seller, or any shareholders of the Seller or affiliates of the Seller, in consideration for 40,000,000 Common Shares (the "**Consideration Shares**") and warrants to purchase 5,000,000 Common Shares at an exercise price of C$0.50 per Common Share with a term of three years following the closing of the AMI Transaction (the "**Consideration Warrants**"). The exercise price of C$0.50 per Common Share represents a 31.6% premium to the market price of the Common Shares at the time of filing with the TSX. The Consideration Warrants contain standard anti-dilution provisions.

The Consideration Shares represent 23.81% of the outstanding Common Shares on the date of this Circular, and 19.23% of the issued and outstanding Common Shares (after giving effect to the issuance of the Consideration Shares). The Consideration Shares and the Common Shares underlying the Consideration Warrants represent 26.78% of the outstanding Common Shares on the date of this Circular, and 21.12% of the issued and outstanding Common Shares (after giving effect to the issuance of the Consideration Shares and the Common Shares underlying the Consideration Warrants).

Following the closing of the AMI Transaction, Richard Warke will directly or indirectly beneficially own, or control or direct, an aggregate of 79,671,519 Common Shares (including the Consideration Shares), representing 38.30% of the outstanding Common Shares after giving effect to the issuance of the Consideration Shares. In addition, Mr. Warke will hold warrants to purchase an aggregate of 20,215,810 Common Shares (including the Consideration Warrants) and options to purchase 3,500,000 Common Shares. Assuming the exercise of all of such warrants and options, Mr. Warke would hold 103,387,329 Common Shares, representing 44.61% of the outstanding Common Shares after giving effect to such exercise.

The AMI Transaction is expected to close as soon as reasonably practicable following the date of the Meeting.

In the event the AMI Transaction does not close, 5348 shall regain its right, previously waived, to acquire 20% of the mining claims known as the Trench property acquired under a purchase agreement dated July 13 and July 16, 2015, as amended, between the Corporation and the Asarco Multi-State Environmental Custodial Trust, which closed on or about January 25, 2016.

Share Purchase Agreement

The AMI Transaction is subject to the terms of the Share Purchase Agreement. The following is a summary of certain principal terms of the Share Purchase Agreement. This summary is qualified in its entirety by the full text of the Share Purchase Agreement, which has been filed and is available electronically on SEDAR at www.sedar.com under the Corporation's profile.

Conditions

The obligation of the Corporation and the Seller to complete the AMI Transaction is subject to the following mutual conditions precedent:

(a) the approval of the AMI Transaction Resolution on the basis described below under the heading *"Requirement for Shareholder Approval*";

(b) the conditional approval by the TSX of the issuance of the Consideration Shares and the Consideration Warrants to the Seller and the listing of the Consideration Shares and the Common Shares underlying the Consideration Warrants; and

(c) no governmental entity shall have enacted, issued, promulgated, enforced or entered any law which is then in effect and has the effect of making the transactions contemplated hereby illegal or otherwise preventing or prohibiting consummation of the transactions contemplated hereby.

The obligation of the Corporation to complete the AMI Transaction is subject to the following conditions precedent in its favour:

(a) the Seller shall have complied with its covenants in the Share Purchase Agreement in all material respects;

(b) the representations and warranties of the Seller in the Share Purchase Agreement shall be true and correct in all material respects; and

(c) since the date of the Share Purchase Agreement there shall not have occurred a material adverse effect in respect of 5348.

The obligation of the Seller to complete the AMI Transaction is subject to the following conditions precedent in its favour:

(a) the Corporation shall have complied with its covenants in the Share Purchase Agreement in all material respects; and

(b) the representations and warranties of the Corporation in the Share Purchase Agreement shall be true and correct in all material respects.

Termination

The Share Purchase Agreement may be terminated at any time prior to the closing of the AMI Transaction:

(a) by the mutual agreement of the Corporation and the Seller;

(b) by either the Corporation or the Seller if:

(i) the closing of the AMI Transaction has not occurred on or prior to May 31, 2016, except that the right to terminate shall not be available to the terminating party, if the failure to fulfill any of the terminating party's covenants or obligations or breach of any of the representations and warranties of the terminating party has the been the cause of, or resulted in, the failure of the closing to occur by such date;

(ii) the AMI Transaction Resolution shall have failed to receive the requisite shareholder approval at the Meeting; or

(iii) after the date of the Share Purchase Agreement, a governmental entity shall have enacted, issued, promulgated or entered any law which has the effect of making the AMI Transaction illegal or otherwise preventing or prohibiting consummation of the AMI Transaction;

(c) by the Corporation if any condition in its favour is not satisfied or capable of being satisfied, provided the Corporation is not in material breach of the Share Purchase Agreement; or

(d) by the Seller if any condition in its favour is not satisfied or capable of being, provided the Seller is not in material breach of the Share Purchase Agreement.

Representations, Warranties and Indemnities

The Seller has made representations and warranties in the Share Purchase Agreement in favour of the Corporation, including in respect of: corporate existence and power; corporate authorization; no other agreements to purchase; governmental authorization; non-contravention; capitalization of 5348; business, assets, contracts and liabilities of 5348; compliance of 5348 with laws; litigation of 5348; tax matters; and books and records. The Corporation has made representations and warranties in the Share Purchase Agreement in favour of the Seller, including in respect of: corporate existence and power; corporate authorization; governmental authorization; and non-contravention.

The Seller and the Corporation have agreed to indemnify the other for any breaches by it of the Share Purchase Agreement, subject to certain limitations. In addition, the Seller has agreed to indemnify the Corporation for any pre-closing liabilities or taxes of 5348, subject to certain limitations.

Requirement for Minority Shareholder Approval

We are seeking disinterested shareholder approval of the issuance of the Consideration Shares and the Consideration Warrants pursuant to the following sections of the TSX Company Manual (the "**TSX Manual**"): (i) Section 501(c), which provides that if the value of the consideration to be received by the insider or other related party exceeds 10% of the market capitalization of the issuer, the transaction must be approved by the issuer's security holders, other than the insider or other

related party; (ii) Section 604(a)(ii), which provides that security holder approval will generally be required if the transaction provides consideration to insiders in aggregate of 10% or greater of the market capitalization of the listed issuer, during any six-month period, and has not been negotiated at arm's length; and (iii) Section 611(b), which provides that security holder approval will be required in those instances where the number of securities issued or issuable to insiders as a group, together with any securities issued or made issuable to insiders as a group for acquisitions during the preceding six months, in payment of the purchase price for an acquisition exceeds 10% of the number of securities of the listed issuer which are outstanding on a non-diluted basis, prior to the date of closing of the transaction. Note that Section 611(b) further provides that insiders receiving securities pursuant to the transaction are not eligible to vote their securities in respect of such approval. The TSX has conditionally accepted the Corporation's filing in respect of the AMI Transaction, with final acceptance being subject to, among other things, Shareholder approval of the AMI Transaction Resolution on the basis described below.

In addition, the Corporation is subject to Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"), a multilateral instrument of the Canadian Securities Administrators intended to regulate certain transactions to ensure the protection and fair treatment of minority security holders. MI 61-101 requires, in certain circumstances, enhanced disclosure, minority shareholder approval and the preparation of a formal valuation. The protections afforded by MI 61-101 apply to "related party transactions" (as such term is defined in MI 61-101). The AMI Transaction is a "related party transaction" under MI 61-101 as the Seller is a "related party" (as such term is defined in MI 61-101) of the Corporation.

Accordingly, to be effective, the AMI Transaction Resolution must be approved by a majority of the votes cast by the Shareholders at the Meeting, present in person or represented by proxy, after excluding the votes cast by the Seller, related parties of the Seller, joint actors of the Seller or joint actors of related parties of the Seller.

To the knowledge of the Corporation, the following Common Shares owned, controlled or directed by the Seller, related parties of the Seller, joint actors of the Seller or joint actors of related parties of the Seller are to be excluded for purposes of determining whether the AMI Transaction Resolution has been approved by the requisite majority of votes cast at the Meeting: 39,671,519 Common Shares owned, controlled or directed by Richard Warke.

Background and Reasons for the AMI Transaction

From time to time and particularly over the course of the last two and a half years, the Corporation has considered acquiring the 20% interest in the common shares of AMI that it does not currently own. The Corporation approached the Seller in early November 2015 to discuss the potential for the Corporation to acquire the minority interest in AMI. From November 2015 to February 2016, the Seller and the acting lead independent director negotiated the terms of the proposed transaction.

On February 26, 2016, the Corporation and the Seller entered into a letter of intent with the Seller providing for the AMI Transaction and on March 21, 2016, the Corporation and the Seller entered into the Share Purchase Agreement.

From November 2015 to March 2016, the Board (or independent members of the Board) had six meetings to consider the AMI Transaction. Richard Warke was not present at such meetings or, if he was present at the meeting, the Board met *in camera* at such meetings without Mr. Warke when the directors were deliberating on the AMI Transaction.

In evaluating the AMI Transaction, the Board gave careful consideration to a number of factors, including, without limitation:

(a) the Valuation and Fairness Opinion (as defined below);

(b) the potential benefits to the Corporation of increasing its position in AMI to 100%, including the potential benefits to the marketing, logistics and financing efforts of the Corporation; and

(c) the prospects of the Hermosa Project, including the Taylor Deposit; and

(d) feedback from Shareholders and market participants.

The foregoing factors considered by the Board are not intended to be exhaustive. In view of the numerous criteria considered by the Board in connection with the evaluation of the AMI Transaction, the Board did not find it practicable to, and did not,

quantify or otherwise attempt to assign relative weight to specific criteria in reaching its conclusion and the recommendations set out in this Circular. In addition, individual members of the Board may have given different weight to different criteria.

After careful consideration and taking into account, among other things, the factors set forth above, the Board (other than Mr. Warke who abstained) determined that the AMI Transaction is fair to the Corporation and that the AMI Transaction is in the best interests of the Corporation. **The Board recommends that the Shareholders vote FOR the AMI Transaction Resolution.**

Valuation and Fairness Opinion

Engagement

Pursuant to a letter agreement dated November 17, 2015, as supplemented by a letter agreement dated February 11, 2016, the Board retained Ross Glanville & Associates Ltd. ("**Glanville**") and Bruce McKnight Minerals Advisor Services ("**McKnight**") as its financial advisors in connection with the AMI Transaction. Glanville and McKnight, as part of their joint engagement, were retained to render a formal valuation of 5348 and an opinion as to the fairness, from a financial point of view, of the AMI Transaction to the Corporation (the "**Valuation and Fairness Opinion**").

Glanville and McKnight's Credentials and Independence

Glanville is a company specializing in valuations of public and private mining companies and mineral exploration and development properties, as well as providing fairness opinions and litigation support (such as being an expert witness in court cases involving valuation disputes) related to financial and technical issues. Glanville has provided a large number of fairness opinions for mergers, amalgamations, and acquisitions of public and private companies. These assignments were undertaken for investment dealers, regulatory bodies (including stock exchanges), banks, various government agencies, venture capital firms, forestry companies, mining and exploration companies, oil and gas companies, coal companies, and others. Glanville has valued more than five hundred mining and exploration companies in Canada, the U.S.A., Australia, and Mexico, as well as over one hundred and fifty in many other areas of the world, including Africa, South America, Europe, and Asia.

McKnight has over 40 years of senior-level, international and domestic, mining industry experience, and has been an active participant in the exploration, valuation, financing and development of several mines in British Columbia and elsewhere. In addition, he has acted as a consultant to mining and brokerage firms, as well as to mining associations and First Nations and as an "expert witness" to law firms.

Glanville and McKnight are independent arm's-length consultants who do not have a financial interest (nor do they expect to have any future interest), directly or indirectly, in Arizona Mining or the Seller, or any of their affiliates or associates, nor do they expect any consideration other than the fee and expenses from Arizona Mining for the preparation of the Valuation and Fairness Opinion, nor is their fee contingent upon the completion of the AMI Transaction or the conclusions reached in the Valuation and Fairness Opinion. Glanville and McKnight confirmed that they are independent of the Seller and its affiliates and associates for purposes of MI 61-101.

The Board determined that Glanville and McKnight are qualified and independent for purposes of the Valuation and Fairness Opinion.

Opinions

The Valuation and Fairness Opinion provided that, based upon and subject to the assumptions, qualifications and limitations in the Valuation and Fairness Opinion, and such other matters as McKnight and Glanville have considered relevant, it is their opinion that, as of February 26, 2016:

(a) the value (in accordance with CIMVal Standards) of the Hermosa Project (and also the value of AMI) is estimated to be C$92 million, with a range of C$70 to 120 million, and accordingly, the value of the shares of the minority interest in AMI held by 5348 (and also the value of 5348) is estimated to be approximately C$18.4 million, with a range of C$14 and C$24 million; and

(a) the terms of the AMI Transaction are fair, from a financial point of view, to Arizona Mining.

The full text of the Valuation and Fairness Opinion which sets forth, among other things, the assumptions made, information reviewed, matters considered and limitations and qualifications on the review undertaken in connection with the Valuation and Fairness Opinion, is set out as Schedule "B" to this Circular. The Valuation and Fairness Opinion may be relied upon (subject to the qualifications set out therein) by the Board, but may not be used or relied upon by any other person without the express prior written consent of McKnight and Glanville. Glanville and McKnight have provided their written consent to the inclusion of the Valuation and Fairness Opinion in this Circular.

