



**ANNUAL INFORMATION FORM  
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2016**

**DATED March 30, 2017**



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## PRELIMINARY NOTES

### ***Effective Date of Information***

All information in this annual information form ("AIF") of Americas Silver Corporation ("Americas Silver" or the "Company") is as at December 31, 2016 unless otherwise indicated. The information in this AIF is stated as of March 30, 2017.

### ***Additional Information***

Additional information is provided in the Company's audited consolidated financial statements and Management Discussion and Analysis thereon for the year ended December 31, 2016. Additional information, including directors' and officers' remuneration and indebtedness and information concerning the principal holders of the Company's securities authorized for issuance under equity compensation plans, where applicable, will be contained in the Company's Management Information Circular to be filed in connection with its upcoming annual meeting of shareholders currently scheduled to be held in May 2017. This information and other additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

### ***Interpretation and Definitions***

Unless otherwise indicated, in this AIF all references to "dollar" or the use of the symbol "\$" are to the United States dollar and all references to "C\$" are to the Canadian dollar. A glossary of certain technical terms, abbreviations and measurement conversions is set forth in **Appendix A**.

### ***Forward-Looking Statements***

Statements contained or incorporated by reference in this AIF that are not current or historical factual statements may constitute forward-looking information or forward-looking statements within the meaning of applicable Canadian and United States securities laws. All statements other than statements of historical fact included in this AIF that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including without limitation, statements regarding any objectives, expectations, intentions, plans, results, levels of activity, goals or achievements, estimates of mineral reserves and resources, the realization of mineral reserve estimates, completion of the San Rafael Project, impairment of mining interests and non-producing properties, the timing and amount of estimated future production, production guidance, costs of production, capital expenditures, costs and timing of development, success of exploration activities, permitting timelines, government regulation of mining operations, environmental risks, the going concern assumption, and the timing and possible outcomes of pending litigation, negotiations or regulatory investigations are or involve forward-looking statements. Although forward-looking statements contained in this AIF are based on what management considers to be reasonable assumptions based on information currently available to it, there can be no assurances that actual events, performance or results will be consistent with these forward-looking statements, and management's assumptions may prove to be incorrect. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as "anticipates", "assumes", "believes", "budget", "could", "estimates", "expects", "forecasts", "guidance", "indicates", "intends", "likely", "may", "objective", "outlook", "plans", "potential", "predicts", "scheduled", "should", "target", "trends", "will", or "would" or the negative or other variations of these words or other comparable words or phrases. This AIF and its appendices, including those set out under "**Risk Factors**" in this AIF and any documents incorporated herein by reference, contain forward-looking statements including, but not limited to those relating to the Company. All such forward-looking statements are subject to important

risks, uncertainties and assumptions. These statements are forward-looking because they are based on current expectations, estimates and assumptions. It is important to know that: (i) unless otherwise indicated, forward-looking statements in this AIF and its appendices including any documents incorporated herein by reference describe expectations as at the date hereof; (ii) actual results and events could differ materially from those expressed or implied in the forward-looking statements in this AIF and its appendices, including the documents incorporated herein by reference, if known or unknown risks affect the respective businesses of the Company, or if their estimates or assumptions turn out to be inaccurate. As a result, the Company cannot guarantee that the results or events expressed or implied in any forward-looking statement will materialize, and accordingly, you are cautioned not to place undue reliance on these forward-looking statements; and (iii) the Company disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available, as a result of future events or for any other reason, except in accordance with applicable Canadian securities laws. The Company has made a number of assumptions in making forward-looking statements in this AIF and its appendices including any documents incorporated herein by reference.

This list is not exhaustive of the factors that may affect our forward-looking statements. Some of the important risks and uncertainties that could affect forward-looking statements are described further in the AIF. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking statements.

