



## COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE CHARTER

### Name

---

There shall be a committee of the Board of Directors (the "**Board**") of Aurcana Silver Corporation (the "**Company**") known as the Governance and Compensation Committee (the "**Committee**").

### General Purpose

---

The Committee has been established to assist the Board in (i) identifying potential nominees to the Board; (ii) assessing the effectiveness of the directors, the Board and the various committees of the Board and the composition of the Board and its committees; (iii) developing, reviewing and planning the Company's approach to corporate governance issues, including the public disclosure of the Company's corporate governance practices; (iv) discharging its responsibilities regarding compensation of the Company's executives and the members of the Board; (v) setting objectives for the Chief Executive Officer (the "**CEO**") and evaluating the CEO's performance; (vi) monitoring management's succession plan for the CEO and other senior management; and (vii) overseeing enforcement of and compliance with the Company's Code of Business Conduct.

### Composition

---

The Committee membership shall be comprised of as many members as the Board shall determine, but in any event not fewer than three members. The Committee's composition shall meet all independence, legal and regulatory requirements. The Board shall designate the Chair of the Committee and in so doing shall consider the recommendation of the Committee. Each member shall continue to be a member until a successor is appointed, unless the member resigns, is removed or ceases to be a director. The Board, following consultation with the Committee, may fill a vacancy at any time.

### Committee Meetings

---

The Chairman of the Committee, following consultation with Committee members, shall determine the schedule and frequency of the Committee meetings, provided that the Committee shall also meet once prior to the Board meeting to approve the disclosure relating to all compensation matters contained in the Company's Management Information Circular for the Company's Annual Meeting. Additional meetings will be scheduled as required in response to specific circumstances. The Committee may, at its discretion, hold in camera meetings. The Chairman of the Committee shall develop and set the Committee's agenda in consultation with members of the Committee, the Board and management. To the extent possible, a schedule for each of the meetings will be disseminated to Committee members as early in each year as practicable.

### Responsibilities

---

The Committee is mandated to carry out the following responsibilities:

*a. Board Composition*

The Committee shall review with the Board on an annual basis the current composition of the Board of Directors with a view to ensuring that the members of the Board have the independence, expertise, experience, personal qualities and ability to make the necessary time commitment to the Company in light of the opportunities and risks facing the Company.

**b. *Nominations to the Board of Directors***

The Committee shall propose to the Board nominees they believe to be qualified to be directors, and in doing so, shall consider both the opportunities and risks facing the Company and the independence, expertise, experience, personal qualities and ability to make the necessary time commitment of a proposed nominee in order to add value to the Company.

**c. *Committee Memberships***

The Committee shall identify and recommend to the Board the names of directors to serve as members of the Audit Committee and such other committees as may exist from time to time, as well as the Committee itself. In addition, the Committee shall recommend to the Board a member of each of the aforementioned committees to serve as Chairman. The Committee shall identify names of directors to fill vacancies on committees.

**d. *Effectiveness***

The Board shall be responsible for developing and implementing a program for assessing the effectiveness of the individual directors, the Board and its committees, including considering the experience and expertise of members against the needs of each committee and the Board. The Committee shall seek to conduct an annual evaluation of individual directors', the Board's and its committees' effectiveness and shall report the results of the evaluation to the Chairman of the Board.

**e. *Directors' Compensation***

The Committee shall consider the form and amount of directors' compensation. The Committee shall seek to periodically review such compensation, taking into consideration such factors as time commitment, compensation at comparable public corporations, and responsibilities, to ensure such compensation is reasonable, competitive, aligns the interests of directors with those of shareholders and is consistent with the time commitment, risks and responsibilities involved in being an effective director.

**f. *Orientation and Education***

The Committee shall cause to be provided an orientation and education program to new Board members and continuing education as necessary.

**g. *Approval of Independent Advice for Directors***

The Committee shall consider and approve, if appropriate, requests by individual directors to engage external special advisors and approve the necessary funding to compensate such advisors.