The foregoing summary of the Valuation and Fairness Opinion is qualified in its entirety by the full text of the Valuation and Fairness Opinion which is attached as Schedule "B" to this Circular.

Fees

Under its engagement letter with Glanville and McKnight, Arizona Mining agreed to pay a fixed cash fee for the Valuation and Fairness Opinion. Glanville and McKnight will not receive any additional fees for their services in connection with the AMI Transaction and no portion of the fee payable to Glanville and McKnight is contingent upon the completion of the AMI Transaction or the conclusions reached in the Valuation and Fairness Opinion. Arizona Mining has also agreed to indemnify Glanville and McKnight against certain liabilities.

Prior Valuations and Offers

To the knowledge of the Corporation or any director or senior officer of the Corporation, after reasonable inquiry:

(a) no "prior valuations" (as defined in MI 61-101) relating to the subject matter of the AMI Transaction have been prepared within the 24 months preceding the date hereof; and

(b) no *bona fide* prior offers relating to the subject matter of the AMI Transaction has been received or made within the 24 months preceding the date of the Share Purchase Agreement.

At the Meeting, Shareholders will be asked to pass the AMI Transaction Resolution, substantially in the form attached as Schedule A to this Circular.

The Board recommends that Shareholders vote FOR the approval of the AMI Transaction Resolution. Unless otherwise directed, the management proxy nominees named in the accompanying form of proxy to this Circular intend to vote the Common Shares represented thereby FOR the approval of the AMI Transaction Resolution.

INSIDER PARTICIPATION IN PRIVATE PLACEMENT

On February 22, 2016, the Corporation announced a non-brokered private placement, negotiated at arm's length (the "**First Private Placement**"), for a total of 6.7 million units (the "**Units**") at a price of C$0.42 per unit for gross proceeds of C$2.8 million. The price of C$0.42 per Common Share represents a 10.5% premium to the market price of the Common Shares at the time of filing with the TSX. Each unit consists of one Common Share and one half of one common share purchase warrant. Each whole common share purchase warrant is exercisable for one Common Share at a price of C$0.60 for a period of 18 months. The exercise price of C$0.60 per Common Share represents a 57.9% premium to the market price of the Common Shares at the time of filing with the TSX**.** The Warrants contain standard anti-dilution provisions. Proceeds from the First Private Placement will be used to initiate an aggressive drill campaign to expand the Taylor Deposit including the 300 acres of newly acquired patented mining claims and targets on the unpatented mining claims and for general working capital purposes.

On March 2, 2016, the closing of the placement of 6.07 million Units pursuant to the First Private Placement occurred. The balance of the First Private Placement of 647,000 Units (647,000 Common Shares and 323,500 warrants), representing 0.4% of the outstanding Common Shares on the date of this Circular, was placed with directors and/or officers of the Corporation (the "**First Insider Private Placement**"). The maximum number of Common Shares issuable pursuant to the First Insider Private Placement is 970,500 Common Shares. The closing of the First Insider Private Placement remains subject to approval by the Shareholders.

Section 607(g)(ii) of the TSX Manual requires that shareholder approval be obtained for private placements to insiders during any six month period that are for listed securities, or rights or entitlements to listed securities, greater than 10% of the

number of securities of the issuer which are outstanding, on a non-diluted basis, prior to the of closing of the first private placement to that insider during the six month period. In light of the private placement that was announced in November 2015, the First Insider Private Placement must be approved by a majority of the votes cast by the Shareholders at the Meeting, present in person or represented by proxy, after excluding the votes cast by directors and/or officers participating in the First Insider Private Placement.

To the knowledge of the Corporation, the 7,979,214 Common Shares owned, controlled or directed by directors, officers, associates and/or affiliates participating in the First Insider Private Placement are to be excluded for purposes of determining whether the First Insider Private Placement has been approved by the requisite majority of votes cast at the Meeting.

The First Insider Private Placement is exempt from the valuation and minority shareholder approval requirements of MI 61-101 by virtue of the exemptions contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101 on the basis that neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the First Insider Private Placement exceeds 25% of the Corporation's market capitalization.

Shareholders will be asked to pass the following resolution to ratify, confirm and approve the First Insider Private Placement:

"BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:

1. The private placement by the Corporation of up to 647,000 units, for a maximum of 970,500 common shares of the Corporation (with each unit consisting of one common share and one half of one common share purchase warrant, with each whole common share purchase warrant being exercisable for one common share at a price of C$0.60 for a period of 18 months), to directors and/or officers of the Corporation at a price of C$0.42 per unit, be and is hereby authorized, approved, ratified and confirmed;

2. any one director or officer of the Corporation be and is hereby authorized and directed, for and in the name of and on behalf of the Corporation, to execute and to deliver all such agreements, instruments, amendments, certificates and other documents and to perform all such acts or things as such director or officer may determine to be necessary or advisable for the purpose of giving full force and effect to the provisions of this resolution, the execution by such director or officer and delivery of any such agreement, instrument, amendment, certificate or other document or the performance of any such other act or thing being conclusive evidence of such determination."

The Board recommends that Shareholders vote <u>FOR</u> the approval of the First Insider Private Placement. Unless otherwise directed, the management proxy nominees named in the accompanying form of proxy to this Circular intend to vote the Common Shares represented thereby <u>FOR</u> the approval of the resolution set forth above.

INSIDER PARTICIPATION IN PRIVATE PLACEMENT

On March 21, 2016, the Corporation announced a non-brokered private placement, negotiated at arm's length, (the "**Second Private Placement**") for a total of 10,488,572 units (the "**Units**"), representing 6.1% of the outstanding Common Shares on the date of this Circular, at a price of C$0.56 per unit for gross proceeds of C$5.59 million. The price of C$0.56 per Common Share represents a 13.9% discount to the market price of the Common Shares at the time of filing with the TSX. Each unit consists of one Common Share and one half of one common share purchase warrant. Each whole common share purchase warrant is exercisable for one Common Share at a price of C$0.75 for a period of 18 months. The exercise price of C$0.75 per Common Share represents a 15.4% premium to the market price of the Common Shares at the time of filing with the TSX. The Warrants contain standard anti-dilution provisions. Proceeds from the Second Private Placement will be used for an aggressive drill campaign on the Taylor Deposit and for general working capital purposes.

Under the Second Private Placement, Robert Wares, a director of the Corporation, will acquire 500,000 units (500,000 Common Shares and 250,000 warrants), representing 0.31% of the outstanding Common Shares on the date of this Circular (the "**Second Insider Private Placement**"). The maximum number of Common Shares that may be issued pursuant to the Second Insider Private Placement is 750,000 Common Shares. The closing of the Second Insider Private Placement remains subject to approval by the Shareholders.

Section 607(g)(ii) of the TSX Manual requires that shareholder approval be obtained for private placements to insiders during any six month period that are for listed securities, or rights or entitlements to listed securities, greater than 10% of the number of securities of the issuer which are outstanding, on a non-diluted basis, prior to the of closing of the first private placement to that insider during the six month period. In light of the private placement that was announced in November 2015, the Second Insider Private Placement must be approved by a majority of the votes cast by the Shareholders at the

Meeting, present in person or represented by proxy, after excluding the votes cast by directors and/or officers participating in the Second Insider Private Placement.

To the knowledge of the Corporation, the 3,614,984 Common Shares owned, controlled or directed by directors, officers, associates and/or affiliates participating in the Second Insider Private Placement are to be excluded for purposes of determining whether the Second Insider Private Placement has been approved by the requisite majority of votes cast at the Meeting.

The Second Insider Private Placement is exempt from the valuation and minority shareholder approval requirements of MI 61-101 by virtue of the exemptions contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101 on the basis that neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the Second Insider Private Placement exceeds 25% of the Corporation's market capitalization.

Shareholders will be asked to pass the following resolution to ratify, confirm and approve the Second Insider Private Placement:

"BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:

1. The private placement by the Corporation of up to 500,000 units, for a maximum of 750,000 common shares of the Corporation (with each unit consisting of one common share and one half of one common share purchase warrant, with each whole common share purchase warrant being exercisable for one common share at a price of C$0.75 for a period of 18 months), to Robert Wares at a price of C$0.56 per unit, be and is hereby authorized, approved, ratified and confirmed;

2. any one director or officer of the Corporation be and is hereby authorized and directed, for and in the name of and on behalf of the Corporation, to execute and to deliver all such agreements, instruments, amendments, certificates and other documents and to perform all such acts or things as such director or officer may determine to be necessary or advisable for the purpose of giving full force and effect to the provisions of this resolution, the execution by such director or officer and delivery of any such agreement, instrument, amendment, certificate or other document or the performance of any such other act or thing being conclusive evidence of such determination."

The Board recommends that Shareholders vote <u>FOR</u> the approval of the Second Insider Private Placement. Unless otherwise directed, the management proxy nominees named in the accompanying form of proxy to this Circular intend to vote the Common Shares represented thereby <u>FOR</u> the approval of the resolution set forth above.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, requires all companies to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines (the "**Guidelines**") adopted in National Policy 58-201 – *Corporate Governance Guidelines* ("**NP 58-201**"). These Guidelines are not prescriptive, but have been used by the Corporation in adopting its corporate governance practices. The Corporation's approach to corporate governance is set out below.

Board of Directors

Management is nominating six individuals to the Corporation's Board, all of whom are current directors of the Corporation.

The Guidelines suggest that the board of directors of every listed company should be constituted with a majority of individuals who qualify as "independent" directors under NI 52-110, which provides that a director is independent if he or she has no direct or indirect "material relationship" with the Corporation. Of the proposed nominees, Richard W. Warke, Donald Taylor and James (Jim) Gowans are considered "inside" or a management director and accordingly such persons are considered to be not "independent" within the meaning of NI 52-110. The other directors, Poonam Puri, Donald Siemens and Robert P. Wares, are considered by the Board to be "independent" within the meaning of NI 52-110.

At the date of this Circular, some of the Corporation's directors were directors of other reporting issuers as follows:

Poonam Puri	Greater Toronto Airports Authority
Donald Siemens	Great Western Minerals Group Ltd., Grande West Transportation Group Inc., Nikos Exploration Ltd., Atlantic Gold Corporation, Boss Power Corp. and Hansa Resources Limited
Robert P. Wares	Bowmore Exploration Ltd., Oban Mining Corp., Komet Resources Inc. and NioGold Mining Corporation
Richard W. Warke	Catalyst Copper Corp. and Armor Minerals Inc.
James Gowans	Dominion Diamond Corporation, Cameco Corporation, UEX Corporation

The independent directors of the Corporation may hold scheduled meetings at which non-independent directors and members of management are not in attendance. During the calendar year ended December 31, 2015 the Audit Committee held four meetings; the Compensation Committee held one meeting and the Nominating and Corporate Governance Committee Meeting held two meetings.

During the calendar year ended December 31, 2015 the Board held six meetings, which were attended as follows:

R. Stuart Angus[(1)]	attended 1 of the 6 Board meetings
Gilmour Clausen[(2)]	attended 0 of the 6 Board meetings
Donald Siemens	attended 6 of 6 Board meetings
Robert P. Wares	attended 6 of the 6 Board meetings
Richard W. Warke[(3)]	attended 4 of the 6 Board meetings
Donald Taylor	attended 6 of the 6 Board meetings
Poonam Puri[(4)]	attended 5 of the 6 Board meetings

(1) Mr. Angus ceased to be a director on June 30, 2015.
(2) Mr. Clausen ceased to be a director on February 12, 2015.
(3) Mr. Warke was not in attendance at two Board meetings due to a conflict of interest on matters being discussed.
(4) Ms. Puri was not in attendance at one Board meeting as it was prior to her appointment to the Board of Directors on May 27, 2016.

Board Mandate

The Board does not currently have a formal written mandate. The mandate of the Board, as prescribed by the *Business Corporations Act* (British Columbia), is to manage or supervise the management of the business and affairs of the Corporation and to act with a view to the best interests of the Corporation. In doing so, the Board oversees the management of the Corporation's affairs directly and through its committees. In fulfilling its mandate, the Board, among other matters, is responsible for reviewing and approving the Corporation's overall business strategies and its annual business plan; reviewing and approving significant capital investments; reviewing major strategic initiatives to ensure that the Corporation's proposed actions accord with Shareholder objectives; reviewing succession planning; assessing management's performance against approved business plans and industry standards; reviewing and approving the reports and other disclosure issued to Shareholders; ensuring the effective operation of the Board; and safeguarding Shareholders' equity interests through the optimum utilization of the Corporation's capital resources.

The Board relies on management for periodic reports, and to provide the support and information necessary to enable the Board to fulfill its obligations. Significant matters are analyzed in reports prepared by management and submitted to the Board for its approval at regularly scheduled Board meetings. The Board has delegated certain responsibilities to management but requires transactions and commitments above a certain threshold to be reviewed and approved by the Board prior to execution. Any responsibility not delegated to senior management or a Board committee remains with the full Board. One of the Board's responsibilities is to review and, if thought fit, to approve opportunities as presented by management and to provide guidance to management. The Board expects management to operate the business of the Corporation in a manner that enhances Shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Corporation's business plan and to meet performance goals and objectives.