#### ***Cautionary Note to Investors in the United States Regarding Resources and Reserves***

Information concerning the mineral properties of the Company has been prepared in accordance with the requirements of Canadian securities laws, which differ in material respects from the requirements of U.S. securities laws applicable to U.S. companies subject to the reporting and disclosure requirements of the U.S. Securities Exchange Commission (the “SEC”). Under SEC standards, mineralization may not be classified as a “reserve” unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time of the reserve determination, and the SEC does not recognize the reporting of mineral deposits which do not meet the SEC Industry Guide definition of “Reserve”. In accordance with Canadian National Instrument 43-101 - Standards of Disclosure for Mineral Projects (“NI 43-101”), the terms “mineral reserve”, “proven mineral reserve”, “probable mineral reserve”, “mineral resource”, “measured mineral resource”, “indicated mineral resource” and “inferred mineral resource” used in this AIF are defined in the Canadian Institute of Mining, Metallurgy and Petroleum (the “CIM”) Definition Standards for Mineral Resources and Mineral Reserves adopted by the CIM Council on May 10, 2014. While the terms “mineral resource”, “measured mineral resource”, “indicated mineral resource” and “inferred mineral resource” are recognized and required by the NI 43-101, the SEC does not recognize them. Shareholders who are U.S. persons are cautioned that, except for that portion of the mineral resources classified as mineral reserves, mineral resources do not have demonstrated economic value. Inferred mineral resources have a high degree of uncertainty as to their existence as to whether they can be economically or legally mined. Under Canadian securities laws, estimates of inferred mineral resources may not form the basis of an economic analysis. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Therefore, shareholders who are U.S. persons are cautioned not to assume that all or any part of an inferred mineral resource exists, that it can be economically or legally mined, or that it will ever be upgraded to a higher category. Likewise, shareholders who are U.S. persons are cautioned not to assume that all or any part of measured or indicated mineral resources will ever be upgraded to mineral reserves.

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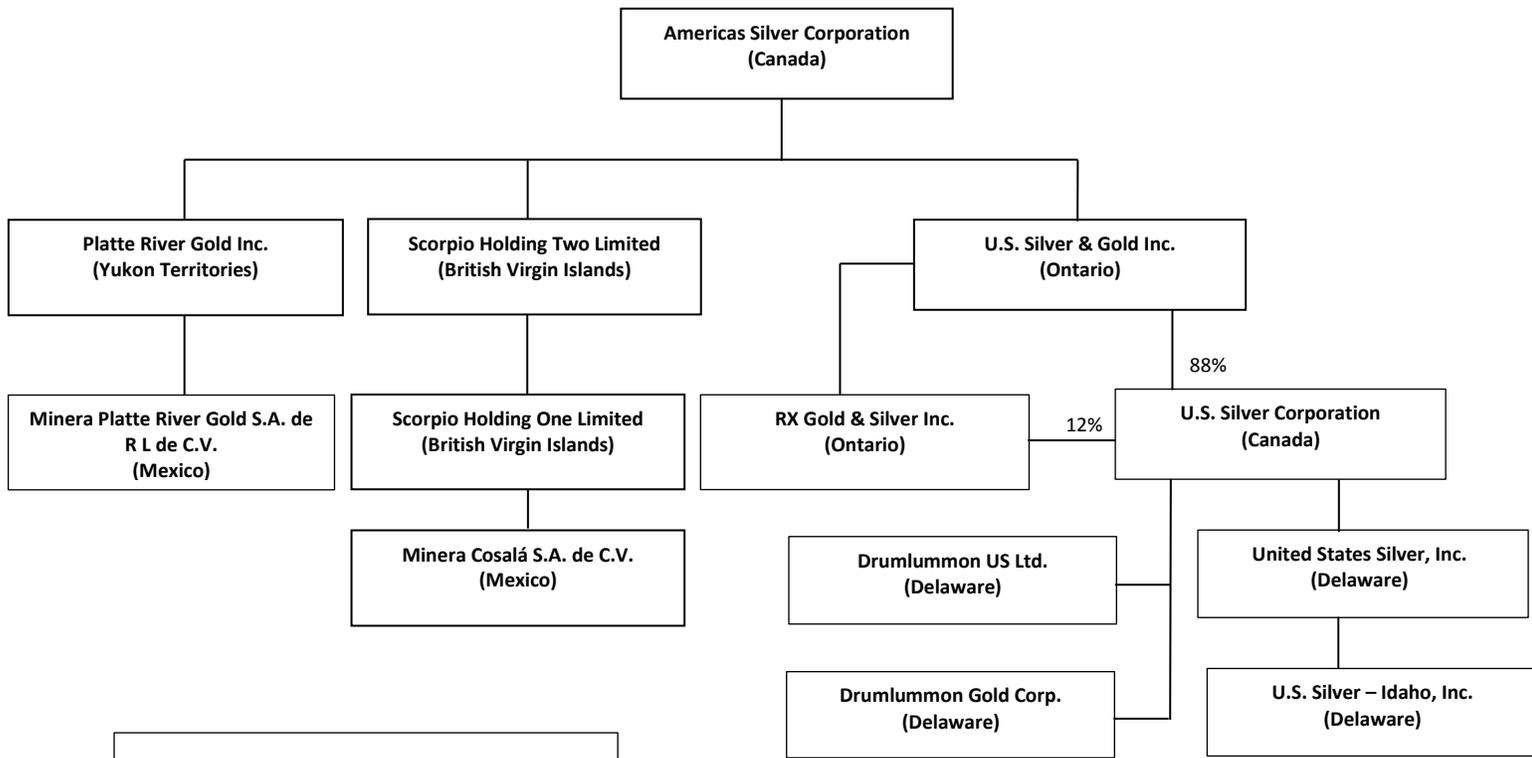
## CORPORATE STRUCTURE

