

GR SILVER MINING LTD.
Suite 900 – 999 West Hastings Street
Vancouver, BC V6C 2W2

FORM 51-102F6V
STATEMENT OF EXECUTIVE COMPENSATION
(for the fiscal year ended December 31, 2020)

DIRECTOR AND EXECUTIVE COMPENSATION

GR Silver Mining Ltd. (the “**Company**”) is a “*venture issuer*” as defined under National Instrument 51-102 – *Continuous Disclosure Obligations* and is disclosing its director and executive compensation in accordance with Form 51-102F6V – *Statement of Executive Compensation-Venture Issuers* (“**Form 51-102F6V**”).

Definitions

In this statement of executive compensation (“**Disclosure Statement**”):

- ◆ “**Board**” means the board of directors of the Company.
- ◆ “**Chief Executive Officer**” or “**CEO**” means an individual who served as chief executive officer of the Company, or performed functions similar to a chief executive officer, for any part of the most recently completed financial year.
- ◆ “**Chief Financial Officer**” or “**CFO**” means an individual who served as chief financial officer of the Company, or performed functions similar to a chief financial officer, for any part of the most recently completed financial year.
- ◆ “**Exchange**” means the TSX Venture Exchange.
- ◆ “**Named Executive Officer**” or “**NEO**” means each of the following individuals:
 - (i) a CEO;
 - (ii) a CFO;
 - (iii) in respect of the Company and its subsidiaries, the most highly compensated executive officer other than the CEO and CFO at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V for that financial year; and
 - (iv) each individual who would be an NEO under paragraph (iii) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year.

Director and Named Executive Officer Compensation, Excluding Compensation Securities

The following table sets out a summary of compensation (excluding compensation securities) paid, awarded to or earned by the Named Executive Officers and any non-NEO directors of the Company for the periods noted therein:

Table of compensation excluding compensation securities							
Name and position	Year Ended Dec 31	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Marcio Fonseca <i>CEO, President & Director</i>	2020 2019	172,500 ⁽¹⁾ 84,000 ⁽¹⁾	75,000 Nil	Nil Nil	Nil Nil	Nil Nil	247,500 84,000
Blaine Bailey <i>CFO</i>	2020 2019	90,000 ⁽²⁾ 54,000 ⁽²⁾	Nil Nil	Nil Nil	Nil Nil	Nil Nil	90,000 54,000
Trevor Woolfe <i>VP Corporate Development & VP Exploration⁽³⁾</i>	2020 2019	168,843 ⁽⁴⁾ 164,450 ⁽⁴⁾	Nil Nil	Nil Nil	Nil Nil	Nil Nil	168,843 164,450
Gino DeMichele <i>Director</i>	2020 2019	44,000 Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	44,000 Nil
Laura Diaz <i>Director⁽⁵⁾</i>	2020 2019	3,473 ⁽⁶⁾ --	Nil --	Nil --	Nil --	Nil-- --	3,473 --
Jonathan Rubenstein <i>Director⁽⁷⁾</i>	2020 2019	Nil --	Nil --	Nil --	Nil --	Nil --	Nil --
Michael Thomson <i>Director</i>	2020 2019	Nil 6,000	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil 6,000
Eric Zaunserb <i>Director⁽⁸⁾</i>	2020 2019	Nil --	Nil --	Nil --	Nil --	Nil --	Nil --
Heye Daun <i>Former Director⁽⁹⁾</i>	2020 2019	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Alan Friedman <i>Former Director⁽¹⁰⁾</i>	2020 2019	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Darren Bahrey <i>Former Director⁽¹¹⁾</i>	2020 2019	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil

Notes:

- (1) Paid to Margeo Consulting Inc., a private company wholly owned by Marcio Fonseca.
- (2) Paid to Promaid Services Ltd., a private company wholly owned by Blaine Bailey.
- (3) Subsequent to the 2020 fiscal year end, Mr. Woolfe ceased to be the Vice-President Exploration on January 18, 2021.
- (4) Paid to Shordean Pty Ltd., a private company wholly owned by Trevor Woolfe
- (5) Ms. Laura Diaz was elected a director of the Company on September 11, 2020.
- (6) Paid to DBR Abogados SC, a law firm based in Mexico, of which Ms. Diaz is a partner.
- (7) Mr. Jonathan Rubenstein was elected a director of the Company on September 11, 2020. Prior to his election as a director, Mr. Rubenstein served as an advisor to the Board (since May 10, 2019).
- (8) Mr. Eric Zaunserb was appointed a director of the Company on April 16, 2020.
- (9) Mr. Heye Daun ceased to be a director of the Company on September 11, 2020.
- (10) Mr. Alan Friedman ceased to be a director of the Company on September 11, 2020.
- (11) Mr. Darren Bahrey ceased to be a director of the Company on April 16, 2020.