Position Descriptions

The Board has not developed formal written position descriptions for the Chairman of the Board, or for the Chairmen of the Audit, Compensation, or Nominating and Corporate Governance Committees. However, each committee has a charter governing its function. The majority of the Board members are also directors of other reporting issuers and are therefore knowledgeable and experienced in their capacity as such and the role designated for them. Informal discussions occur at the Board level with respect to their responsibilities.

Orientation and Continuing Education

The Nominating and Corporate Governance Committee is responsible for ensuring that new directors are provided with an orientation including written information about the duties and obligations of directors, the business and operations of the Corporation, documents from recent Board meetings, and opportunities for meetings and discussion with senior management and other directors. Directors are expected to attend all scheduled Board and committee meetings as applicable either by telephone conference or in person when possible.

The Board recognizes the importance of ongoing director education and the need for each director to take personal responsibility for the process. To facilitate ongoing education of the Corporation's directors the Corporation supports training or education in areas relating to their role as a director of the Corporation; the Corporation arranges visitation by directors to the Corporation's facilities and operations; and encourages presentations by outside experts to the Board or committees on matters of particular importance or emerging significance.

Ethical Business Conduct

The Board has adopted a Code of Business Conduct and Ethics (the "Code") for its directors, officers and employees. The Chairman of the Audit Committee and the CFO of the Corporation each have been designated as the Ethics Officer, have the responsibility for monitoring compliance with the Code by ensuring all directors, officers and employees receive and become thoroughly familiar with the Code and acknowledge their support and understanding of the Code. Any non-compliance with the Code is to be reported to either the Chairman of the Audit Committee or the CFO, or other designated persons. A copy of the Code may be accessed on the Corporation's website at www.arizonamining.com or on SEDAR at www.sedar.com.

The Board ensures that directors, officers and employees are familiar with the Code to ensure that they exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest. To encourage and promote a culture of ethical business conduct, the Board has adopted a Disclosure and Share Trading Policy and a Whistleblower Policy. Both of these policies are available on the Corporation's website at www.wildcatsilver.com. In addition, the Board requests from management periodic reports relating to any fraud or unethical behavior.

Nominating Directors

The process by which the Board anticipates that it will identify new candidates is by keeping itself informed of potential candidates in the industry. Any Board member may suggest a director nominee. The Nominating and Corporate Governance Committee must formally review and consider the background, expertise, qualifications and skill sets, to the needs of the Corporation and recommend the appointment of the potential candidate to the Board as a whole.

During fiscal 2015 all members of the Nominating and Corporate Governance Committee were independent directors in accordance with Corporate Governance Disclosure Rules. The Nominating and Corporate Governance Committee has been established by the Board to (a) identify individuals qualified to become Board members; (b) to assess and report on the effectiveness of the Board and any committees thereof; and (c) develop and recommend to the Board a set of corporate governance policies and principles applicable to the Corporation in light of the corporate governance guidelines published by regulatory bodies having jurisdiction.

Compensation

Compensation for the Corporation's directors and officers is determined based on the recommendations of the Compensation Committee. The Compensation Committee is entitled to consult with external experts on the adequacy of the compensation paid to the Corporation's directors. During fiscal 2015, the Compensation Committee was comprised entirely of independent directors in accordance with corporate governance rules of NI 58-101 and the policies of the TSX. The Compensation Committee has been established by the Board to review and recommend compensation policies and programs to the Corporation as well as salary and benefit levels for its executives. The objective of the Committee is to assist in attracting, retaining and motivating executives and key personnel in view of the Corporation's goals.

Other Board Committees

During fiscal 2015, the Board had the following standing committees comprised of independent directors: the Audit Committee; the Compensation Committee; and the Nominating and Corporate Governance Committee. The Board may

appoint an Environment, Health and Safety Committee and an Executive Committee when appropriate. All of the committees are independent of management and report directly to the Board. The purpose of the Audit Committee is to assist the Board's oversight of the integrity of the Corporation's financial statements; the Corporation's compliance with legal and regulatory requirements; the qualifications and independence of the Corporation's independent auditors; and the performance of the independent auditors. Further information regarding the Audit Committee is contained in the Corporation's annual information form (the "**AIF**") dated March 21, 2016 under the heading "Audit Committee Information" and a copy of the Audit Committee charter is attached to the AIF as Schedule A. The AIF is available under the Corporation's profile at www.sedar.com. The purpose of the Nominating and Corporate Governance Committee and the Compensation Committee has been described above under "Nominating Directors" and "Compensation" respectively.

Assessment

The Board currently does not have a formal process in place to assess its committees and individual directors with respect to their effectiveness and contribution. This matter has been discussed among the Board members and it was felt that the current size and constitution of the Board allows for informal discussions regarding the contribution of each director. In addition, each individual director is significantly qualified through their current or previous positions to fulfil their duties as a Board member. A formal process for evaluating the Board, its committees and individual directors may be implemented in the near future.

MANAGEMENT CONTRACTS

Pursuant to a Management Services Agreement dated July 1, 2010 with 688284 B.C. Ltd. (the "**Management Company**") and certain other reporting issuers, the Management Company provides the Corporation and the other reporting issuers with office space, facilities, equipment and services, including personnel, with respect to the administrative and corporate affairs of the Corporation. The Corporation reimburses the Management Company's cost for the Corporation's pro rata share of estimated expenses on a full cost recovery basis for the services provided. Wage and benefit costs of personnel (including any termination of employment costs) are charged to the Corporation based on the time spent by employees of the Management Company providing the services. The charges are reviewed and adjusted from time to time to reflect actual expenses paid.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

During the Corporation's past fiscal year, no director, executive officer or senior officer of the Corporation, proposed management nominee for election as a director of the Corporation or associate or affiliate of any such director, executive or senior officer or proposed nominee is or has been indebted to the Corporation or any of its subsidiaries or is or has been indebted to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries, other than routine indebtedness.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth in this paragraph below or elsewhere in this Circular and other than transactions carried out in the ordinary course of business of the Corporation or any of its subsidiaries, no informed person or proposed director of the Corporation and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which in either of such cases has materially affected or would materially affect the Corporation or any of its subsidiaries. Details with respect to related party transactions can be found in the Corporation's audited consolidated financial statements for the year ended December 31, 2015 copies of which are available on SEDAR at www.sedar.com and from the Corporation as set out in "Additional Information" below.

OTHER MATTERS

Management of the Corporation knows of no matters to come before the Meeting other than the matters referred to in the Notice of Meeting accompanying this Circular. However, if any other matters that are not known to management should properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Circular to vote upon such matters in accordance with their best judgement.

GENERAL

Unless otherwise directed, it is management's intention to vote proxies in favour of the resolutions set forth herein. All ordinary resolutions require, for the passing of the same, a simple majority of the votes cast at the Meeting by the holders of Common Shares. As specified in this Circular, certain votes are to be excluded for purposes of determining whether the AMI Transaction Resolution, the First Insider Private Placement and the Second Insider Private Placement have been approved by the requisite majority of votes cast at the Meeting.

ADDITIONAL INFORMATION

Additional information concerning the Corporation is available on SEDAR at www.sedar.com. Financial information concerning the Corporation is provided in the Corporation's audited consolidated financial statements and Management Discussion and Analysis for the financial year ended December 31, 2015. Shareholders wishing to obtain a copy of the Corporation's audited consolidated financial statements and Management's Discussion and Analysis may contact the Corporation at the following:

Arizona Mining Inc.
Suite 555 – 999 Canada Place
Vancouver, British Columbia V6C 3E1

Telephone: (604) 687-1717 Fax: (604) 687-1715
Email: info@arizonamining.com

Dated as of March 21, 2016

BY ORDER OF THE BOARD OF DIRECTORS

"Richard W. Warke"
RICHARD W. WARKE
Executive Chairman

CONSENT

TO: ARIZONA MINING INC. ("**Arizona Mining**")

Reference is made to the Ross Glanville & Associates Ltd. and Bruce McKnight Minerals Advisor Services valuation and fairness opinion dated February 26, 2016 (the "**Valuation and Fairness Opinion**") that is attached as Schedule B to the management information circular of Arizona Mining dated March 21, 2016 (the "**Circular**").

We consent to the inclusion of the Valuation and Fairness Opinion and a summary thereof in the Circular and to the use of our names in the Circular.

In providing our consent, we do not intend or permit that any person other than the Board of Director of Arizona Mining shall rely on the Valuation and Fairness Opinion which remains subject to the analyses, assumptions, limitations and qualifications contained therein.

Dated this 21st day of March, 2016

ROSS GLANVILLE & ASSOCIATES LTD.

By: *"Ross Glanville"*
Name: Ross Glanville

BRUCE MCKNIGHT MINERALS ADVISOR SERVICES

By: *"Bruce McKnight"*
Name: Bruce McKnight

SCHEDULE A

AMI TRANSACTION RESOLUTION

RESOLUTION OF THE SHAREHOLDERS OF ARIZONA MINING INC.
(the "**Corporation**")

5348 INVESTMENTS LTD. SHARE PURCHASE AGREEMENT

BE IT RESOLVED THAT:

1. the entering into by the Corporation, as purchaser, of a share purchase agreement (the "**Share Purchase Agreement**") with a private company controlled by Richard Warke (the "**Seller**"), as seller, a copy of which has been filed on the SEDAR website at www.sedar.com, as it may be modified or amended from time to time, pursuant to which the Corporation will acquire all of the issued and outstanding shares in 5348 Investments Ltd. (the "**Purchased Shares**") and all amounts due from 5348 Investments Ltd. to Seller, affiliates of Seller or any shareholders of Seller or affiliates of Seller (the "**Purchased Debt**") in exchange for the issuance of 40,000,000 common shares in the capital of the Corporation (the "**Consideration Shares**") and share purchase warrants to purchase 5,000,000 common shares of the Corporation at an exercise price of $0.50 per common share of the Corporation with a term of three years (the "**Consideration Warrants**"), the actions of the directors of the Corporation in approving the Share Purchase Agreement and the actions of the directors and officers of the Corporation in executing and delivering the Share Purchase Agreement and causing the performance by the Corporation of its obligations thereunder are hereby confirmed, ratified, authorized and approved;

2. the purchase by the Corporation of the Purchased Shares and the Purchased Debt and the issuance of the Consideration Shares and the Consideration Warrants as consideration for such purchase are hereby approved and the Corporation is accordingly authorized to consummate each of the transactions contemplated under the Share Purchase Agreement and in any ancillary agreements contemplated by the Share Purchase Agreement;

3. notwithstanding that this resolution has been passed by shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered without further approval of any shareholder of the Corporation (i) to amend the Share Purchase Agreement to the extent permitted by the Share Purchase Agreement and (ii) subject to the terms of the Share Purchase Agreement, not to proceed with the purchase of the Purchased Shares and the Purchased Debt and the other transactions contemplated under the Share Purchase Agreement; and

4. any one director or officer of the Corporation is hereby authorized, empowered and instructed, acting for, in the name and on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise, and to deliver or cause to be delivered, all such other documents and to do or to cause to be done all such other acts and things as in such person's opinion may be necessary or desirable in order to carry out the intent of the foregoing paragraphs of these resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or the doing of such act or thing.

SCHEDULE B

VALUATION AND FAIRNESS OPINION

(See attached)

Ross Glanville & Associates Ltd. P.O. Box #48296, Bentall Centre 595 Burrard Street, Vancouver, BC, V7X 1A1 Tel: 604-985-6731 604-880-3869 Email: glanville@telus.net	Bruce McKnight Minerals Advisor Services 2070 Bellevue Avenue, West Vancouver, BC, V7V 1T4 Tel: 604-926-5799 604-209-8131 Email: bmcknight@telus.net

February 26, 2016

The Board of Directors
Arizona Mining Inc.
Suite 555 - 999 Canada Place
Vancouver, BC, V6C 3E1

Dear Sirs:

Re: Valuation of the 5348 Investments Ltd. and a Fairness Opinion on the Proposed Transaction to Issue 40 million Arizona Mining Inc. shares and 5 million warrants to Ozama River Corp, in exchange for its 100% holding of 5348 Investments Ltd., which holds the Minority Interest in Arizona Minerals Inc., which holds the Hermosa Project

Executive Summary

Ross Glanville & Associates Ltd. ("Glanville") and Bruce McKnight Minerals Advisor Services ("McKnight") have been retained by the Board of Directors of Arizona Mining Inc. "Arizona Mining", or the "Company") to carry out two assignments:

1. to prepare a formal valuation (the "Valuation") of the common and preferred shares of Arizona Minerals Inc.[1] ("AMI") and

2. to determine the fairness ("Fairness Opinion") of the proposed transaction to Arizona Mining (the "Proposed Transaction") by which Ozama River Corp.'s 100% interest in 5348 Investments, which in turn holds a minority interest in Arizona Minerals Inc ("AMI"), would be exchanged for the issuance of 40 million shares and 5 million warrants[2] of Arizona Mining to Ozama River Corp. ("Ozama River") such that Arizona Mining would hold 100% of the shares of AMI (and thus 100% of the Hermosa Project[1]), and Ozama River would become a minority shareholder in the Company. Glanville and

[1] Arizona Mining Inc. owns 80% of the common shares and 89.95% of the preferred shares of AMI, a private Nevada company which owns a 100% interest in the Hermosa Project, other than the approximately 120 hectares of patented mining claims recently acquired directly by Arizona Mining. The remainder of the shares in AMI are held by 5348 Investments, which is a private British Columbia company wholly owned by Ozama River Corp.
[2] The warrants would provide the holder with the right to acquire Arizona Mining shares at an exercise price of $0.50 per share for three years from the date of issue.