### ***Name, Address and Incorporation***

Americas Silver was incorporated as “Scorpio Mining Corporation” pursuant to articles of incorporation dated May 12, 1998 under the *Canada Business Corporations Act* with authorized share capital of an unlimited number of common shares without par value. The Company changed its name to “Americas Silver Corporation” by way of articles of amendment dated May 19, 2015 and its principal and registered office is located at 145 King Street West, Suite 2870, Toronto, Ontario, Canada M5H 1J8. The Company was originally listed on the Toronto Stock Exchange (the “Exchange”) trading under the symbol “SPM” from October 18, 2006. On December 23, 2014, the Company commenced trading on the OTCQX in the United States under the symbol “SMNPF” in connection with a merger transaction between Scorpio Mining and U.S. Silver & Gold Inc. (“U.S. Silver”) wherein the parties completed a merger of equals to combine their respective businesses by way of a plan of arrangement of U.S. Silver pursuant to section 182 of the *Business Corporations Act* (Ontario). This transaction is discussed further below in “**General Development of the Business – Significant Acquisition**”. On January 11, 2017, the Company filed a registration statement with the SEC and on January 19, 2017, the Company commenced trading its common shares on the New York Stock Exchange MKT (“NYSE MKT”) under the symbol “USAS”. This transaction is discussed further below in “**General Development of the Business – NYSE MKT Market Listing and Share Consolidation**”.

### ***Inter-Corporate Relationships***

The following chart (as of the date of the AIF) illustrates the Company’s principal subsidiaries, together with the place of incorporation/governing law of each subsidiary and the percentage of voting securities beneficially owned by the Company. See “**Description of the Business – Reorganizations.**”



## GENERAL DEVELOPMENT OF THE BUSINESS

### *Overview*

The Company is engaged in the evaluation, acquisition, exploration, development and operation of precious metals mineral properties in North America, primarily those with the potential for near-term production or exhibiting potential for hosting a major mineralized deposit. Scorpio Mining reorganized its assets in August 2007, whereby it maintained its principal asset, its 100%-owned Nuestra Señora silver-zinc-copper-lead project located in Mexico and transferred its gold assets located in Canada, on which there had been no significant recent exploration activity conducted, to Scorpio Gold Corporation. The Company is currently operating in two of the world's leading silver camps: the Cosalá Operations in Sinaloa Mexico and the Galena Complex, in Idaho, United States. The Company has acquired an option to purchase the San Felipe development project in the mining friendly jurisdiction of Sonora, Mexico.

In Sinaloa, Mexico, the Company operates the 100%-owned Cosalá Operations which includes the producing Nuestra Señora silver-zinc-copper-lead mine. The Company declared commercial production in January 2009 following development of the Nuestra Señora Mine ("Nuestra Señora Mine") and associated commissioning of the Los Braceros processing facility.