Stock Options and Other Compensation Securities

The following table discloses all compensation securities granted or issued to NEOs or non-NEO directors during the financial year ended December 31, 2020, for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class ⁽¹⁾	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Marcio Fonseca <i>CEO, President & Director</i>	Stock Options	250,000 ⁽²⁾ (2.5%)	May 13, 2020	0.335	0.335	0.78	May 13, 2025
Blaine Bailey <i>CFO</i>	Stock Options	150,000 ⁽³⁾ (1.5%)	May 13, 2020	0.335	0.335	0.78	May 13, 2025
Trevor Woolfe <i>VP Corporate Development & VP Exploration</i>	Stock Options	150,000 ⁽⁴⁾ (1.5%)	May 13, 2020	0.335	0.335	0.78	May 13, 2025
Gino DeMichele <i>Director</i>	Stock Options	100,000 ⁽⁵⁾ (1.0%)	May 13, 2020	0.335	0.335	0.78	May 13, 2025
Laura Diaz <i>Director</i>	Stock Options	350,000 ⁽⁶⁾ (3.5%)	Sep 14, 2020	0.78	0.78	0.78	Sep 14, 2025
Jonathan Rubenstein <i>Director</i>	Stock Options	350,000 ⁽⁷⁾ (3.5%)	Sep 14, 2020	0.78	0.78	0.78	Sep 14, 2025
Michael Thomson <i>Director</i>	Stock Options	100,000 ⁽⁸⁾ (1.0%)	May 13, 2020	0.335	0.335	0.78	May 13, 2025
Eric Zaunscherb <i>Director</i>	Stock Options	300,000 50,000 350,000 ⁽⁹⁾ (3.5%)	Apr 16, 2020 May 13, 2020	0.20 0.335	0.20 0.335	0.78	Apr 16, 2025 May 13, 2025
Heye Daun <i>Former Director</i> ⁽¹⁰⁾	Stock Options	150,000 ⁽¹¹⁾ (1.5%)	May 13, 2020	0.335	0.335	0.78	May 13, 2025
Alan Friedman <i>Former Director</i> ⁽¹²⁾	Stock Options	150,000 ⁽¹³⁾ (1.5%)	May 13, 2020	0.335	0.335	0.78	May 13, 2025
Darren Bahrey <i>Former Director</i> ⁽¹⁴⁾	Stock Options	Nil ⁽¹⁵⁾	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) There were a total of 9,897,356 outstanding options as at December 31, 2020.
- (2) As at December 31, 2020, Mr. Fonseca held outstanding options exercisable for a total of 1,917,514 common shares of the Company, all of which options are granted to Margeo Consulting Inc., a private company wholly owned by Marcio Fonseca: 617,514 options are exercisable at a price of \$0.30/share and expire March 1, 2023; 300,000 options are exercisable at a price of \$0.31/share and expire May 7, 2023; 350,000 options are exercisable at a price of \$0.22/share and expire December 19, 2023; 100,000 options are exercisable at a price of \$0.21/share and expire August 8, 2024; 300,000 options are exercisable at a price of \$0.185/share and expire November 27, 2024; and 250,000 options are exercisable at a price of \$0.335/share and expire May 13, 2025.
- (3) As at December 31, 2020, Mr. Bailey held outstanding options exercisable for a total of 823,945 common shares of the Company: 138,945 options are exercisable at a price of \$0.30/share and expire March 1, 2023; 150,000 options are exercisable at a price of \$0.31/share and expire May 7, 2023; 200,000 options are exercisable at a price of \$0.22/share and expire December 19, 2023; 35,000 options are exercisable at a price of \$0.21/share and expire August 8, 2024; 150,000 options are exercisable at a price of \$0.185/share and expire November 27, 2024; and 150,000 options are exercisable at a price of \$0.335/share and expire May 13, 2025.
- (4) As at December 31, 2020, Mr. Woolfe held outstanding options exercisable for a total of 485,000 common shares of the Company: 150,000 options are exercisable at a price of \$0.22/share and expire December 19, 2023; 35,000 options are exercisable at a price of \$0.21/share and expire August 8, 2024;

- 150,000 options are exercisable at a price of \$0.185/share and expire November 27, 2024; and 150,000 options are exercisable at a price of \$0.335/share and expire May 13, 2025.
- (5) As at December 31, 2020, Mr. DeMichele held outstanding compensation securities exercisable for a total of 700,698 common shares of the Company: 200,698 options are exercisable at a price of \$0.30/share and expire March 1, 2023; 200,000 options are exercisable at a price of \$0.22/share and expire December 19, 2023; 200,000 options are exercisable at a price of \$0.185/share and expire November 27, 2024; and 100,000 options are exercisable at a price of \$0.335/share and expire May 13, 2025. In addition, as at December 31, 2019, through his private company, A2 Capital Management Inc., Mr. DeMichele held 304,987 compensation warrants exercisable at a price of \$0.22/share that expire March 15, 2022, subject to acceleration.
- (6) As at December 31, 2020, Ms. Diaz held outstanding compensation securities exercisable for a total of 350,000 common shares of the Company, all of which options are exercisable at a price of \$0.78/share and expire September 14, 2025.
- (7) As at December 31, 2020, Mr. Rubenstein held outstanding compensation securities exercisable for a total of 350,000 common shares of the Company, all of which options are exercisable at a price of \$0.78/share and expire September 14, 2025.
- (8) As at December 31, 2020, Mr. Thomson held outstanding options exercisable for a total of 572,000 common shares of the Company: 182,000 options are exercisable at a price of \$0.20/share and expire January 26, 2027; 200,000 options are exercisable at a price of \$0.30/share and expire March 1, 2023; 40,000 options are exercisable at a price of \$0.22/share and expire December 19, 2023; 50,000 options are exercisable at a price of \$0.185/share and expire November 27, 2024; and 100,000 options are exercisable at a price of \$0.335/share and expire May 13, 2025.
- (9) As at December 31, 2020, Mr. Zaunser held outstanding compensation securities exercisable for a total of 350,000 common shares of the Company: 300,000 options are exercisable at a price of \$0.20/share and expire April 16, 2025; and 50,000 options are exercisable at a price of \$0.335/share and expire May 13, 2025.
- (10) Mr. Daun ceased to be a director of the Company on September 11, 2020, at which time the expiry date for all of his outstanding options was accelerated to September 11, 2021.
- (11) As at December 31, 2020, Mr. Daun held outstanding compensation securities exercisable for a total of 409,822 common shares of the Company: 169,822 options are exercisable at a price of \$0.30/share and expire September 11, 2021; 40,000 options are exercisable at a price of \$0.22/share and expire September 11, 2021; 50,000 options are exercisable at a price of \$0.185/share and expire September 11, 2021; and 150,000 options are exercisable at a price of \$0.335/share and expire September 11, 2021.
- (12) Mr. Freidman ceased to be a director of the Company on September 11, 2020, at which time the expiry date for all of his outstanding options was accelerated to September 11, 2021.
- (13) As at December 31, 2020, Mr. Friedman held outstanding compensation securities exercisable for a total of 259,822 common shares of the Company: 169,822 options are exercisable at a price of \$0.30/share and expire September 11, 2021; 40,000 options are exercisable at a price of \$0.22/share and expire September 11, 2021; and 50,000 options are exercisable at a price of \$0.185/share and expire September 11, 2021.
- (14) Mr. Bahrey ceased to be a director of the Company on April 16, 2020.
- (15) As at December 31, 2020, Mr. Bahrey held no outstanding options.