McKnight have been retained for this assignment because there are potential conflicts of interest with some common directors on the boards of each of Arizona Mining and Ozama River and, as such, the Board of Arizona Mining requires an independent Fairness Opinion.

Arizona Mining is a Vancouver-based mineral exploration company listed on the TSX, with its trading symbol being "AZ". Arizona Mining has approximately 161.9 million shares issued and outstanding, with the recent trading price being approximately $0.42 per share[3], for a market capitalization of approximately $71.2 million. Over the past 12 months the trading range has been $0.22 to $0.52 per share. The Company also has 11.1 million options outstanding at a weighted average exercise price of $0.39 per share, and 19.4 million warrants outstanding at a weighted average exercise price of $0.51 per share. As at September 30th, 2015, Arizona Mining had working capital of negative US $2.3 million (almost negative $3.2 million) and total assets of US $73.2 million. In November, 2015 it completed a two-part financing through which it raised $2.7 million (consisting of a loan of $2.0 million and the private placement of $0.7 million). In December, 2015 it converted approximately $2.0 million in loans into 5.9 million shares and 5.9 million warrants and in January, 2016 borrowed $4.0 million to enable it to fund the acquisition of the Trench patented mining claims. As a result of the foregoing, and spending since the end of September 2015, the current working capital has been estimated to be approximately negative US $1.7 million (just over negative $2.3 million).

The Company's most advanced project is its approximate 80% indirect interest in the Hermosa polymetallic Silver-Manganese and Zinc-Lead-Silver Property, located in Santa Cruz County, 100 km southeast of Tucson, Arizona, which Arizona Mining has been working on since 2006. The primary metals at Hermosa (Central Zone) are silver and manganese, with gold, zinc and copper as by-products, whereas at the Taylor Zone the metals are primarily zinc, lead and silver. During 2013, the Company completed an updated resource estimate, issued its first mineral reserve estimate, and completed a pre-feasibility study on the Hermosa (Central) Project. This showed a NI 43-101-compliant Proven plus Probable In-Pit Reserve of 59.7 million tons, grading 1.97 oz/ton Ag, 0.004 oz/ton Au, 3.86% Mn, 0.98% Zn, and 0.06% Cu.

The Taylor Zone is a separate zone, which is a carbonate replacement (strata-bound) deposit with significant intersections of zinc, lead and silver, with minor copper. The Company issued an initial resource estimate on it in July 2014, and has been drilling on this zone in 2015. An updated NI 43-101-compliant resource estimate was issued on February 1, 2016, which showed a significant increase in resources (to 39.4 million tonnes at a ZnEq[4] grade of 11.04%).

Arizona Mining has been in negotiations with Ozama River, and has recently agreed to a plan (the "Proposed Transaction") to issue 40 million shares and 5 million warrants of Arizona Mining to Ozama River in exchange for 100% of 5348 Investments, which holds the minority common and preferred shares in AMI (which, in turn, owns the Hermosa Project), such that AMI (and the Hermosa Project) would then be 100% owned by Arizona Mining, and Ozama River would become a minority shareholder in Arizona Mining. As part of their assignment, McKnight and Glanville have prepared a formal valuation (the "Valuation") of the Hermosa Project (and AMI) and of the minority shares in AMI held by 5348 Investments. Based on the foregoing, the AMI shareholder agreement, and the terms of the Proposed Transaction, the Board of Directors of the

[3] All dollars in this report are Canadian dollars, unless specifically stated to be US dollars.
[4] ZnEq means zinc-equivalent, after converting contained lead and silver to zinc equivalents.

Company has engaged Glanville and McKnight to prepare a Fairness Opinion on the Proposed Transaction.

In order to provide the Valuation and Fairness Opinion, Glanville and McKnight, among other things, considered the share trading prices for Arizona Mining over the past year, reviewed the technical reports on the Hermosa Project provided by Arizona Mining, reviewed SEDAR filings of Arizona Mining, estimated the Hermosa property values as a percentage of DCF-NPVs[5] determined in recent PFSs (Preliminary Feasibility Studies), estimated Hermosa property values based on values per unit of in-situ metal in resources for peer companies/properties, considered property values as a percentage of past spending on them (taking into account exploration results and market conditions), analyzed publicly-listed companies with similar or comparable mineral properties, considered other assets and liabilities of Arizona Mining, obtained the current financial position of the Company, reviewed issued shares, options, and warrants of Arizona Mining, and reviewed the shareholder agreement between Arizona Mining and 5348 Investments regarding AMI.

Based on the foregoing, Glanville and McKnight determined the value (in accordance with CIMVal Standards[6]) of the Hermosa Project, and thus of AMI, to be approximately $94 million (with a range of $70 to $120 million), and further determined that the percentage of the AMI value held by 5348 Investments was almost 20% of the total (for a value of approximately $18.8 million, with a range of $14 to $24 million). From this we determined the value of 5348 Investments (because the AMI shares were the only asset in 5348 Investments less a liability in 5348 Investments of approximately $216,000 owed to Arizona Mining), and thus determined the number of Arizona Mining shares to be issued to Ozama River. Glanville and McKnight also considered the following, among other items, in order to provide their Valuation and Fairness Opinion on the Proposed Transaction:

- the estimated value of the Hermosa Project, and thus AMI
- the value of the Arizona Mining shares to be issued to Ozama River
- the percentage of Arizona Mining shares to be exchanged for 5348 Investments and its minority interest in AMI
- the general market conditions for selling/buying mineral resource properties
- the prior acquisition and exploration expenditures incurred on the Hermosa Project
- the results of the exploration and assessment activities on the Hermosa Project
- such other reviews, calculations, analyses, research, and investigations deemed appropriate

Based upon and subject to the limitations in this Valuation and Fairness Opinion, and such other matters as McKnight and Glanville have considered relevant, it is their opinion that, as of the date hereof,

[5] DCF-NPVs means discounted cash flow – net present values.

[6] It should be noted that CIMVal Standards are limited to the valuation of mineral properties, but do not cover corporations that hold mineral properties as part of their assets. Nevertheless we have applied the CIMVal Standard to value the Hermosa Project, which is wholly owned by Arizona Minerals Inc. or AMI and then used that value to derive the value of AMI.

1. **the value (in accordance with CIMVal Standards) of the Hermosa Project (and thus AMI) is estimated to be $92 million, with a value range of $70 to $120 million, and**

2. **the terms of the Proposed Transaction, through which Arizona Mining would issue 40 million of its shares and 5 million of its warrants to Ozama River in exchange for its 100% interest in 5348 Investments, (which holds a minority interest in AMI) are fair from a financial point of view to Arizona Mining Inc.**

However, Glanville and McKnight express no opinion as to the expected trading prices of the shares of Arizona Mining if the Proposed Transaction is completed, or if it is terminated**.**

This Valuation and Fairness Opinion may be relied upon (subject to the qualifications set out in this report) by the Board of Directors, regulatory authorities, and shareholders of Arizona Mining, but may not be used or relied upon by any other person without express prior written consent of McKnight and Glanville. However, McKnight and Glanville consent to the duplication and inclusion of this Valuation and Fairness Opinion in a Prospectus or Information Circular.

Engagement of Glanville & McKnight

The Board of Directors of Arizona Mining Inc. has retained the services of Ross Glanville & Associates Ltd. (“Glanville”) and Bruce McKnight Minerals Advisor Services (“McKnight”) in connection with the Valuation and Fairness Opinion. Glanville’s and McKnight’s services include providing advice and assistance to the Directors of Arizona Mining in connection with the value of the Hermosa Project and the fairness of the Proposed Transaction, and the preparation and delivery to the Board of Arizona Mining a report which includes a Valuation of the Hermosa Project and an opinion (the "Fairness Opinion”) as to the fairness of the Proposed Transaction, from a financial point of view, to Arizona Mining. Glanville and McKnight will be paid a fee for their services as financial advisors to Arizona Mining, but the fee is not contingent on completion of the Proposed Transaction. In addition, Glanville and McKnight are to be indemnified in respect of certain liabilities that might arise out of the preparation of the Valuation and Fairness Opinion. Glanville and McKnight express no opinion, nor have they been requested to do so, as to the expected trading price of the shares of Arizona Mining if the Proposed Transaction is completed, or if it is terminated.

McKnight and Glanville have utilized assumptions and input parameters in this Valuation and Fairness Opinion that they believe are reasonable and appropriate based on industry standards. Major caveats include the uncertainty of future exploration, development, and production results, the future prices of commodities (in particular, the prices of silver, manganese, zinc, and lead), changes to government regulations, and general environmental concerns. The technical reports, geological reports, Company website, and other publications, as well as Arizona Mining’s filings on the SEDAR site, contain information on the Hermosa Project and other assets/liabilities of Arizona Mining. As a result, only a brief summary of the Hermosa Project is presented in this Valuation and Fairness Opinion.

Use Fairness Opinion

McKnight and Glanville specifically agree that this Valuation and Fairness Opinion may be filed with the TSX and applicable securities commissions or other regulators, and provided to the shareholders of Arizona Mining.

Relationship with Interested Parties

Glanville and McKnight are independent arm's-length consultants who do not have a financial interest (nor do they expect to have any future interest), directly or indirectly, in Arizona Mining (or its subsidiary or associated companies), nor do they expect any consideration other than the fee and expenses from Arizona Mining for the preparation of this Valuation and Fairness Opinion, nor is their fee contingent upon the completion of the Proposed Transaction.

Credentials of Glanville and McKnight

Ross Glanville, P.Eng., MBA, CGA, B.A.Sc., and Bruce McKnight, P.Eng., B.A.Sc., M.Sc., MBA, FCIM, have prepared this Fairness Opinion. Glanville and McKnight have the required expertise and recognition within the industry to prepare the Opinion, and together have prepared over 500 mineral related valuations and fairness opinions.

Glanville is a company specializing in valuations of public and private mining companies and mineral exploration and development properties, as well as providing fairness opinions and litigation support (such as being an expert witness in court cases involving valuation disputes) related to financial and technical issues. The president, Ross Glanville, graduated from the University of British Columbia in 1970 with a Bachelor of Applied Science Degree (Mining Engineering) and became a member of the Association of Professional Engineers of British Columbia in 1972 (P.Eng.). In 1974, Glanville obtained a Master of Business Administration Degree (MBA), specializing in finance and securities analysis. In 1980, Glanville became a member of the Certified General Accountants of B.C. (CGA). He was also a member of the former Canadian Association of Mineral Valuators. Glanville has provided a large number of fairness opinions (more than 200) for mergers, amalgamations, and acquisitions of public and private companies. These assignments were undertaken for investment dealers, regulatory bodies (including stock exchanges), banks, various government agencies, venture capital firms, forestry companies, mining and exploration companies, oil and gas companies, coal companies, and others. Glanville has valued more than five hundred mining and exploration companies in Canada, the U.S.A., Australia, and Mexico, as well as over one hundred and fifty in many other areas of the world, including Africa, South America, Europe, and Asia. He has formed public companies (listed on the Toronto Stock Exchange, the Australian Stock Exchange, NASDAQ, and the TSX Venture Exchange), and has served on the Boards of Directors of five companies with producing mines (and is currently on the Boards of two operating mining companies). Glanville has also acted in more than 50 court cases and assessment appeal board hearings in Canada, the U.S.A., Australia, and the U.K. He has written several articles, and given many presentations, related to the valuation of exploration and mining companies. Some of these articles were published by the United Nations, the Society of Mining Engineers, and by various Canadian magazines and newspapers.

Bruce McKnight has a B.A.Sc. in Geological Engineering from the University of B.C., an M.Sc. in Engineering Geoscience from the University of California, Berkeley, a Mineral Economics Diploma from McGill University, and an MBA from Simon Fraser University. He is a Member of the Association of Professional Engineers and Geoscientists of British Columbia (P.Eng.) and a Fellow of the Canadian Institute of Mining and Metallurgy (FCIM). McKnight is a former Executive Director of the B.C. and Yukon Chamber of Mines (now renamed Association for Mineral Exploration B.C. or AME BC) and a former Corporate Vice-President of Westmin Resources Limited. He has over 40 years of senior-level, international and domestic, mining industry experience, and has been an active participant in the exploration, valuation, financing and development of several mines in British Columbia and elsewhere. In addition, he has acted as a consultant to mining and brokerage firms, as well as to mining associations and First Nations and as an "expert witness" to law firms.