On April 1, 2010, Scorpio Mining completed the acquisition of all of the outstanding shares of Platte River, through which the Company acquired several advanced silver-zinc-lead-copper-gold deposits, including the El Cajón project, the San Rafael project, and the La Verde mine. Along with the Nuestra Señora Mine and Los Braceros plant these properties now comprise the Cosalá Operations. In March 2017, the Company acquired an option to purchase 100% of the San Felipe property. The option was acquired from a subsidiary of Santacruz Silver Mining Ltd. ("Santacruz") and the property held by Minera Hochschild Mexico S.A. de C.V. ("Hochschild").

The primary assets of the Galena Complex, which was added as a result of the merger with U.S. Silver, are the operating Galena Mine and Mill, the Coeur Mine and Mill, and mineral properties adjacent to those centres of infrastructure. The Galena Complex has a long mining history with combined production of over 220 million ounces of silver and associated by-product metals of copper and lead over a modern production history of more than 50 years. The Galena Mine is the second most prolific primary silver mine in United States history.

In 1995, a joint venture company was created between ASARCO and Coeur D'Alene Mines Corporation called Silver Valley Resources, which owned the Galena, Coeur and Caladay Mines. In 1999, Coeur d'Alene Mines Corporation purchased 100% of the assets of Silver Valley Resources and named the operation Coeur Silver Valley. This wholly owned subsidiary was purchased 100% by U.S. Silver in June 2006, for \$15 million.

While silver-copper ore had been exploited for most of Galena's history, U.S. Silver commenced production of silver-lead ore during the fourth quarter of 2007. Development activities were ramped up significantly in the second half of 2014 as U.S. Silver focused on the exploration and development of multiple areas where silver-lead ores had been identified in historic workings or drill holes in the Galena Mine. The Galena Complex stopped producing copper concentrate in November 2015.

The Company continues to examine opportunities to leverage its operating presence in the regions where it is active. Advances in exploration, mining and processing technologies as well as changing economic conditions are motivating re-evaluation of known occurrences and past producers. The Company operates in a cyclical industry where levels of cash flow have historically been correlated to market prices for commodities. In light of challenging economic conditions and the recent price environment in base and precious metals, Management will continue to evaluate all viable financing alternatives and cost saving efficiencies as required to continue the Company's operations.

### ***Significant Acquisition***

On December 23, 2014, Scorpio Mining and U.S. Silver completed their merger of equals to combine their respective businesses by way of a plan of arrangement of U.S. Silver pursuant to section 182 of the *Business Corporations Act* (Ontario) (the "Arrangement"). The Arrangement was approved at a special meeting of the shareholders of U.S. Silver on December 18, 2014. Final Court approval was obtained from the Ontario Superior Court of Justice on December 22, 2014. On March 6, 2015, a Business Acquisition Report describing the transaction was filed on SEDAR.

Pursuant to the Arrangement, (i) each outstanding common share of U.S. Silver was exchanged for 1.68 common shares of Scorpio Mining (the "Exchange Ratio"), (ii) the outstanding options of U.S. Silver were exchanged for options to purchase common shares of Scorpio Mining based on the Exchange Ratio and (iii) the outstanding restricted share units of U.S. Silver were adjusted based on the Exchange Ratio with future cash pay-outs to be based on the trading price of the common shares of Scorpio Mining. As of the effective time of the Arrangement, the outstanding warrants of U.S. Silver, in accordance with their terms are exercisable for common shares of Scorpio Mining based on the Exchange Ratio. The common shares of U.S. Silver were delisted from the Exchange on December 31, 2014 and withdrawn from the OTCQX. U.S. Silver ceased to be a reporting issuer effective March 27, 2015.

The combined Company's strategic objective is to expand its silver production through the development of its own projects and consolidation of complimentary projects. The combined management team is led by Darren Blasutti, who assumed the title of President and Chief Executive Officer and draws from the expertise of both companies. The board of directors (the "Board") is comprised of Mr. Blasutti together with two directors from Scorpio Mining (prior to the combination) and four directors from U.S. Silver. The Company's current management and Board are comprised of senior mining executives and have extensive experience identifying, acquiring, developing, financing and operating precious metals deposits globally. For further information see "**Directors and Officers**".