During the financial year ended December 31, 2020, the following compensation securities were exercised by the following NEOs or non-NEO directors.

Exercise of Compensation Securities by Directors and NEOs							
Name and position	Type of compensation security	Number of underlying securities exercised ¹	Exercise Price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Gino DeMichele <i>Director</i>	Warrant	372,760	0.22	May 20, 2020	0.405	0.185	68,960.60
Jonathan Rubenstein <i>Director⁽¹⁾</i>	Stock Options	200,000	0.21	Aug 26/20	0.74	0.53	106,000.00
Darren Bahrey <i>Former Director⁽²⁾</i>	Stock Options	40,000	0.22	Jul 3,2020	0.58	0.36	14,400.00
		50,000	0.185	Jul 3,2020	0.58	0.395	19,750.00
Alan Friedman <i>Former Director⁽³⁾</i>	Stock Options	150,000	0.335	Sep 23, 2020	0.56	0.225	33,750.00

Notes:

- (1) Mr. Jonathan Rubenstein was elected a director of the Company on September 11, 2020. Prior to his election as a director, Mr. Rubenstein served as an advisor to the Board (May 10, 2019 – September 11, 2020).
- (2) Mr. Darren Bahrey ceased to be a director of the Company on April 16, 2020.
- (3) Mr. Alan Friedman ceased to be a director of the Company on September 11, 2020.

Stock Option Plans and Other Incentive Plans

The Company's current stock option plan dated August 1, 2020 (the "**Stock Option Plan**") was the Company's only equity compensation plan as of December 31, 2020. The Stock Option Plan was most recently approved by the Company's shareholders at its last annual general meeting on September 11, 2020. In accordance with Exchange policies, as the Stock Option Plan is a "rolling" stock option plan, it must receive approval of the Company's shareholders yearly at the Company's annual general meeting.

The following is a summary of the substantive terms of the Stock Option Plan:

- ◆ The Stock Option Plan is a "rolling" 10% stock option plan. It is administered by the Board who has the full authority and sole discretion to grant options under the Stock Option Plan to any eligible recipient, including themselves. Eligible recipients include: directors, officers, employees and consultants of, or employees of management companies providing services to, the Company or its subsidiaries.
- ◆ The aggregate number of optioned common shares that may be issued upon the exercise of stock options granted under the Stock Option Plan and any previous stock option plan, in the aggregate may not exceed 10% of the number of issued and outstanding common shares of the Company at the time of granting of options.
- ◆ No more than 5% of the common shares of the Company outstanding at the time of grant may be reserved for issuance to any one person (including a company wholly-owned by that person) in any 12 month period, unless the Company has received disinterested shareholder approval to exceed such limit.
- ◆ Where required by applicable exchange policies, no more than 2% of the Company's common outstanding at the time of grant may be reserved for issuance to any one consultant of the Company in any 12 month period.
- ◆ No more than an aggregate of 2% of the Company's common shares outstanding at the time of grant may be reserved for issuance to any person conducting investor relations activities (as such term is defined under applicable exchange policies) in any 12 month period.
- ◆ Vesting of options is at the discretion of the Board, however, options may not be granted with vesting provisions if vesting is prohibited under applicable exchange policies.
- ◆ If required by applicable exchange policies, options granted to persons performing investor relations activities will vest over a minimum of 12 months with no more than ¼ of such options vesting in any 3 month period.
- ◆ The number of common shares of the Company that may be reserved for issuance to Insiders (as such term is defined under applicable exchange policies), as a group (i) at the time of grant; or (ii) within a one year period, may not exceed 10% of the outstanding common shares of the Company calculated at the time of the grant, unless disinterested shareholder approval has been obtained.
- ◆ The exercise price of a stock option shall be fixed by the Board; however, the minimum exercise price of a stock option cannot be less than the minimum price permitted under applicable exchange policies at the date of grant.
- ◆ Options may have a maximum exercise period of ten (10) years.
- ◆ Options are non-assignable and non-transferable.
- ◆ Options will expire immediately upon the optionee ceasing to provide services to the Company or its subsidiaries and the optionee may not exercise any options after such optionee ceases to provide services to the Company or its subsidiaries except that:

- ♦ in the case of death of an optionee, any vested options held by the deceased at the date of death will become exercisable by the optionee's estate until the earlier of one year after the date of death and the date of expiration of the term otherwise applicable to such option;
- ♦ in the case of an optionee dismissed from employment/service for cause, such options, whether vested or not, will immediately terminate without right to exercise same; and
- ♦ subject to the above two paragraphs, any vested option held by an optionee at the date the optionee ceases to provide services to the Company or its subsidiaries may be exercised by such optionee until the earlier of (i) the expiry date of such options, and (ii) a reasonable period of time as may be determined by the Board in compliance with Exchange policies, and in the event no such determination is specified by the Board, then 90 days after the date such optionee ceases to be a service provider.

External Management Companies

During the year ended December 31, 2020, no management functions of the Company were to any substantial degree performed by a person other than the directors or executive officers of the Company.

Employment, Consulting and Management Agreements

The Company has entered into agreements or arrangements under which it pays its NEOs, other executive officers and non-NEO directors, as follows:

Named Executive Officers & Other Executive Officers

1. Marcio Fonseca – CEO & President and a director

Mr. Marcio Fonseca was appointed the CEO and President of the Company's predecessor, Goldplay Exploration Ltd. ("**Goldplay EL**"), on January 1, 2017. Goldplay EL and Soleil Capital Corp. amalgamated on March 1, 2018, forming the Company, at which time Mr. Fonseca was appointed CEO and President of the amalgamated Company.

Prior to January 1, 2021, Mr. Fonseca was engaged to provide services to the Company through his private consulting company, Margeo Consulting Inc. Commencing January 1, 2021, Mr. Fonseca entered into an executive employment agreement with the Company (the "**Fonseca Agreement**") pursuant to which he is formally employed to provide full-time services as the CEO and President of the Company.

Mr. Fonseca's employment will continue until terminated in accordance with the termination provisions set out in the Fonseca Agreement. Pursuant to the Fonseca Agreement, Mr. Fonseca is paid a base annual salary of \$225,000, less statutory deductions and remittances, paid monthly. The salary will be subject to review by the Company annually, and may be adjusted upwards by the Company in its sole discretion to reflect general economic conditions, performance and changes to Mr. Fonseca's position and/or duties and responsibilities. In this regard, the Board engaged an independent expert to conduct an assessment of executive and director compensation. In furtherance of the recommendations made by the expert, the Board has approved an increase in Mr. Fonseca's salary to \$260,000 per annum commencing August 1, 2021. Mr. Fonseca is entitled to, but not guaranteed, performance bonuses at such times and in such amounts as may be determined by the Board. Mr. Fonseca is also eligible to participate in the Company's stock option plan in effect from time to time, with any grant of options thereunder being made by the Board in its sole discretion. Pursuant to the Fonseca Agreement, Mr. Fonseca is entitled to participate in Company's employee benefit plans, if and when any are implemented by the Company. The Company is required to provide and pay for liability insurance to cover all potential liability to Mr. Fonseca in providing services to the Company, including officer liability insurance. Mr. Fonseca is entitled to six (6) weeks (30 working days) annual vacation per calendar year. Mr. Fonseca will be issued a computer laptop and any other devices, equipment or technology requested by him and approved by the Board for authorized business use purposes, and he will

be reimbursed for charges related to cellular phone service/data plan as well as other expenses he incurs in performing his duties on behalf of the Company.

Mr. Fonseca may terminate the Fonseca Agreement at any time by providing 30 days' prior written notice to the Company in which case he will be entitled to receive accrued and unpaid salary and vacation to the end of such notice period.

Mr. Fonseca may also terminate the agreement under certain circumstances in the event of a change of control event, in which case he will be entitled to receive the severance set out below.

The Company may terminate the Fonseca Agreement:

- (a) at any time for just cause without providing any notice of termination, pay in lieu of such notice, severance pay or any other termination entitlement (other than accrued and unpaid salary and vacation, if any due at the time of termination); or
- (b) except where such termination is made within 9 months following a Change of Control (as such term is defined in the Fonseca Agreement), at any time without cause or upon disability of Mr. Fonseca provided that in such case the Company will provide Mr. Fonseca with (i) a payment equal to any salary due and owing and expenses owing as at the date of termination and (ii) a lump sum cash payment of the amount equal to 24 months' salary calculated at the salary rate in effect at the time of termination, which payment will be inclusive of Mr. Fonseca's entitlement to notice and severance pay at common law or by statute.

If a Change of Control occurs and at any time during the 9 month period following such Change of Control either the Company terminates Mr. Fonseca's employment or Mr. Fonseca resigns employment for Good Reason (as such term is defined in the Fonseca Agreement), then Mr. Fonseca will be entitled to receive a lump sum cash payment of the amount equal to 36 months' salary calculated at the salary rate in effect at the time of termination.

Mr. Fonseca has covenanted not to seek employment or consulting work in the state of Sinaloa, Mexico without the prior approval of the Company for a period of 24 months following termination of the Fonseca Agreement. Mr. Fonseca has also entered into a confidentiality agreement with the Company.