Scope of Review

Glanville and McKnight did not visit the Hermosa Project in connection with this assignment, nor did they perform independent geological or mining investigations; but they did rely on the technical report on the Hermosa Project prepared by M3 Engineering & Technology Corporation issued in January 2014. A formal valuation (the "Valuation") of the Hermosa Project prepared in accordance with CIMVal Standards, was completed by Glanville and McKnight and was utilized as one of the factors in preparing the Fairness Opinion. That Valuation considered comparable values as percentages of Discounted Cash Flow - Net Present Values ("DCF-NPVs") obtained in Preliminary Economic Assessments ("PEAs") and Prefeasibility Studies ("PFSs") of projects, comparable values per unit of in-situ metal in resources, valuations of prior exploration and development expenditures as a function of dollars spent and exploration results, and comparisons with values of similar projects.

Specifically, Glanville and McKnight reviewed and relied upon, or carried out (as the case may be) the following, among other things:

- the Technical Reports, including the PFS and the PEA, on the Hermosa Project - in particular the Technical Report entitled "Hermosa Project: Form 43-101F1 Technical Report Pre-Feasibility Study, Santa Cruz County, Arizona," Prepared by M3 Engineering & Technology Corporation, Tucson, Az, for Wildcat Silver Inc., Effective December 10, 2013, Issued January 17, 2014,
- certain publicly available financial and other information concerning Arizona Mining
- correspondence and discussions with directors/officers/management of Arizona Mining
- news releases of Arizona Mining over the past two years
- estimated prior expenditures of Arizona Mining and AMI on the Hermosa Project
- the AMI shareholder agreement between Arizona Mining and 5348 Investments
- share trading history of the shares of Arizona Mining over the past year
- SEDAR filings of Arizona Mining, including MD&As and Financials
- investor presentations by Arizona Mining
- estimated current working capital position of Arizona Mining
- a number of transactions related to the purchase/sale of mineral exploration projects
- joint venture and option terms on similar or comparable mineral projects

- relevant information relating to other companies whose activities are similar to those of Arizona Mining
- market capitalizations of listed companies with similar or comparable mineral exploration properties
- exploration and development plans for the Hermosa Project
- the draft agreement between Arizona Mining and Ozama River Corp. describing the terms of the Proposed Transaction
- the Valuation of the Hermosa Project and AMI prepared by Glanville and McKnight as part of this report
- prior draft valuations and fairness opinions completed by Glanville and McKnight
- analysts' reports on the supply and demand of zinc, lead, silver, manganese, and copper, and a number of long-term metal price projections by analysts
- data related to other transactions of a comparable or similar nature, which Glanville and McKnight considered to be relevant.
- certain industry reports and statistics that Glanville and McKnight deemed appropriate
- such other reviews, calculations, analyses, research and investigations deemed appropriate and relevant in the circumstances

Assumptions and Limitations

In providing this Valuation and Fairness Opinion, Glanville and McKnight assumed and relied upon the accuracy and completeness of all technical, financial, and other information furnished to them by Arizona Mining, and by its consultants and representatives. They have not undertaken any specific independent verification of such information (although data was reviewed to determine its "reasonableness"). However, Glanville and McKnight have no reason to believe that the information provided to them is not accurate or complete, and they have not been denied access to any information that they requested from the management or directors of Arizona Mining. Throughout this report, all dollars are in Canadian dollars, unless specified as being US dollars and the conversion rate has been assumed to be Cdn$1.00 equal to US$0.73, or US$1.00 = Cdn $1.37.

Glanville and McKnight decided upon the methodologies to be utilized in this Valuation and Fairness Opinion, and did not request or receive, from the management of Arizona Mining, suggestions as to the methodologies that might have been utilized. Glanville and McKnight have relied upon technical and financial reports, discussions with executives/officers of Arizona Mining, information provided by management/directors of Arizona Mining, publicly available results to date, and comparable properties.

This Valuation and Fairness Opinion is rendered on the basis of securities markets, economic and general business and financial conditions prevailing as at the date hereof, and the conditions and prospects, financial and otherwise, of Arizona Mining and the Hermosa Project as they are reflected in the information, data and other material (financial or otherwise) reviewed by Glanville and McKnight as they were represented to them in discussions with management of Arizona Mining, and a review of information provided by Arizona Mining. Glanville and McKnight have made assumptions with respect to industry performance, general business, market and economic conditions and other matters, many of which are beyond the control of any party involved with the Proposed Transaction. Although Glanville and McKnight believe that these

assumptions are reasonable with respect to Arizona Mining (and the industry in which it operates), to the extent that they are incorrect it may affect their view as to Valuation and the Fairness Opinion regarding the Proposed Transaction of Arizona Mining.

It should be noted that this report is a Valuation and Fairness Opinion, not a technical report (although it relies on two recent NI 43-101-compliant technical reports). As a result, Glanville and McKnight have not provided much of the detailed information that has been included in the technical reports. Those reports contains information regarding geology, mineralization, drilling, sampling, assaying, exploration and development histories, resource estimates, metallurgical studies, capital and operating cost estimates, and economic assessments.

Glanville and McKnight have not conducted a review of the mineral titles, ownership, or environmental obligations, and consequently Glanville and McKnight have not expressed any opinion on these subjects. Glanville and McKnight do not accept any responsibility for errors or omissions pertaining to information provided by Arizona Mining, or its lawyers, advisors, directors, agents, or other related parties.

Glanville and McKnight reserve the right to amend or withdraw this Valuation and Fairness Opinion in certain circumstances, including in the event that there occurs a material change of facts or representations upon which Glanville and McKnight relied, or in the event that Glanville and McKnight reasonably conclude that the information provided to them or any representation they relied upon contains an untrue statement of material fact or omits to state a material fact that, in their reasonable opinion, would make this Valuation and Fairness Opinion untrue or inaccurate in any material respect. However, Glanville and McKnight are under no obligation to make any subsequent changes or provide notification to anyone of such changes to the information. The management and directors of Arizona Mining should inform Glanville and McKnight if anything in this Valuation and Fairness Opinion, or any of the information on which it is based, is, in their opinion, inaccurate or misleading in any way.

Glanville and McKnight have also assumed that all material governmental, regulatory, court, or other approvals and consents required in connection with the consummation of the Proposed Transaction will be obtained, and that in connection with obtaining any necessary governmental, regulatory, court, or other approvals and consents, no limitations, restrictions or conditions will be imposed that would have a material adverse effect on Arizona Mining.

McKnight and Glanville believe their analyses must be considered as a whole, and that selecting portions of the analyses or the factors considered by them, without considering all factors and analyses together, could create a misleading view of the process underlying the Valuation and Fairness Opinion. The preparation of a valuation and fairness opinion is an intricate process, and is not necessarily amenable to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

Arizona Mining Inc.

Arizona Mining is a Vancouver-based mineral exploration company listed on the TSX, with its trading symbol being "AZ". Arizona Mining has approximately 161.9 million shares issued and

outstanding, with the recent trading price being approximately $0.42 per share[7], for a market capitalization of approximately $68.0 million. Over the past 12 months the trading range has been $0.22 to $0.52 per share. As at September 30th, 2015, Arizona Mining had working capital of negative US $2.3 million (almost negative $3.2 million) and total assets of US $73.2 million. In November, 2015 it completed a two-part financing through which it raised $2.7 million (consisting of a loan of $2.0 million and the private placement of $0.7 million). In December, 2015 it converted approximately $2.0 million in loans into 5.9 million shares and 5.9 million warrants and in January, 2016 borrowed $4.0 million to enable it to fund the acquisition of the Trench patented mining claims. As a result of the foregoing, and spending since the end of September 2015, the current working capital has been estimated to be approximately negative US $1.7 million (just over negative $2.3 million).

The Company's most advanced project is its approximate 80% indirect interest in the Hermosa polymetallic Silver-Manganese and zinc-lead-silver Project, located in Santa Cruz County, 100 km southeast of Tucson, Arizona, which Arizona Mining has been working on since 2006. The primary metals at Hermosa (Central Zone) are silver and manganese, with gold, zinc and copper as by-products, whereas the Hermosa (Taylor Zone) is primarily zinc, lead and silver. During 2013, the Company completed an updated resource estimate, issued its first mineral reserve estimate, and completed a pre-feasibility study on the Hermosa (Central Zone) Project. The Taylor Zone is a separate carbonate replacement (strata-bound) deposit with significant intersections of zinc, lead and silver, with minor copper. The Company issued an initial resource estimate on it in July 2014, and has since then been actively drilling on this zone. An updated resource, with an impressive increase, was published on February 1, 2016.

Arizona Mining has been in negotiations with Ozama River, and has recently agreed to terms regarding a proposal to issue 40 million shares and 5 million warrants of Arizona Mining to Ozama River in exchange for 100% ownership of 5348 Investments, which holds the minority common and preferred shares in AMI (which in turn owns the Hermosa Project), such that AMI would then be 100% owned by Arizona Mining, and Ozama River would become a minority shareholder in Arizona Mining. As part of this report McKnight and Glanville have prepared a formal valuation of the Hermosa Project and of the minority shares in AMI held by 5348 Investments, and thus the value of 5348 Investments. The Board of Directors of the Company have also requested Glanville and McKnight prepare a Fairness Opinion on the Proposed Transaction.

Background

The Board of Directors of Arizona Mining initially commissioned Glanville and McKnight to prepare a formal valuation (the "Valuation") of AMI (which owns the Hermosa Project), and of the common and preferred shares of AMI held by 5348 Investments in accordance with the requirements of Multilateral Instrument 61-101[8] of the OSC. The Valuation was requested in support of a contemplated transaction in which 100% of 5348 Investments, which owns the minority shares in AMI, would be exchanged for shares issued by Arizona Mining such that AMI would be 100% owned by Arizona Mining, and Ozama River would become a minority

[7] All dollars in this report are Canadian dollars, unless specifically stated to be US dollars.
[8] MI 61-101 does not specify valuation techniques to be used for the formal valuation of AMI, but because its only asset is the Hemosa Project we have employed the CIMVal Standards for the mineral property valuation.

shareholder in Arizona Mining. Following the release of an updated resource on the Taylor Deposit, which indicated a substantial increase in the resource, the Board of Directors requested Glanville and McKnight to update the Valuation to take account of this resource increase. Arizona Mining and Ozama River have now negotiated terms of a Proposed Transaction which provide that 40 million shares and 5 million warrants of Arizona Mining would be issued to Ozama River in exchange for 5348 Investments and its minority interest in AMI. Because of potential conflicts of interest regarding some Board members of the two companies, Arizona Mining has requested that Glanville and McKnight prepare a Valuation of the Hermosa Project (as well as AMI and 5348 Investments) and an independent Fairness Opinion on the terms of the Proposed Transaction.

Proposed Transaction

The Proposed Transaction is subject to the approval of the TSX, and will be presented to the shareholders of Arizona Mining for their approval at the Company's AGM or a SGM. The Proposed Transaction is for Arizona Mining to issue 40 million shares and 5 million warrants of the Company to Ozama River in exchange for 100% of 5348 Investments, which holds the minority common and preferred shares in AMI (which, in turn, owns the Hermosa Project), such that AMI (and the Hermosa Project) would then be 100% owned by Arizona Mining, and Ozama River would become a minority shareholder in Arizona Mining.

Arizona Minerals Inc., or AMI

Arizona Minerals Inc., or AMI, is a private Nevada corporation which owns a 100% interest in the Hermosa Project (other than the approximately 300 acres (121 hectares) of recently acquired patented mining claims owned 100% by Arizona Mining), subject to a 2% NSR royalty over the claims originally acquired in 2006. Arizona Mining Inc. owns 80% of the common shares and 89.95% of the preferred shares of AMI. The analysis by Glanville and McKnight of the existing common and preferred share percentages of AMI held by 5348 Investments and the assessment of the impacts on that interest by expected future financings in AMI with respect the potential Hermosa Project development led to our opinion that the net beneficial interest of 5348 Investments in AMI is approximately 20%.

Hermosa Project

As of December 31, 2014, the Hermosa Project was comprised of approximately 61.5 hectares ("ha"), or 152 acres, of fee simple surface and mineral rights on patented mining claims, surrounded by 724 unpatented mining claims (13,516 acres, or 5,470 ha) on lands where the surface rights are administered by the US Forest Service. On July 24th, 2015, the Company disclosed that it had reached agreement to acquire approximately 300 acres (121 ha) of patented mining claims (the Trench Claims), located adjacent to the Hermosa Taylor Zone, from the Asarco Multi-State Environmental Custodial Trust. This acquisition closed in January, 2016.

The Hermosa Project Mineralized Zones

The Hermosa Project contains two mineralized zones the Central Zone and the Taylor Zone.

The **Central Zone** is a manto, or blanket-like, Hardshell silver-zinc-lead-manganese deposit that has been explored by 343 drill holes[9] totaling 77,347 metres and several historical underground workings, including a decline, shafts and related workings and some adits. The historic decline and workings exploited a mineralized zone in the hanging wall strata of the main Hardshell deposit; the adits exploited a portion of the Hardshell deposit itself. In total, during the period 1896 to 1964, approximately 35,000 tons of material were mined at an average grade of 8 ounces of silver per ton. In a 1975 publication the US Bureau of Mines estimated that since the 1880's less than 150,000 tons of historic production came out of mines in the Hardshell area including both silver and manganese-rich direct shipping and milling "ores".