### ***NYSE MKT Market Listing and Share Consolidation***

The Company listed its common shares on the New York NYSE MKT with trading starting on January 19, 2017, under the ticker symbol "USAS". In order to satisfy one of the listing requirements for the NYSE MKT, a share price of US\$2.00 or greater, the Company received shareholder approval to pass a special resolution authorizing an amendment to the Company's article. The amendment resulted in one post-consolidation common share for each 12 pre-consolidation common shares resulting in approximately 39,540,384 post-consolidation common shares outstanding (the "Share Consolidation"). All information relating to the number of issued and outstanding common shares, options, warrants, deferred share units, restricted share units, and related per share amounts in this AIF have been adjusted retrospectively to reflect the Share Consolidation.

## **Operations – Three Year History**

### **2014**

Cosalá Operations underground development totaled 3,174 meters in 2014. Nuestra Señora Mine development was comprised of 875 meters of expensed development and 844 meters of capitalized development. El Cajón capitalized underground development totaled 1,455 meters. Exploration drilling was carried out at Nuestra Señora (6,980m), La Verde (4,000m) and San Rafael (1,000m) for a total of 11,980 meters for the year. Focus areas included delineation drilling at the Nuestra Señora Mine to investigate new mining areas near existing mine infrastructure and to further define and upgrade existing resources. Drilling was also completed at La Verde to test reinterpreted geological controls and at San Rafael. With the intent of identifying drill targets closer to existing operations, a project was started late in the year which involved a review of the structural controls for mineral immediately in and around the Nuestra Señora Mine.

In 2014 underground development at the Galena Complex totaled 2,670 meters comprised of 391 meters of expensed development and 2,280 meters of capitalized development. Exploration drilling at the Galena Complex totaled 7,547 meters for the year. Efforts were focused on known mineralization near existing mine infrastructure. Drilling targeted both silver-copper and silver-lead mineralization.

On March 18, 2014, Scorpio Mining disclosed that, in connection with a pre-feasibility study (“PFS”) of proposed underground mining of the El Cajón deposit being prepared for it by JDS Energy and Mining Inc., it had identified discrepancies between registered data and mapped information relative to the boundaries of the concessions encompassing the El Cajón resource outline. Planned development work at El Cajón continued at that time, while awaiting confirmation of the concession boundaries from the Dirección General de Regulación de Minería (the “DGRM”), the Mexican government bureau responsible for administering mining concessions. Work on the planned PFS was subsequently suspended pending the resolution of the boundary issue.

On October 29, 2014, Scorpio Mining announced that the DGRM passed a resolution (the “Resolution”), which confirmed the position of the respective reference points that were used to register the concessions. In accordance with the Resolution, the Company and the owner of the adjacent Silvia Maria concession were required to provide the DGRM with legal surveying data within 30 days from the Resolution date, after which time the final boundaries are expected to be confirmed by the DGRM. The Company has complied but the confirmation from the DGRM is still pending.

In light of the DGRM's Resolution, and based on the survey work carried out by the Company's independent contractors and its own personnel since the boundary discrepancy first became known to the Company, the Company disclosed that there was a strong likelihood of a material change to the positions of the boundaries of the concessions encompassing the Company's El Cajón mineral deposit. When any such variation to the concessions boundaries is finally confirmed by the DGRM, the Company's management expects that it may be necessary to prepare a revised mineral resource estimate based on the confirmed boundaries, which would result in a significant reduction of the quantity of estimated mineral resources at El Cajón compared to the Company's estimate disclosed in the Cosalá Technical Report, dated April 12, 2013. The Company's review of available information indicates a potential reduction of total resources at El Cajón in the range of 40% to 50%.

On July 31, 2014, a fatal accident occurred at the Nuestra Señora Mine, which involved an employee of one of the contractors of Scorpio Mining. Scorpio Mining worked proactively with government authorities to thoroughly investigate the accident and conducted its own review of the incident with a view to implementing any additional safety measures deemed advisable. No fault has been found on the part of the Company. The Company was advised by the Secretaria del Trabajo y Prevision Social (STPS), the Government office responsible for the Labor regulations confirmed that any items identified in their inspection have been fully complied with.