2. Blaine Bailey - CFO

Mr. Blaine Bailey was appointed the CFO of the Company's predecessor, Goldplay EL, on November 8, 2012. Goldplay EL and Soleil Capital Corp. amalgamated on March 1, 2018, forming the Company, at which time Mr. Bailey was appointed CFO of the Company.

Prior to January 1, 2021, Mr. Bailey was engaged to provide services to the Company through his private consulting company, Promaid Services Ltd. Commencing January 1, 2021, Mr. Bailey entered into an executive employment agreement with the Company (the "**Bailey Agreement**").

Pursuant to the Bailey Agreement, Mr. Bailey is formally employed to provide full-time services as the CFO of the Company. Mr. Bailey's employment will continue until terminated in accordance with the termination provisions set out in the Bailey Agreement. Pursuant to the Bailey Agreement, Mr. Bailey is paid a base annual salary of \$126,000, less statutory deductions and remittances, paid monthly. The salary will be subject to review by the Company annually, and may be adjusted upwards by the Company in its sole discretion to reflect general economic conditions, performance and changes to Mr. Bailey's position and/or duties and responsibilities. In this regard, the Board engaged an independent expert to conduct an assessment of executive and director compensation. In furtherance of the recommendations made by the expert, the Board has approved an increase in Mr. Bailey's salary to \$175,000 per annum commencing August 1, 2021.

Mr. Bailey is entitled to, but not guaranteed, performance bonuses at such times and in such amounts as may be determined by the Board. Mr. Bailey is also eligible to participate in the Company's stock option plan in effect from time to time, with any grant of options thereunder being made by the Board in its sole discretion.

Pursuant to the Bailey Agreement, Mr. Bailey is entitled to participate in Company's employee benefit plans, if and when any are implemented by the Company. The Company is required to provide and pay for liability insurance to cover all potential liability to Mr. Bailey in providing services to the Company, including officer liability insurance. Mr. Bailey is entitled to six (6) weeks (30 working days) annual vacation per calendar year. Mr. Bailey will be issued a computer laptop and any other devices, equipment or technology requested by him and approved by the Board for authorized business use purposes, and he will be reimbursed for charges related to cellular phone service/data plan as well as other expenses he incurs in performing his duties on behalf of the Company.

Mr. Bailey may terminate the Bailey Agreement at any time by providing 30 days' prior written notice to the Company in which case he will be entitled to receive accrued and unpaid salary and vacation to the end of such notice period.

Mr. Bailey may also terminate the agreement under certain circumstances in the event of a change of control event, in which case he will be entitled to receive the severance set out below.

The Company may terminate the Bailey Agreement:

- (a) at any time for just cause without providing any notice of termination, pay in lieu of such notice, severance pay or any other termination entitlement (other than accrued and unpaid salary and vacation, if any due at the time of termination); or
- (b) except where such termination is made within 9 months following a Change of Control (as such term is defined in the Bailey Agreement), at any time without cause or upon disability of Mr. Bailey provided that in such case the Company will provide Mr. Bailey with (i) a payment equal to any salary due and owing and expenses owing as at the date of termination and (ii) a lump sum cash payment of the amount equal to 18 months' salary calculated at the salary rate in effect at the time of termination, which payment will be inclusive of Mr. Bailey's entitlement to notice and severance pay at common law or by statute.

If a Change of Control occurs and at any time during the 9 month period following such Change of Control either the Company terminates Mr. Bailey's employment or Mr. Bailey resigns employment for Good Reason (as such term is defined in the Bailey Agreement), then Mr. Bailey will be entitled to receive a lump sum cash payment of the amount equal to 24 months' salary calculated at the salary rate in effect at the time of termination.

Mr. Bailey has also entered into a confidentiality agreement with the Company.

3. Trevor Woolfe – Vice-President Corporate Development

Mr. Trevor Woolfe was appointed as the Company's Vice-President of Corporate Development and Exploration on July 31, 2018. On January 18, 2021, Mr. Woolfe resigned his position as Vice-President Exploration, continuing thereafter to serve solely as Vice-President of Corporate Development.

From August 1, 2018 until July 12, 2020, Mr. Woolfe was engaged to provide services to the Company through his private consulting company, Shordean Pty Ltd. On July 13, 2021, the consulting agreement was replaced with an employment agreement. In early 2021, Mr. Woolfe relocated from Australia to Vancouver, British Columbia. Effective March 1, 2021, Mr. Woolfe entered into an amended and restated executive employment agreement with the Company (the "**Woolfe Agreement**").

Pursuant to the Woolfe Agreement, Mr. Woolfe is formally employed to provide full-time services as the Vice-President of Corporate Communications of the Company. Mr. Woolfe's employment will continue until terminated in accordance with the termination provisions set out in the Woolfe Agreement. Pursuant to the Woolfe Agreement, Mr. Woolfe is paid a base annual salary of \$180,000, less statutory deductions and remittances. The salary will be subject to review by the Company annually, and may be adjusted upwards by the Company in its sole discretion to reflect general economic conditions, performance and changes to Mr. Woolfe's position and/or duties and responsibilities.