Geology and Mineralization

The Hermosa Central (formerly called the Hardshell) Zone is a stratigraphically and structurally controlled manto-type replacement and skarn deposit contained within a series of Cretaceous ashflow tuffs and breccias that were deposited upon gently north-dipping Permian-age limestones, dolomites and sandstones. The deposit is located in and above a series of Paleozoic horst blocks that were active during Cretaceous volcanism. High-angle faults, trending predominantly north-south and east-west, bound the horst blocks in the area, and may have served as conduits for mineralizing fluids.

Structural geological interpretations of the deposit suggest that the strata were deformed into a doubly-plunging anticlinal feature in which the highest grade-thickness of silver accumulation coincides with the top. This suggests that structural deformation pre-dated the mineralization, and mineralizing fluids migrated up into a permeable structural trap, followed by post-mineral deposition tilting.

The deposit is a blanket or manto-type deposit that was emplaced by mineralizing fluids migrating up the high-angle faults. Deposition was localized in permeable, volcaniclastic sediments and tuffs, as well as in underlying limestones which it replaced. In addition to depositing zinc, lead and manganese, the mineralizing fluids remobilized large quantities of silica from the sandstones and from altered volcaniclastics to form a jasperoid silica cap. Subsequent weathering has altered most of the sulphides in the deposit to oxides. The main manto body is up to 60 metres thick, and has horizontal dimensions of roughly 300 by 600 metres.

The mineralization comprises up to several percent each of galena, sphalerite and pyrite, minor chalcopyrite and silver-bearing sulphosalts. Gangue minerals include rhodochrosite and major amounts of manganese sulphide. With rare exceptions, the sulphides have been weathered to oxides, and with most of the silver contained within manganese oxides. The manganese and iron oxides form colliform encrustations which occur as vug fillings and replacements in the host rock and are commonly intergrown with silica replacements in permeable horizons in the volcanics. Massive jasperoid continues above the manganese oxide manto as a weakly-mineralized caprock. Manganese oxide-rich mineralization and silicification also extend into the underlying Permian limestones and sandstones.

[9] This was comprised of 114 holes of Asarco drilling and 229 holes of Wildcat (Arizona Mining's predecessor company) drilling.

Metallurgy

Based on several generations of testing which went back to the Asarco days, each type of mineralization has been tested and will be treated in different ways. Upper Silver Zone material will be processed by a conventional fine grinding and silver recovery circuit. Manto Oxide Zone materials will be processed by fine crushing and magnetic separation to produce a magnetic concentrate, then reduced in a horizontal kiln. After fine grinding, conventional cyanide leaching will be used to recover silver. A subset of the Manto Oxide material, known as Hardshell "ore", will be treated in a similar way as Manto Oxide, excepting the magnetic separation stage will be skipped and all the Hardshell material will go straight to the calcination stage. Hardshell and Manto Oxide material will be blended to take advantage of the low pH of the Manto Oxide calcine.

Zinc in the process solution will be recovered by solvent extraction and electrowinning, SX-EW. Copper will be recovered by sulphide precipitation in a sulphidization, acidification, recycling and thickening, (SART) process.

Manganese in cyanide leach tails will be recovered by wet high intensity magnetic separation (WHIMS) of the tails after cyanide destruction. The WHIMS manganese concentrate will be further processed by leaching with sulphuric acid, with manganese recovered from solution as electrolytic manganese metal (EMM).

Using the above processing approaches, it was estimated that silver recovery for the Upper Silver Zone would be 46%. For the Manto Oxide and Hardshell material the estimated recoveries were 79% for silver, 90% for gold; while for copper, manganese and zinc the estimated recoveries were respectively 61%, 28% and 8%.

Mineral Resources and Reserves

The latest resource estimate on the Hermosa Project (which includes the Central and part of the Taylor Zones), by M3 Engineering & Technology and published in their January 17th, 2014, Technical Report, which includes the PFS, is summarized in the following tables.

Hermosa Project
Summary of In-Pit Resources, All Material Types[10]
(Cutoff Grade *)

Resource Category	Tons (000's)	Grades Ag (oz/t)	Au (oz/t)	Mn (%)	Pb(%)	Zn (%)	Cu(%)
Measured	78,512	1.54	0.003	3.62	0.59	0.86	0.04
Indicated	111,056	1.11	0.002	3.15	0.61	0.87	0.04
M + I	189,568	1.29	0.002	3.34	0.60	0.87	0.04
Inferred	49,622	1.02	0.002	2.68	0.61	0.78	0.04

* the cutoff grade ranges from AgEq of 0.25 oz/t for Deep Skarn (Taylor Zone) mineralization, through 0.40 oz/t AgEq for Manto Oxide type material, to 0.55 oz/t AgEq for the Upper Silver Mineralization. These variations were used because each material type had different mixes of metals and grades, different processing approaches and recovery expectations.

The in-pit reserves for the Hermosa Central Zone are set out below:

Hermosa Central Zone
Summary of In-Pit Reserves, All Material Types
(Cutoff Grade *)

Reserve Category	Tons (000's)	Grades Ag (oz/t)	Au (oz/t)	Mn (%)	Zn (%)	Cu(%)
Proven	31,067	2.73	0.003	8.58	1.78	0.07
Probable	28,589	2.11	0.003	7.99	1.80	0.07
Proven + Probable	59.656	2.43	0.003	8.31	1.79	0.07
Inferred Resource included in pit	2,919	1.97	0.004	3.86	0.98	0.06

Mining

Mining of the Hermosa Central deposit is planned to be entirely by open pit using conventional truck and shovel methods. The planned milling rate is to be a maximum of five million tons per year, but an average of 3.33 million tons per year, because approximately 60 million tons of material would be processed over 18 years. Mining is planned for only 11 years - one year of pre-stripping and ten years of production mining using 200-ton haul trucks. The final eight years of

[10] This included approximately 7.9 million tons of Deep Skarn (now called Taylor Zone) resource which is outside of the Central Zone Reserve Pit.

milling are to be based on stockpile processing, which implies the mining rate must be well over 30 million tons per year to handle the 338 million tons of waste stripping as well as the "ore".

Capital and Operating Cost Estimates

The Central Zone Project initial and sustaining capital cost estimates are summarized in the following two tables.

Hermosa Project (Central Zone)
Capital Cost Estimate
(US Million Dollars)

Processing Plant, power, etc	$479.1
Natural Gas Pipeline	$24.0
Mine Equipment/Pre-Prod	$40.3
EPCM	85.5
Tailings and waste rock storage	$29.6
Contingency	$104.9
Basic Indirect Costs	$23.0
Owners Costs	$48.3
Total Project	**$834.6**

Hermosa Project (Central Zone)
Sustaining Capital Cost Estimate
(US Million Dollars)

Mining	$42.0
Tailings and waste rock storage	$76.5
WHIMS Conc. Storage Facility	$5.9
Total Sustaining Capital	**$124.4**

The Project's unit operating cost estimate is summarized in the following table.

Hermosa Project (Central Zone)
Operating Cost Estimate
LOM Average US $/ton of ore Processed

Mining Production	$8.41
Process Plant	$24.69
Refining, Treatment and Transportation	$2.08
General and Administration	$1.57
Other, royalties, prop/severance tax, reclamation, salvage	$2.74
Total	**$39.49**

Central Zone Project Economics

Using the above capital and operating cost estimates, mining/milling schedules developed in the PFS, average mill recoveries as discussed previously, and various metal prices, a number of cash flow projections were prepared. The results are summarized in the following table.

Hermosa (Central Zone) Economics
PFS Prices and Changed Prices

Metal	Original PFS Prices	Revised LT Prices Estimate	Approximate Current Prices
Silver	US $23.50/oz	US $16.00/oz	US $15.00/oz
Gold	$1250/oz	$1250/oz	$ 1200/oz
Copper	$3.25/lb	$2.70/lb	$2.25/lb
Zinc	$0.92/lb	$1.00/lb	$0.85/lb
Manganese (EMM)	$1.19/lb	$1.00/lb	$0.85/lb
After tax NPVs (US$)			
@0%	$1,508.7 M	$659.9 M	$337.9 M
@5%	$833.1 M	$230.1 M	3.7 M
@7.5%	$612.0 M	$93.2 M	($100.4 M)
@10%	$441.8 M	($11.8 M)	($179.2) M
IRR	21.3%	9.7%	5.1%
Payback (yrs)	2.8	5.9	11.0

Hermosa Project: Taylor Zone

Geology and Mineralization

The Hermosa Taylor Zone is a deep deposit (down dip to the northwest and below the Central Manto Oxide Zone) and is a carbonate replacement style of mineralization. It was formerly referred to as the skarn mineralization or the Northwest Zone, and is comprised of coarse-grained silver-bearing lead and zinc sulphides (galena and sphalerite) and minor chalcopyrite plus pyrite which are hosted by altered limestones. The mineralization is open to expansion to the west, south and north and in particular into the area of the Trench Claims recently acquired by Arizona Mining. The previous owner, Asarco, obtained some very encouraging historic drill results similar to the Taylor style of mineralization, and on trend but about 1,000 metres to the northwest.

Metallurgy

Arizona Mining contracted with Resource Development Inc. of Wheat Ridge, Colorado, to conduct scoping level metallurgical testing of the Taylor Zone mineralization. Their work indicated that using standard flotation recovery methods, very good recoveries could be expected:

91% for silver, 92.9% for lead and 85.5% for zinc. They also found that the concentrates produced were of very high quality and with no deleterious materials.

Mineral Resources

In 2014 the Company prepared a NI 43-101-compliant resource estimate for the Taylor Zone (based on the first 15 drill holes). By the end of 2015, the Company had completed 8 more diamond drill holes for total drilling of nearly 20,000 metres on the Taylor Zone (and is planning a large increase in drilling later this year). The drilling encountered thick intersections of very high-grade zinc, lead and silver mineralization, with good continuity on which to base a resource estimate. Arizona Mining retained Metal Mining Consultants Inc., of Highlands Ranch, Colorado, to prepare the resource estimate.

The consultants defined three geologic domains to model the Taylor Deposit (Manto, Top and Bottom), which consists of stratabound skarn and massive sulphide carbonate replacement mineralization. The Top and Bottom domains were created to define the upper and lower limits of sulphide mineralization which generally occurs at the boundary between the overlying Cretaceous volcanic units and the Paleozoic Concha, Scherrer, Epitaph carbonate units below, as well as two oxidized mineral types. Within the Top and Bottom domains are horizons of sulphide and oxide mineralization. Sulphide mineralization containing galena, sphalerite, chalcopyrite and pyrite was included in the resource estimate. Oxide mineralization and discontinuous 'blobs' of sulphide mineralization were excluded from this mineral resource estimate.

A substantially expanded resource estimate was prepared and was published on February 1, 2016, and is summarized in the table below.

Hermosa Taylor Zone
Summary of Resources (as at February 1, 2016)

Resource Category	Tonnes (M)	Cut-off (ZnEq)	Silver (g/t)	Lead (%)	Zinc (%)	Copper (%)	ZnEq* (%)
Inferred	59.5	4.0%	55.78	3.63	3.63	0.11	8.98
Inferred	39.4	6.0%	66.91	4.48	4.48	0.14	11.04
Inferred	27.2	8.0%	76.35	5.24	5.26	0.16	12.89

* Metal prices used: Ag US $15/oz, Pb $0.85/lb, Zn $0.85/lb, Cu $2.25/lb

Past Expenditures on Hermosa Project

To the end of September, 2015,Arizona Mining (through AMI) had recorded total expenditures of about US $72.7 million in acquiring, exploring and assessing the Hermosa Project. It is estimated that approximately US $44.8 million were exploration expenditures and roughly US $27.9 million were for purchase considerations.

Working Capital And Other Assets

As at September 30th, 2015, Arizona Mining had working capital of negative US $2.3 million (almost negative $3.2 million) and total assets of US $73.2 million. In November, 2015 it completed a two-part financing through which it raised $2.7 million (consisting of a loan of $2.0 million and the private placement of $0.7 million). In December, 2015 it converted approximately $2.0 million in loans into 5.9 million shares and 5.9 million warrants and in January, 2016 borrowed $4.0 million to enable it to fund the acquisition of the Trench patented mining claims. As a result of the foregoing, and spending since the end of September 2015, the current working capital has been estimated to be approximately negative US $1.7 million (just over negative $2.3 million).

Arizona Mining also owns office and field equipment and has income tax pools that, in certain situations, may be utilized to reduce future taxable income, and thereby reduce income taxes to be paid. In addition, Arizona Mining has a TSX listing.

Fairness Opinions and Valuations (CIMVal Standards)

The TSX requires that CIMVal Standards (Canadian Institute of Mining, Metallurgy Standards and Guidelines for Valuations of Mineral Properties) be used by Issuers and their professional advisors when preparing formal valuations and valuation reports on mineral properties. The CIMVal Standards are limited to Valuations of Mineral Properties (including any interests therein), and do not apply to fairness opinions or valuations of corporations or other entities that hold mineral properties as assets. As a result, the CIMVal standards have been applied for the Valuation (of the mineral properties) part of this report.