Following the satisfaction of certain work commitments, on February 14, 2014 U.S. Silver gave notice to the Mine Safety and Health Administration (“MSHA”) that the Galena Mine would re-commence hoisting ore and waste from sub-4900 levels. The #3 Shaft has operated normally since then. U.S. Silver has maintained compliance and regularly communicates its activities to MSHA in order to avoid future interruptions. See “**Risk Factors – Government Regulation and Environmental Compliance**”.

During the second half of calendar year, U.S. Silver completed the transition of its production from one based predominantly on silver-copper ore to silver-lead ore. The Galena Mine’s silver-lead resources offer overall higher silver equivalent grades and lower mining costs as these mining areas are typically wider and may allow for a greater contribution from mechanized mining in the future. This focus led to lower near-term production in 2014 in order to develop the infrastructure to access the silver-lead stopes resources in 2015 and beyond.

In Q3-2014, U.S. Silver moved the processing of silver-lead ore to the Galena mill in order to handle the greater tonnage, with silver-copper ore processed at the Coeur mill. During calendar 2014, lead production increased by 39% while silver and copper production decreased by 24% and 41%, respectively, when compared to 2013. For further details see section “**Description of the Business – Production**”.

## **2015**

Exploration drilling was carried out at Nuestra Señora (2,739m) and San Rafael (623m) for a total of 3,362 meters for the year. Focus areas included delineation drilling at the Nuestra Señora Mine to investigate new mining areas near existing mine infrastructure and to further define and upgrade existing resources. Drilling at San Rafael was confirmatory infill intended to provide material for metallurgical testing. Prospecting, surface mapping and soil geochemistry continued during the year.

Cosalá Operations underground development totaled 1,974 meters in 2015, all at the Nuestra Señora Mine. Approximately 394,000 tonnes of backfill were placed in the mine to stabilize several large, mined-out stopes. This project allowed the extraction of ore located in the vicinity of these cavities, particularly in the upper levels of the mine.

The El Cajón development project was placed on care and maintenance in January 2015 in light of the boundary issue and prevailing metal prices. The halt in development resulted in a staffing reduction of approximately 90 jobs representing almost 25% of the workforce at the Cosalá Operations over the first quarter of 2016. Prior to suspension, metallurgical performance was confirmed through a milling campaign which processed approximately 7,700 tonnes of development muck.

On June 4, 2015, two mine supervisors were severely injured by a fall of ground at the Nuestra Señora Mine. The injured were medevacked and received emergency medical treatment at hospitals in Culiacán, Sinaloa. On June 17, 2015 one of the injured employees passed away from complications after surgery. Americas Silver conducted a thorough investigation of the accident. Several corrective measures have been implemented to prevent a future recurrence of such an unfortunate event. Government authorities

investigated the incident and found no fault on the part of the Company. The STPS confirmed that any items identified in their inspection have been fully addressed by the Company.

A pre-feasibility study was initiated on the San Rafael Project in H1-2015. Work focused on evaluating the zinc-lead-silver resource comprising the Main Zone. Key economic parameters of the study were adjusted in Q4 in response to deteriorating market conditions.

In 2015 underground development at the Galena Complex totaled 2,419 meters comprised of 897 meters of expensed development and 1,592 meters of capitalized development. Exploration drilling at the Galena Complex totaled 8,223 meters for the year. Drilling was primarily targeted at extensions of known silver-lead mineralization near existing mine infrastructure.

The Galena Complex completed its transition from silver-copper to silver-lead ore production. Production of copper concentrate stopped in October. Minor tonnages of silver-copper ore continue to be extracted but are commingled with silver-lead ore and processed together to produce a single silver-lead flotation concentrate. The Company has the flexibility to recommence production of copper concentrate if warranted by changes in market conditions.

Maintenance on the Galena Shaft hoist motor impacted production between April and September. Although mine operations continued during this period, ore production was impacted due to hoisting limitations. Equipment was recommissioned without incident.