Mr. Woolfe is entitled to, but not guaranteed, performance bonuses at such times and in such amounts as may be determined by the Board. Mr. Woolfe is also eligible to participate in the Company's stock option plan in effect from time to time, with any grant of options thereunder being made by the Board in its sole discretion. Pursuant to the Woolfe Agreement, Mr. Woolfe is entitled to participate in Company's employee benefit plans, if and when any are implemented by the Company. The Company is required to provide and pay for liability insurance to cover all potential liability to Mr. Woolfe in providing services to the Company, including officer liability insurance. Mr. Woolfe is entitled to relocation expenses as set out in the Woolfe Agreement. Mr. Woolfe is entitled to four (4) weeks (20 working days) annual vacation per calendar year. Mr. Woolfe will be issued a computer laptop and any other devices, equipment or technology requested by him and approved by the Board for authorized business use purposes, and he will be reimbursed for charges related to cellular phone service/data plan as well as other expenses he incurs in performing his duties on behalf of the Company.

Mr. Woolfe may terminate the Woolfe Agreement at any time by providing 30 days' prior written notice to the Company in which case he will be entitled to receive accrued and unpaid salary and vacation to the end of such notice period.

Mr. Woolfe may also terminate the agreement under certain circumstances in the event of a change of control event, in which case he will be entitled to receive the severance set out below.

The Company may terminate the Woolfe Agreement:

- (a) at any time for just cause without providing any notice of termination, pay in lieu of such notice, severance pay or any other termination entitlement (other than accrued and unpaid salary and vacation, if any due at the time of termination); or
- (b) except where such termination is made within 9 months following a Change of Control (as such term is defined in the Woolfe Agreement), at any time without cause or upon disability of Mr. Woolfe provided that in such case the Company will provide Mr. Woolfe with (i) a payment equal to any salary due and owing and expenses owing as at the date of termination and (ii) a lump sum cash payment of the amount equal to 12 months' salary calculated at the salary rate in effect at the time of termination, which payment will be inclusive of Mr. Woolfe's entitlement to notice and severance pay at common law or by statute.

If a Change of Control occurs and at any time during the 9 month period following such Change of Control either the Company terminates Mr. Woolfe's employment or Mr. Woolfe resigns employment for Good Reason (as such term is defined in the Woolfe Agreement), then Mr. Woolfe will be entitled to receive a lump sum cash payment of the amount equal to 12 months' salary calculated at the salary rate in effect at the time of termination.

The Woolfe Agreement further provides that if the Company receives written notification that Mr. Woolfe's required work authorization in Canada has been revoked by applicable authorities, the Woolfe Agreement will automatically terminate and in such case the Company will provide Mr. Woolfe with (i) a payment equal to any salary due and owing and expenses owing as at the date of termination and (ii) a lump sum cash payment of the amount equal to three months' salary calculated at the salary rate in effect at the time of termination.

Mr. Woolfe has covenanted not to seek employment or consulting work in the state of Sinaloa, Mexico without the prior approval of the Company for a period of 24 months following termination of the Woolfe Agreement. Mr. Woolfe has also entered into a confidentiality agreement with the Company.

4. Honza Catchpole – Vice-President Exploration

Mr. Honza Catchpole was appointed as the Company's Vice-President of Exploration on January 18, 2021. Effective January 21, 2021, Mr. Catchpole entered into an executive employment agreement with the Company (the "**Catchpole Agreement**").

Pursuant to the Catchpole Agreement, Mr. Catchpole is formally employed to provide full-time services as the Vice-President of Exploration of the Company. Mr. Catchpole's employment will continue until terminated in accordance with the termination provisions set out in the Catchpole Agreement. Pursuant to the Catchpole Agreement, Mr. Catchpole is paid a base annual salary of \$180,000, less statutory deductions and remittances. The salary will be subject to review by the Company annually, and may be adjusted upwards by the Company in its sole discretion to reflect general economic conditions, performance and changes to Mr. Catchpole's position and/or duties and responsibilities.

Mr. Catchpole is entitled to, but not guaranteed, performance bonuses at such times and in such amounts as may be determined by the Board. Mr. Catchpole is also eligible to participate in the Company's stock option plan in effect from time to time, with any grant of options thereunder being made by the Board in its sole discretion. Pursuant to the Catchpole Agreement, Mr. Catchpole is entitled to participate in Company's employee benefit plans, if and when any are implemented by the Company. The Company is required to provide and pay for liability insurance to cover all potential liability to Mr. Catchpole in providing services to the Company, including officer liability insurance. Mr. Catchpole is entitled to four (4) weeks (20 working days) annual vacation per calendar year. Mr. Catchpole will be issued a computer laptop and any other devices, equipment or technology requested by him and approved by the Board for authorized business use purposes, and he will be reimbursed for charges related to cellular phone service/data plan as well as other expenses he incurs in performing his duties on behalf of the Company.

Mr. Catchpole may terminate the Catchpole Agreement at any time by providing 30 days' prior written notice to the Company in which case he will be entitled to receive accrued and unpaid salary and vacation to the end of such notice period.

Mr. Catchpole may also terminate the agreement under certain circumstances in the event of a change of control event, in which case he will be entitled to receive the severance set out below.

The Company may terminate the Catchpole Agreement:

- (a) at any time for just cause without providing any notice of termination, pay in lieu of such notice, severance pay or any other termination entitlement (other than accrued and unpaid salary and vacation, if any due at the time of termination); or
- (b) except where such termination is made within 9 months following a Change of Control (as such term is defined in the Catchpole Agreement), at any time without cause or upon disability of Mr. Catchpole provided that in such case the Company will provide Mr. Catchpole with (i) a payment equal to any salary due and owing and expenses owing as at the date of termination and (ii) a lump sum cash payment of the amount equal to 12 months' salary calculated at the salary rate in effect at the time of termination, which payment will be inclusive of Mr. Catchpole's entitlement to notice and severance pay at common law or by statute.