**h. *Executive Compensation***

The Committee shall:

1. Establish and administer policies with respect to the compensation of executive officers of the Company.
2. Establish compensation levels annually for the executive officers of the Company (giving consideration to third party competitive data, information from independent consultants and the responsibilities and time commitments of each position) including:
  - base salaries and salary ranges for executive officers;
  - all bonus and benefit schemes;
  - all special arrangements including automobile allowances, perquisites, and any termination provisions in respect of change of control of the Company;

- deferred or other compensation;
  - stock options and other equity-based compensation; and
  - incidental benefits.
3. Review, and oversee the administration by management of, the Company's general compensation and benefit programs and assess the extent to which the programs are meeting their intended objectives.
  4. Review and approve the corporate goals and objectives relevant to the compensation of the CEO annually and in the context of the Company's strategic plan. Evaluate the performance of the CEO in light of those goals and objectives, and set the compensation level of the CEO based on this evaluation.
  5. Assess the performance of the CEO and determine the appropriate level of performance compensation (bonus). Bonuses will be awarded on the basis of achievement of specific current year financial and operating targets set by the Board including, without limitation, relative shareholder return as well as achievement of the objectives outlined in the strategic plan.
  6. Review annually the objectives set by the CEO for executive officers in the context of the Company's strategic plan and, in concert with the CEO, review the performance assessment of individual executive officers and determine their levels of performance compensation and targets.
  7. Administer the incentive stock option plan and other equity based compensation plans and make recommendations to the Board with respect to the granting of options thereunder.
  8. Prepare a report with respect to executive compensation for inclusion in the annual management information circular.
  9. The Committee shall review and, where appropriate, make recommendations to the Board regarding all new employment, consulting, retirement and severance agreements and arrangements proposed for the Company's senior management. The Committee shall periodically evaluate existing agreements with the Company's senior management for continuing appropriateness.

***i. Organization Structure and Succession Planning***

The CEO has the responsibility for the organizational structure of the Company and its management team and to present to the Committee an assessment of its effectiveness and any proposed changes of a significant or strategic nature.

The Governance & Compensation Committee shall:

1. Monitor and report to the Board on the organizational structure of the Company's management, including an assessment of the effectiveness of the structure, and any organizational changes proposed by the CEO.
2. Monitor management's succession plan for the CEO and other senior management and periodically report to the Board with recommendations on succession planning issues.

***j. Corporate Governance***

The Committee shall:

1. Review and assess the adequacy of the Company's corporate governance system annually and report to the Board, which report shall include any recommendations regarding the Company's corporate governance practices which the Committee deems appropriate.

2. Review the disclosure of the Company's system of governance to be contained in the Company's Annual Information Form and/or management information circular to ensure it constitutes full and complete disclosure of such system in response to legal and regulatory requirements.

***k. Review of Policies***

The Committee shall review on an annual basis and approve the Company's strategic corporate policies and material amendments thereto including the Company's Disclosure, Insider Trading Policies and its Code of Business Conduct and other relevant policies associated with ensuring an effective system of corporate governance.

***l. Code of Business Conduct Compliance and Waivers***

The Committee shall be responsible for overseeing the implementation of a compliance program for the Code of Business Conduct (the "Code") to ensure that all directors, officers and employees are made aware of it and comply with it. The Committee shall review with management from time to time the enforcement of its terms. All amendments, modifications or waivers with respect to the Code shall be approved by the Committee and reported to, or approved by, if appropriate, the Board. The Committee shall oversee the disclosure of any waivers as required by law.

***m. Report to Board***

The Committee shall report periodically, but no less than once annually, to the Board and shall submit to the Board the minutes of its meetings except where such meetings are held in camera.

***n. Other***

Perform any other activities consistent with this Charter, the Company's by-laws or as delegated by the Board from time to time.

**Resources**

---

The Committee shall have the sole authority to retain (or terminate) consultants to assist the Committee in the evaluation of director, CEO or executive compensation or to identify candidates for nomination as directors or appointment as the CEO or other senior management position. The Committee shall be provided with the necessary funding to compensate any advisors retained by the Committee.

The Committee shall have full access to the Company's books, records, facilities and personnel.

**Review of Mandate**

---

The Board will seek to review the mandate of this Committee at least once per year and modify it if necessary.

**Delegation of Authority**

---

The Committee may delegate its authority and duties to subcommittees or individual members of the Committee as it deems appropriate.

**Limitation on the Oversight Role of the Committee**

---

Nothing in this Charter is intended, or may be construed, to impose on any member of the committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all members of the Board of Directors are subject.

Each member of the Committee shall be entitled, to the fullest extent permitted by law, to rely on the integrity of those persons and organizations within and outside the Company from whom he or she receives information, and the accuracy of the information provided to the Company by such persons or organizations.

This Charter was implemented by the Board of Directors on June 8, 2011 and amended by the Board of Directors on March 17, 2015.