It should be emphasized that the Valuation part of this Valuation and Fairness Opinion is not, in itself, a technical report but is a valuation as defined in The Canadian Institute of Mining, Metallurgy and Petroleum publication of February 2003, amended December 2005 and December 2014, “Standards and Guidelines for Valuation of Mineral Properties” (CIMVal Standards and Guidelines. This Valuation also meets the requirement of a formal valuation within the meaning of Multilateral Instrument 61-101 (Protection of Minority Security Holders in Special Transactions).

Approaches to Valuing Mineral Exploration Companies and Properties

Although transactions involving exploration properties and undeveloped mineral resources are commonplace (but seldom involve all-cash purchases), such properties and resources are often difficult to value by objective means. As a result, a number of different methods have been utilized as reasonable indicators of value. There are also standards for valuations published by the CIMM[11] and by the TSX. According to Appendix 3G (Valuation Standards and Guidelines for Minerals Properties) of the TSX Venture Exchange (“TSX-V”) “Most valuation methods of mineral properties are highly subjective, and often arbitrary in their application, making it difficult to obtain reproducible valuations." It is the TSX’s view that valuation methods utilized

[11] Canadian Institute of Mining and Metallurgy (CIMM)

must be appropriate to the subject and be prudently applied in order to maintain fairness and consistency, and avoid misuse, bias and misapplication of valuation methods". Based on the foregoing, the TSX accepts the use of the following primary valuation methods for properties without mineral reserves:

- **Adjusted Appraised Value** whereby only the retained (or a fraction thereof) past expenditures (also known as "historical costs" or "replacement costs") are included. The TSX-V does not generally accept the inclusion of warranted future expenditures for the purpose of the appraised value method.

- **Comparable Transactions** whereby properties similar in all aspects are incorporated into the analysis, whereby fair market value can be determined,

In the case of properties which do have mineral resources, the TSX also accepts a third general approach:

- **Income** or **Discounted Cash Flow (net present value)** approach where properties are valued based on the forecast income or cash flows from them.

Because the Hermosa Project Central Zone has NI 43-101- compliant resources, and a completed PFS and reserves, the Discounted Cash Flow - Net Present Value ("DCF-NPV") may be utilized. In the case of the Taylor Zone it also has a NI 43-101-compliant resource, but has not yet completed an NI 43-101-compliant PEA. In addition, other valuation methods were utilized for both Zones. Those methods were the **adjusted appraised value method and two comparable transactions approaches, one being attributed portion of the Company's market capitalization and the other being 'dollars per unit of in-situ metal' in resource**. As a result, three indications of value were utilized, although a fourth one was calculated. Although the TSX does not specifically exclude other valuation approaches, they are considered secondary valuation methods.

Valuation of Hermosa Project

Income (DCF-NPV) Approach Applied to the Central Zone

It should be noted that the metal prices (in US dollars) utilized in the late 2013 PFS were over 20% higher than current estimates of long term metal prices and over 40% higher than current spot prices. The new cash flow projections show much lower NPVs and IRRs, but these US dollar value declines are partially offset by the decline in the Canadian dollar.

Two to three years ago, the portion of market capitalizations attributed to projects of companies owning projects similar to Hermosa Central Zone and at a similar stage of development were approximately 10% to 25% of the projected after tax net present values at a 7.5% discount rate as set out in Preliminary Economic Assessments and Pre-feasibility Studies. In this current 'tough' market, the percentage has been reduced, such that a typical value is 15% of after tax net present values (or lower). If one were to utilize a 15% number, and current long term metal price projections, **this would imply a value for 100% of Hermosa Central Zone of approximately $19.2 million (15% of US $93.2 million divided by an exchange rate factor of 0.73).** The

DCF-NPV number already accounts for the 2% NSR royalty (it has already been deducted in the cash flow projections) and so there is no need to discount the value for this.

Adjusted Appraised Value Approach

The utilization of prior expenditures that have added value to the project (the Appraised Value Method) has been considered by several mineral property valuators to be an acceptable approach to valuing mineral exploration properties. However, only expenditures that relate to significant and relevant exploration should be included, and the quality of past work itself must be evaluated.

A problem in this basic approach is that it tends to ignore the results of the exploration, and properties with poor or good exploration results would have the same values if the same amount had been expended on each. To overcome this deficiency, the valuator must apply a "premium" or "discount" depending on the exploration results. Since the same data can be regarded or interpreted differently by different valuators, these factors are determined by a personal assessment of the exploration results. Either a premium or discount may be applied, depending upon whether the valuator perceives the available results as encouraging (positive contribution) or discouraging (negative "contribution"), respectively, and also depending on whether the overall mineral exploration market is positive, or negative, (such as it is now).

An additional matter must be considered where there is a significant time lapse between when the exploration was carried out (that is, when the actual expenditures were incurred) and when the valuation is prepared. In those situations, the incurred expenditures should be indexed to the current costs of repeating the exploration that contributed to value. Again, either positive or negative factors would be applied, depending upon the current state of the exploration industry and the general economy. Estimating the costs (at the date of valuation) of duplicating the past exploration also assists in determining the relevance and quality of the exploration costs, as opposed to the indirect costs such as variable administration costs and arbitrary allocation of head office, group, or regional project charges, which all vary greatly from company to company, and which may have little relevance to the value of the property.

The historic or book value of mineral property expenditures, if known or estimated, can also be compared with a suite of comparable companies to examine the ratios of market capitalizations (adjusted to eliminate working capital, and other assets and liabilities) to book values of the exploration and development properties. The ratios for precious-metals and base-metals exploration companies have been periodically compiled by investment dealers such as Canaccord Genuity and BMO Nesbitt Burns, as well as independently checked by McKnight and Glanville.

The foregoing ratios for a group of about 50 gold/silver and base metal exploration companies about five years ago were in the range of about 0.5 to about 5.0 (that is market values both above and below the historic costs depending on their exploration results), with most in the range of 0.5 to 1.5. This ratio has been rapidly falling in the past three years as the market conditions deteriorated and the TSX-V average dropped from over 2400 to the current level of below 550. For these reasons the market to book value ratio for the Hermosa Project is estimated to be approximately 1.0 based on the encouraging exploration results (and inflation since the major expenditures were incurred) offset by current market conditions. **Using a ratio of 1.0 due to the**

promising exploration results generates a value of US $72.7) for Hermosa, but when adjusted for the 2% NSR the value is US $65.4 million[12] or $89.6 million.

Property Valuations Based on Comparables (Dollars per Unit of In-Situ Metal in Resources)

Glanville and McKnight have examined the stock market trading performance of many base and precious metals exploration, development, and production companies, as well as the terms of purchases of several similar exploration, development, and production projects, and have examined the adjusted market capitalizations per unit of in-situ metals for active exploration and development companies. As would be expected, the ranges in adjusted market capitalizations and purchase prices per in-situ quantities are reasonably wide, since the prices depend upon a variety of factors, including the stage of advancement (early stage exploration, 'potential resources', historic resources, inferred resources, drill-indicated resources, proven reserves, production from one operation, or a multi-mine company, for example), the depth and attitude of the deposit (underground or open pit), the likely grade of the resource, the existing and potential size of the deposit, the likely metallurgical recovery, the location (type of infrastructure available), foreign exchange risk, the income tax and royalty structure, third party interests in the property (such as net smelter returns or gross override royalties), the level of technical study (scoping study, pre-feasibility study, feasibility study, operating statistics, etc.), the long term commodity price outlooks (for silver, manganese, zinc and lead in this case), the exploration potential, the expectations for replacing resources/reserves and adding to them, the political jurisdiction in which the deposit is located, etc. In spite of the reasonably wide range of in-situ values, one can determine a much narrower range for properties with similar attributes. As a result, this method is often utilized as an indicator of value, and market capitalizations per unit of metal are compiled by mining analysts and mining companies.

Investment dealer and mining analyst CanaccordGenuity periodically compiles the attributed market capitalizations per unit (ounce or pound) of metal in resources for a variety of exploration**,** development, and producing mineral companies. The January 19, 2015, CanaccordGenuity Junior Mining Weekly provided a list of about 50 non-producing silver, zinc, copper and gold companies at the exploration stage through to early-stage development. The range in value per in situ unit of metal (ounce or pound) extends from less than 0.1% to more than 1% of the current metal price. The foregoing numbers were utilized as a starting point to value the Hermosa Project, with appropriate adjustments made for the grades of the deposits, the size, the expected metal recovery and the mining and processing costs, the location of the deposits, as well as the deterioration of the minerals market since the beginning of last year, etc.

Hermosa Valuation Based On Comparable Dollars Per Unit of In-situ Metal in Resources

The NI 43-101 Technical Report on the Hermosa Project, completed by M3 Engineering & Technology in January 17, 2014, and the February 1, 2016, news release approved by Metal Mining Consultants established resources for the Central and Taylor Zones, respectively. At

[12] McKnight and Glanville have determined that a 1% NSR royalty value is roughly equivalent to 5% working interest value because the royalty holder does not need to bear the capital and operating costs of a potential mine.

current long term metal price estimates the Central Zone reserve plus in pit resource contains gross metal value of US$12.6 billion. Based on comparisons derived from Canaccord Genuity's periodic compilations of in-situ resource values as percentages of metal prices for gold, silver and base metals, and allowing for the estimated 28% recovery for manganese it is estimated that for the Central Zone the silver in-situ value would be 0.75% of gross value and the manganese in-situ value would be 0.05% of gross for an effective rate of 0.189%[13] of the gross metal value. **This results in a Central Zone value of US$23.8 million (US $ 12.6 billion x 0.189%) or $32.6 million.**

Similarly for the Taylor Zone resource estimate (using a cut-off grade of 6% ZnEq), the gross metal value is US $9.13 billion at current long term estimated metal prices. Based on Canaccord Genuity compilations, percentages of gross metal values used were 1.25% for silver (higher than the Central Zone assumption because of expected higher recoveries and pay factors for silver in galena concentrate) 0.5% for lead and (much higher than for manganese because of recovery and pay factors) and 0.25% for copper for an effective weighted percentage of 0.611%. **Based on the forgoing, the in-situ resource value for the Taylor Zone is US $55.8 million (US $9.13 billion x 0.611%) or $76.4 million.**

After allowing for the 2% NSR royalty, the value of the Central Zone would then be $29.3 and the value of the Taylor Zone would be $68.8 million.

Attributed Portion of Market Capitalization

The current market capitalization of Arizona Mining Inc. is about $68.0 million at a recent share price of $0.42. To estimate the value attributed to its mineral properties we have added negative working capital and debt (estimated to be about US $1.3 million, or about $1.8 million at the present time) and deducted the value of other assets (such as the TSX-V listing, Company files, tax pools, etc.) to derive the value of the Company's major property asset as shown in the following table.

Value of Arizona using the Residual Attributed Market Capitalization Method (all numbers rounded)

Arizona Mining: Market Capitalization	$68.0 million
Add negative working capital	+$2.3 million
Add Value of Options and Warrants	+2.9 million
Deduct TSX listing value and other assets	-$0.3 million
Value Attributed to an approximate 80% Indirect Interest in Hermosa Project	**=$72.9 million**
Implied Value of Hermosa Project	**$91.1 million**

[13] Silver makes up 19.8% of the Gross Metal Value ("GMV") and Manganese 80.2% of GMV. Thus 19.8%% x 0.75% +80.2% x 0.05% = 0.189% effective percentage of GMV

Summary of Values of Hermosa and AMI

None of the foregoing methods (DCF-NPV, adjusted appraised value, $/unit of in-situ metal, or attributed share of market capitalization) is precise, but these methods do provide rough indications of value. The following table summarizes the value of the Hermosa Project and AMI as estimated by several different methods.

Valuation of Hermosa Project and AMI

Method	Value of Hermosa And AMI
Hermosa Central Adjusted DCF-NPV Approach	**$19.2 Million**
Hermosa Taylor Adjusted DCF-NPV Approach	**Not used**
Hermosa Total DCF-NPV Approach	**Not used**
Hermosa Appraised Value Approach	**$89.6 Million**
Hermosa Market Cap Approach	**$91.1 Million**
Hermosa Central In-Situ Metal	**$29.3 Million**
Hermosa Taylor In-Situ Metal	**$68.8 Million**
Hermosa Total In-Situ Metal	**$98.1 Million**
Hermosa Average of 3 Approaches	**$92.9 Million**
Hermosa Median Value	**$91.1 Million**

Based on the foregoing, the value of the Hermosa Project is estimated to be approximately $92 million. However, due to the fact that valuations of intermediate-stage exploration projects are not precise, Glanville and McKnight are of the opinion that the value of the Hermosa Project and AMI would be somewhere between $70 and $120 million.