If a Change of Control occurs and at any time during the 9 month period following such Change of Control either the Company terminates Mr. Catchpole's employment or Mr. Catchpole resigns employment for Good Reason (as such term is defined in the Catchpole Agreement), then Mr. Catchpole will be entitled to receive a lump sum cash payment of the amount equal to 12 months' salary calculated at the salary rate in effect at the time of termination.

Mr. Catchpole has covenanted not to seek employment or consulting work in the state of Sinaloa, Mexico without the prior approval of the Company for a period of 24 months following termination of the Catchpole Agreement. Mr. Catchpole has also entered into a confidentiality agreement with the Company.

5. Brenda Dayton – Vice-President Corporate Communications

Ms. Brenda Dayton was appointed as the Company's Vice-President of Corporate Communications on February 19, 2021. Effective February 19, 2021, Ms. Dayton entered into an executive employment agreement with the Company (the "**Dayton Agreement**").

Pursuant to the Dayton Agreement, Ms. Dayton is formally employed to provide full-time services as the Vice-President of Corporate Communications of the Company. Ms. Dayton's employment will continue until terminated in accordance with the termination provisions set out in the Dayton Agreement. Pursuant to the Dayton Agreement, Ms. Dayton is paid a base annual salary of \$120,000, less statutory deductions and remittances. The salary will be subject to review by the Company annually, and may be adjusted upwards by the Company in its sole discretion to reflect general economic conditions, performance and changes to Ms. Dayton's position and/or duties and responsibilities.

Ms. Dayton is entitled to, but not guaranteed, performance bonuses at such times and in such amounts as may be determined by the Board. Ms. Dayton is also eligible to participate in the Company's stock option plan in effect from time to time, with any grant of options thereunder being made by the Board in its sole discretion. Pursuant to the Dayton Agreement, Ms. Dayton is entitled to participate in Company's employee benefit plans, if and when any are implemented by the Company. The Company is required to provide and pay for liability insurance to cover all potential liability to Ms. Dayton in providing services to the Company, including officer liability insurance. Ms. Dayton is entitled to four (4) weeks (20 working days) annual vacation per calendar year. Ms. Dayton will be issued a computer laptop and any other devices, equipment or technology requested by her and approved by the Board for authorized business use purposes, and she will be reimbursed for charges related to cellular phone service/data plan as well as other expenses she incurs in performing her duties on behalf of the Company.

Ms. Dayton may terminate the Dayton Agreement at any time by providing 30 days' prior written notice to the Company in which case she will be entitled to receive accrued and unpaid salary and vacation to the end of such notice period.

The Company may terminate the Dayton Agreement:

- (a) at any time for just cause without providing any notice of termination, pay in lieu of such notice, severance pay or any other termination entitlement (other than accrued and unpaid salary and vacation, if any due at the time of termination); or
- (b) at any time without cause provided that in such case the Company will provide Ms. Dayton with (i) a payment equal to any salary due and owing and expenses owing as at the date of termination and (ii) in the Company's sole discretion, 4 weeks' working notice, payment in lieu of notice in an amount equal to 4 weeks' salary, or a combination of notice and payment in lieu thereof, which notice and/or payment will be in complete satisfaction of all contractual, statutory or common law notice requirements.

Ms. Dayton has covenanted not to seek employment or consulting work in the state of Sinaloa, Mexico without the prior approval of the Company for a period of 24 months following termination of the Dayton Agreement. Ms. Dayton has also entered into a confidentiality agreement with the Company.

Non-NEO Directors

1. Commencing January 1, 2021, non-NEO directors of the Company are paid a retainer of \$24,000 per annum as directors' fees (pro-rated if services are for less than one year). In addition, commencing January 1, 2021, the Company pays an additional retainer of \$12,000 per annum to the Board Chair, \$8,000 per annum to the Audit Committee Chair and \$5,000 per annum to the Compensation Committee Chair. All non-NEO director payments are paid monthly or quarterly as determined by the CFO.
2. Non-NEO directors are entitled to be reimbursed for reasonable expenditures incurred in performing their duties as directors.

3. Non-NEO directors are entitled to participate in the Stock Option Plan.

Oversight and Description of Director and NEO Compensation

The Board has appointed a Compensation Committee which is comprised of Gino DeMichele, Jonathan Rubenstein and Eric Zaunserb. The members of the Compensation Committee are experienced in the oversight of executive and operational management teams as a result of their experience with various private and public sector businesses. The members of the Compensation Committee review compensation policies of similar companies when making determinations about director and executive compensation. Final decisions concerning employment, consulting or other compensation arrangements between the Company and the directors or executive officers of the Company (or between any subsidiary of the Company and any director or executive officer) are considered and approved by the Compensation Committee and then put forward to the independent directors of the Board for final approval.

The Compensation Committee considers implications of the risks associated with the Company's compensation practices and policies as part of its oversight and stewardship of its affairs, and also considers previous grants of incentive stock options when making new grants.