## **2016**

In early April, unusual ground movement was observed at the Nuestra Señora mine. The disturbance was located in the upper levels of the mine near old workings which predate the Company's involvement with the project. An analysis of the situation showed there was a risk to the structural integrity of the mine portal. A new portal and approximately 120 meters of development was completed to re-establish safe access to the mine and operations resumed in late June. During the suspension of ore production from Nuestra Señora, mill feed consisted of stockpiled material as well as historic dumps and near surface mineralization at the past-producing La Estrella mine at the north end of the Company's land holdings. The ground movement will prevent future access to a part of the project's total remaining resource. In any event, it is expected that Nuestra Señora will transition to care and maintenance in early Q2 2017.

In March 2016, the Company released the results of a pre-feasibility study for the 100% owned San Rafael zinc-lead-silver project within the Cosalá district of Sinaloa, Mexico (the "San Rafael Project"). The study describes an underground mine delivering average annual production of 1.0 million ounces of silver, 50 million pounds of zinc and 20 million pounds of lead over a 6 year mine life. Based on current reserves and at current silver, zinc and lead prices the San Rafael Project is expected to have a negative all-in sustaining cost (AISC) and a pre-tax IRR of greater than 100%.<sup>1</sup>

Additionally, since publishing the pre-feasibility on April 30 2016, metal prices have increased significantly. Current prices allow the San Rafael Project to extend its mine life by lowering the cut-off grade and converting additional resources.

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<sup>1</sup> Cash cost per ounce and all-in sustaining cost per ounce are non-IFRS financial performance measures with no standardized definition. For further information and detailed reconciliations, please refer to the Company's 2016 year-end and quarterly MD&A.

Since the publication of the pre-feasibility study the San Rafael Project's initial capital has been reduced from \$22 million to ~\$18 million. The pre-feasibility study considered San Rafael as a stand-alone project, ignoring contributions from the existing operations. The decrease in capital is a result of current operations in Cosalá offsetting the projects initial working capital until San Rafael start-up and the devaluation of the Mexican peso used in the pre-feasibility study. On-going optimization of the San Rafael Project is expected to enhance economics by further reducing initial capital expenditures and future operating costs by: maximizing existing mill capacity through changes in operating practices, using existing but reconditioned equipment brought over from Nuestra Señora in place of new equipment purchases, and applying productivity improvements which were not included in the pre-feasibility study but have since been demonstrated at the Nuestra Señora mine.

In September 2016, the Company received approval to begin construction on the San Rafael Project. The Company expects to begin stockpiling of development ore starting in Q2 2017. The San Rafael Project continues to advance toward commercial production targeted in Q3 2017. Primary ramp development advanced on schedule with approximately 25% completed. The Project received delivery of several pieces of new mobile equipment, including a new scoop and bolter. Progress was also being made in the refurbishment of other equipment transferred from the Nuestra Señora mining operations. Where practical and possible, the Company will transfer equipment such as scoops, jumbos, compressors and generators, among other existing assets. Additionally, an ongoing review of development plans, including relocation of the underground shop, has yielded quantifiable benefits early in the San Rafael Project development.

Mining at the El Cajón project recommenced in Q4 2016. The goal of the project is to provide approximately 250kt of mill feed as Nuestra Señora winds down. Additional resources exist but there is no plan to exploit this material in the near term. Planned activities are not affected by the ongoing and unresolved boundary dispute described on page 8, "**Operations – Three Year History 2014**".

On December 30, 2016, the Company completed and filed an updated Technical Report on the Galena Complex to disclose Mineral Resource and Mineral Reserve estimates for the operation, as at December 31, 2015.

Management will continue to restructure the company-wide workforce as determined by ongoing business requirements. Layoffs took place at the corporate office, the Galena Complex and the Cosalá Operations in Q1. In addition, the Mexico Country Manager position was eliminated with responsibilities assumed by James Stonehouse, Vice President - Exploration. Daren Dell, previously Senior Vice President - Technical Services, assumed the role of Chief Operating Officer following the resignation of Robert Taylor.