Funding of AMI

Pursuant to a shareholders' agreement (the "Shareholders' Agreement") governing the affairs of AMI, Arizona Mining controls the affairs of AMI, and acts as the operator of the Hermosa Project. Funding is provided to AMI in accordance with the Shareholders' Agreement, and is by way of advances, which are subsequently converted into preference shares. The preference shares have priority over the common shares with respect to distributions and repayment. The Shareholders' Agreement generally requires 5348 Investments to fund 10% of AMI's costs incurred on the originally acquired patented and unpatented claims on the Hermosa Project, and 20% of Arizona Minerals' costs incurred on any other claims subsequently acquired or staked. The Shareholders' Agreement provides for dilution of 5348 Investments' interest in the common shares to a minimum of 10% in the event it fails to fund its share of any funding for approved programs.

As at September 30th, 2015, Arizona Mining owned US$39.315 million of the preferred shares (89.95% of the total), while 5348 Investments owned US$4.392 million of the preferred shares

(10.05% of the total). The foregoing is not exactly 90%/10% since a small portion of expenditures were made for properties outside of the originally acquired patented claims and unpatented claims on the Hermosa Project (which covers the Central and Taylor Zones – which contain the currently known mineral reserves/resources). The preferred shares accrue interest at the rate of 2% per year. Since the preferred shares (plus interest at 2%) get preferential repayment out of future cash flow from the Project, at the present time (if no additional equity financing were to be carried out) Arizona Mining would receive preferential payment of almost 90% for the first US$39.315 million of redemptions or dividends (plus interest), while 5348 Investments would receive preferential payment of just over 10% for the first US$4.392 million (plus interest). Since the foregoing ratio is higher than the 80%/20% split of the common shares, Arizona Mining's total net beneficial interest would be slightly higher than the 80% implied by the common share interest of 80%.

However, repayment is likely to be several years into the future (after debt and other forms of financing for the capital costs of construction are paid off). As a result, the preferred shares accumulate at a 2% rate, but a typical discount rate (cost of capital) for such a project would likely be around 7% or 8%. In effect, one would be increasing the value of the preferred shares at 2%, but then decreasing this value by say 7% or 8%, which reduces the present value of the preferred shares, and thereby reduces the difference of about $4.4 million (between a deemed 20% contribution to preferred share funding and the actual $4.4 million funding). Going forward, it is likely that significant additional financing would be required by Arizona Mining and 5348 Investments before major portions of the capital costs of construction could be provided by debt, metal streaming, equipment financing, or other forms of financing. For any future financing, 5348 Investments only has to put up 10%, which effectively means that Arizona Mining would be financing the other 10% that 5348 Investments would have had to provide if the sharing of the funding was 80%/20% based on the common share percentages. This additional funding, in effect, means 5348 Investments is being funded for 10% of the project by Arizona Mining at a 2% interest rate, which is very beneficial for 5348 Investments, since an appropriate discount rate (cost of capital) would be much higher than 2%. If substantial addition equity financing is required by AMI, then 5348 Investments gets an obvious benefit. On balance, it is the opinion of Glanville and McKnight that the current benefit to Arizona Mining (getting preferential repayment of close to 90% on existing preferred shares) is approximately offset by likely future equity financing of 90% by Arizona Mining, rather than 80% based on the common share split.

One further point to note is that the current implied value of the two Projects is only about 10% of the net present value calculations at long term metal price projections. As a result, any such net benefit or cost to either Arizona Mining or 5348 Investments due to the preferred share funding (existing plus future funding) would be further reduced by 90%. As a result, Glanville and McKnight have concluded that the net beneficial interests in AMI by Arizona Mining and 5348 Investments would be 80% and 20%, respectively.

As a result, with the estimated value of the Hermosa Project and AMI being approximately $92 million, the value of the shares of the minority interest in AMI is estimated to be approximately $18.4 million, with a range of $14 and $24 million.

Fairness Considerations

In connection with the provision of the Valuation and Fairness Opinion, Glanville and McKnight have performed a variety of financial, technical, and other analyses. In arriving at the Valuation and Fairness Opinion, they have not attributed any particular weight to any specific analysis or factor considered by them, but rather they have made qualitative judgments based on their experience in rendering such opinions and on the circumstances and information as a whole. Glanville and McKnight considered a number of factors in arriving at the Valuation and Fairness Opinion, including the foregoing calculations, and the following, among others.

- the share trading prices of Arizona Mining over the past year the share closing price on February 26, 2016 ($0.40)
- the estimated percentage share of AMI which 5348 Investments owns was used to calculate the value of 5348 Investments share of AMI, and thus to calculate the fair number of Arizona Mining shares to be issued to Ozama River
- the working capital of Arizona Mining as at September 30th, 2015 was negative US $2.3 million (almost negative $3.1 million), while the current working capital is estimated to be approximately negative US $1.7 million (approximately negative $2.3 million)
- the results of the Pre-Feasibility Study ("PFS") that was completed on the Hermosa Central Zone Project in January 2014
- the NI 43-101 resource estimates on the Hermosa Central Zone and the Taylor Zone
- values per contained units (ozs or lbs) of metal in resources for comparable or similar precious and base metals projects
- the other assets of the Company, including its TSX listings, available income tax write-offs, plus property and equipment
- the expected savings in general and administrative costs, as well as in regulatory fees and compliance costs, by having one combined company
- the fact that the Company and Ozama River hold indirect interests in the Hermosa Project, and it would be desirable to hold the Project directly in Arizona Mining for improved financing because of enhanced transparency and increased liquidity for the Ozama River shareholders
- the estimated values of the options and warrants
- the general market conditions for selling/buying mineral exploration properties
- the prior exploration expenditures and exploration results on the Hermosa Project
- such other reviews, calculations, analyses, research, and investigations deemed appropriate.

Disclaimer

This fairness opinion relies in part on information not within the control of Glanville and McKnight, and while it is believed that the information and assumptions are reliable and valid as of the date hereof, and under the stated conditions and limitations, Glanville and McKnight cannot guarantee their accuracy. In addition, Glanville and McKnight disclose that they have conducted neither a title search, nor an ownership review, nor have they visited the Project or carried out independent geological or mining investigations.

Glanville and McKnight are basing their opinion on their experience, on their examination of market conditions, and on information provided by Arizona Mining and others. The use of this Valuation and Fairness Opinion and/or any information contained in it shall be at the user's sole risk, regardless of any fault or negligence of Glanville or McKnight.

Fairness Opinion

Based upon and subject to the limitations in this Valuation and Fairness Opinion, and such other matters as McKnight and Glanville have considered relevant, it is their opinion that, as of the date hereof,

1. **the value (in accordance with CIMVal Standards) of the Hermosa Project (and also AMI) is estimated to be $92 million, with a range of $70 to 120 million, and**

2. **the terms of the Proposed Transaction (through which Arizona Mining would issue 40 million of its shares and 5 million of its warrants to Ozama River in exchange for its 100% interest in 5348 Investments, which holds a minority interest in AMI) are fair from a financial point of view to Arizona Mining Inc.**

However, Glanville and McKnight express no opinion as to the expected trading prices of the shares of Arizona Mining if the Proposed Transaction is completed, or if it is terminated**.**

This Valuation and Fairness Opinion may be relied upon (subject to the qualifications set out in this report) by the Board of Directors, regulatory authorities, and shareholders of Arizona Mining, but may not be used or relied upon by any other person without express prior written consent of McKnight and Glanville. However, McKnight and Glanville consent to the duplication and inclusion of this Valuation and Fairness Opinion in a Prospectus or Information Circular.

Yours very truly,

"Ross Glanville" *"Bruce McKnight"*

Ross Glanville & Associates Ltd.
Ross Glanville, B.A.Sc., P.Eng., CGA, MBA

Bruce McKnight Minerals Advisor Services
Bruce McKnight, B.A.Sc., P.Eng., MBA, FCIM

Certificate of Bruce McKnight

I, Bruce McKnight, of 2070 Fulton Avenue, West Vancouver, British Columbia, Canada, hereby certify that:

1. I graduated with a B.A.Sc. Degree (Geological Engineering) from the University of British Columbia in 1965.

2. I graduated with an M.Sc. Degree (Engineering Geoscience) from the University of California, Berkeley, in 1967.

3. I am a registered member of the Association of Professional Engineers and Geoscientists of British Columbia (P.Eng.), and have been a member since 1968.

4. I am a registered member of the Canadian Institute of Mining and Metallurgy and have been since 1963. I have been designated a CIM Fellow (FCIM) since 2002. I am currently a member of the CIMVal Committee.

5. I obtained a Mineral Economics Diploma from McGill University in 1976.

6. I obtained a Masters Degree in Business Administration (MBA) from Simon Fraser University in 1983.

7. I am, and have been since 2002, an independent minerals advisor specializing in providing valuations and fairness opinions regarding mineral company and property transactions and in assisting companies in minerals-related negotiations. During this period I have been an author or co-author of more than 250 mineral property valuations and fairness opinions.

8. I was formerly the Executive Director of the British Columbia and Yukon Chamber of Mines (now renamed Association for Mineral Exploration British Columbia or AME BC).

9. Prior to that I was for 19 years a Manager or Vice-President of Westmin Resources Limited with responsibilities for business development, public and investor relations and project/company valuations.

10. Prior to that I was for 5 years an Exploration Manager with Westmin.

11. Prior to that I was for 7 years an Exploration Geophysicist and Project Manager with Amax Exploration Inc. in Canada, USA, Australia and Fiji.

12. I have not reviewed the title to the Hermosa mineral property of Arizona Mining, since this is best done by legal counsel. In addition, I have relied on reports on the property provided by Qualified Persons.

13. I have not made a site visit to the Hermosa Project, but have relied on the site visits made by the authors of the Technical Reports, in particular the reports of M3 Engineering and Technology of Tucson, Az., Resource Development Inc., of Wheat Ridge, Co., and Metal Mining Consultants Inc., of Highlands Ranch, Co.

14. The attached Valuation and Fairness Opinion has been prepared for Arizona Mining and is based partly on information provided to McKnight and Glanville. Although it is believed that the information received is reliable under the conditions and subject to the limitations contained in this report, and while information has been checked as to its reasonableness, I cannot guarantee the accuracy thereof.

15. I have no interest, nor do I expect to receive any interest, either directly or indirectly, in Arizona Mining.

16. I herewith grant my permission for Arizona Mining to use this report for whatever purposes it deems appropriate, subject to the disclosures set out in this Certificate and this Valuation and Fairness Opinion.

Signed in Vancouver, British Columbia, on February 26, 2016

"Bruce McKnight"

Bruce McKnight, B.A.Sc., M.Sc. P.Eng., MBA, FCIM

Certificate of Ross Glanville

I, Ross Glanville, having an address of PO Box 48296, Bentall Centre, 595 Burrard St, Vancouver, British Columbia, Canada, hereby certify that:

1. I graduated with a B.A.Sc. Degree (Mining Engineering) from the University of British Columbia in 1970.
2. I graduated with an M.B.A. Degree from the University of British Columbia, in 1974.
3. I am a registered member of the Association of Professional Engineers and Geoscientists of British Columbia (P.Eng.), and have been a member since 1972.
4. I became a registered member of the Certified General Accountants of BC (CGA) in 1980.
5. I am, and have been since 1980, President of Ross Glanville & Associates Ltd., a company specializing in providing valuations and fairness opinions regarding mineral company and property transactions and in assisting companies in minerals-related negotiations. During this period I have been the author of more than five hundred mineral property valuations and fairness opinions.
6. I am a director of several exploration and mining companies (two with producing mines) and the Chairman of an exploration company.
7. I was the co-founder of two mining companies which operated as open-pit gold mines – one in Australia and one in the western USA.
8. I was formerly President of Giant Bay Resources Ltd.
9. Prior to that, I was Vice President of Wright Engineers Ltd. (since acquired by Fluor Daniel)
10. Prior to that, I was Manager of Business Development of Placer Development, which was subsequently merged with Dome Mines and was then acquired by Barrick Gold.
11. Prior to that, I was the senior mine engineer at the Endako molybdenum mine in British Columbia
12. Prior that, I was a supervisor at open pit mines in British Columbia.
13. I have acted as an expert witness in court cases related to valuations and fairness opinions.
14. I have published several articles related to valuations of mining and exploration companies.
15. I have not reviewed the title to the Hermosa mineral property of Arizona Mining, since this is best done by legal counsel. In addition, I have relied on reports on the property provided by Qualified Persons.
16. I have not made a site visit to the Hermosa Project, but have relied on the site visits made by the authors of the Technical Reports, in particular the reports of M3 Engineering and Technology of Tucson, Az., Resource Development Inc., of Wheat Ridge, Co., and Metal Mining Consultants Inc., of Highlands Ranch, Co.
17. The attached Valuation and Fairness Opinion has been prepared for Arizona Mining and is based partly on information provided to McKnight and Glanville. Although it is believed that the information received is reliable under the conditions and subject to the limitations contained in this report, and while information has been checked as to its reasonableness, I cannot guarantee the accuracy thereof.
18. I have no interest, nor do I expect to receive any interest, either directly or indirectly, in Arizona Mining.
19. I herewith grant my permission for Arizona Mining to use this report for whatever purposes it deems appropriate, subject to the disclosures set out in his Certificate and in this Valuation and Fairness Opinion.

Signed in Vancouver, British Columbia, on February 26, 2016

"Ross Glanville"

Ross Glanville, P.Eng., MBA, CGA, B.A.Sc.