Non-NEO Director Compensation

During the fiscal year ended December 31, 2020, the Company had no standard arrangements pursuant to which non-NEO directors were compensated by the Company for their services in their capacity as directors, except for the granting from time to time of incentive stock options in accordance with the Company's stock option plan and the policies of the Exchange and ad hoc awards of director fees from time to time. In December 2020, the Board engaged an independent expert to conduct an assessment of executive and director compensation. In furtherance of the recommendations made by the expert, the Board implemented a formal fee structure with respect to payment of fees to non-NEO directors for serving as directors of the Company such that, effective January 1, 2021, each non-NEO director of the Company is paid a retainer of \$24,000 per annum as directors' fees (pro-rated if services are for less than one year). In addition, commencing January 1, 2021, the Company pays an additional retainer of \$12,000 per annum to the Board Chair, \$8,000 per annum to the Audit Committee Chair and \$5,000 per annum to the Compensation Committee Chair. All non-NEO director retainers may be paid in monthly or quarterly installments as determined by the CFO.

Should the Company's financial circumstances change in fiscal 2021, the Compensation Committee will consider and determine if changes are required with respect to compensation payable to the non-NEO directors of the Company, taking into consideration general industry standards for companies similar to the Company and the time and efforts provided to the Company by each non-NEO director, and will make its recommendation to the Board for approval of its non-NEO director compensation proposals.

The Board also believes that the granting of incentive stock options provides a reward to non-NEO directors for achieving results that improve Company performance and thereby increase shareholder value, where such improvement is reflected in an increase in the Company's share price. In making a determination as to whether a grant of long-term incentive stock options is appropriate and if so, the number of options that should be granted, the Compensation Committee considers: the number and terms of outstanding incentive stock options held by each non-NEO director; the aggregate value in securities of the Company that the Board intends to award as compensation; the potential dilution to shareholders; general industry standards and the limits imposed by the terms of the Company's stock option plan and Exchange policies. The granting of incentive stock options allows the Company to reward non-NEO directors for their efforts to increase value for shareholders without requiring the Company to use cash from its treasury. The terms and conditions of the Company's stock option grants, including vesting provisions and exercise prices, are governed by the terms of the Company's Stock Option Plan, described under "*Stock Option Plans and Other Incentive Plans*" above.

Non-NEO directors are also reimbursed for actual expenses reasonably incurred in connection with the performance of their duties as directors.

NEO Compensation

The Company is a junior resource company focused on its principal silver and gold properties located in Mexico. The Company has, as of yet, no significant revenues from operations and from time to time operates with limited financial resources to ensure that funds are available to complete scheduled work programs on its properties. As a result, the Compensation Committee and the Board have to consider not only the financial situation of the Company at the time of the determination of executive compensation, but also the estimated financial situation of the Company in the mid and long term.

Compensation paid to NEOs during the fiscal year ended December 31, 2020 is noted in the table above. The Company has contractual agreements/arrangements with its CEO, CFO, Vice-President of Corporate Development, Vice-President of Exploration and Vice-President of Corporate Communications, all of which are described above under “*Employment, Consulting and Management Agreements*”. It is anticipated that the compensation due and payable under these agreements/arrangements will remain an obligation of the Company during the next fiscal year.

As the Company advances its exploration properties and grows its business, the general objectives of the Company’s compensation strategy will be to (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (b) align management’s interests with the pursuit of the Company’s goals and growth strategies and the long-term interests of shareholders; (c) provide a compensation package that enables the Company to attract and retain talent; and (d) ensure that the total compensation package is designed in a manner that takes into account the financial constraints that the Company is under.

In considering the compensation of its NEOs, the Compensation Committee considers how it can best balance the interests of the Company and provide competitive compensation to attract and retain officers who will contribute to the success of the Company, while mindful of the financial constraints of the Company. The Compensation Committee takes into account the types of compensation and the amounts paid to directors and officers of comparable publicly traded Canadian companies. The Compensation Committee will make recommendations to the Board for its final approval of all consulting or other compensation arrangements between the Company and its NEOs. In December 2020, the Board engaged an independent expert to conduct an assessment of executive and director compensation and NEO compensation in 2021 has been adjusted to reflect the recommendations made by the expert (refer to “*Employment, Consulting and Management Agreements*” for further details on compensation payable to the NEOs).

An important element of executive compensation is that of stock options, which do not require cash disbursements by the Company. The Board also believes that the granting of incentive stock options provides a reward to NEOs for achieving results that improve Company performance and thereby increase shareholder value, where such improvement is reflected in an increase in the Company’s share price. In making a determination as to whether a grant of long-term incentive stock options is appropriate and if so, the number of options that should be granted, the Compensation Committee considers: the number and terms of outstanding incentive stock options held by each NEO; the aggregate value in securities of the Company that the Board intends to award as compensation; the potential dilution to shareholders; general industry standards and the limits imposed by the terms of the Company’s stock option plan and Exchange policies. The granting of incentive stock options allows the Company to reward NEOs for their efforts to increase value for shareholders without requiring the Company to use cash from its treasury. The terms and conditions of the Company’s stock option grants, including vesting provisions and exercise prices, are governed by the terms of the Company’s Stock Option Plan, described under “*Stock Option Plans and Other Incentive Plans*” above.

Other than as described above, there are no other perquisites provided to the NEOs. The Company does not use specific benchmark groups in determining compensation or any element of compensation.

PENSION DISCLOSURE

No pension is provided to a non-NEO director or Named Executive Officer of the Company.