## **2017**

The Company's mission is to profitably expand its silver production through the development of its own projects and consolidation of complimentary projects. The Company's current strategy is focused on delivering a smooth transition to the San Rafael Project at the Cosalá Operations while continuing to improve profitability of the Galena Complex. The recently acquired San Felipe Project will be advanced by reviewing and expanding the existing knowledge base. Exploration will continue to advance priority targets in the Cosalá District and to expand the silver-lead reserve and resource at Galena.

The San Rafael Project is expected to reach commercial production by the end of Q3 2017. Ramp development has been slowed by difficult ground conditions at the boundary between the overlying volcanic rock and the limestone beneath. However, improvements have been found in other areas of the mine design and the Company expects to begin stockpiling ore in late June. Construction of the mill

modifications is scheduled to be complete by early August. Expansion of the mill will be evaluated after several months of operating experience. Project capital cost is budgeted at \$18 million.

The Nuestra Señora mine began to slow as preparations were made for the cessation of mining in the early Q2 2016 as production transitions to other ore sources. Activities have commenced at the previously-idled El Cajón mine to bring it into limited production in Q2 2017. El Cajón will become the sole source of mill feed until San Rafael production commences. Dewatering of El Cajón has reached the targeted elevation, development has largely been completed and initial ore processing has started. The location of the targeted material is not affected by the ongoing boundary issue.

The Company will update the Cosalá Operations and Galena Complex resource and reserve estimates later in the year with an effective date of June 30, 2017.

In March 2017, the Company entered into an option acquisition agreement with a subsidiary of Santacruz Silver Mining Ltd. to acquire an existing option with Minera Hochschild Mexico S.A. de C.V. for the right to acquire a 100% interest in the San Felipe property located in Sonora, Mexico for total consideration of \$15 million in cash, payable in two installments: (i) the purchase of the option for \$5 million from Santacruz plus an initial option payment of \$2 million paid to Hochschild with cash on hand by the Company in early March; and (ii) a final option payment of \$8 million to Hochschild on or before December 15, 2017.

A subsidiary of the Company is party to a collective bargaining agreement with the United Steel Workers Union that is in effect from June 29, 2014 to June 28, 2017. This agreement covers all of the hourly employees at the Galena Complex and is expected to be re-negotiated this year.

### ***Financing Arrangements***

During the past eighteen years, Americas Silver has raised approximately C\$158 million by way of private placements, debt financings and the exercise of warrants and stock options, and C\$12 million from the sale of Scorpio Gold Corporation shares. These funds were expended on exploration and development of its properties and for general working capital purposes.

On August 7, 2013, U.S. Silver entered into a credit facility agreement (the "RoyCap Credit Facility") with Royal Capital Management Corp. ("RCM") as security agent, and certain lenders for the issuance of notes with an aggregate principal amount of C\$8.5 million for an initial term of three years at an interest rate of 12% per annum payable on a monthly basis. Security was provided by a first charge on all material assets of U.S. Silver and its subsidiaries. As at December 31, 2016, the company had drawn C\$8.5 million on the facility.

Effective June 30, 2015, the Company amended the terms of its existing C\$8.5 million credit agreement with Royal Capital Management Corporation to extend the maturity from August 2016 to December 2017 and reschedule amortization payments to January 2017 in monthly increments of C\$0.5 million, with the balance due and payable on maturity. This amendment shifted the principal repayments of C\$2.5 million in 2015 and C\$6.0 million in 2016 into fiscal 2017 improving the Company's liquidity in the near term.

In connection with the RoyCap Credit Facility as amended, the Company has issued the equivalent of 1,487,500 post Share Consolidation warrants to RCM. Each amended and restated warrant was exercisable for one Americas Silver common share at an exercise price of C\$1.20 until August 7, 2020. **See Note 13 – Share Capital** of the audited consolidated financial statements for the year ended December 31, 2016. A financing cost is payable to RCM on July 31, 2020 in the amount of C\$2.1 million less the amount which the aggregate share value of shares acquired by RCM upon exercise of the warrants exceeds the exercise price of the warrants. As at December 31, 2016, the fair value of the

financing cost payable was nil as aggregate share value of shares acquired by RCM upon exercise of the warrants have exceeded the exercise price of the warrants beyond the financing cost payable. Effective March 30, 2017 the RoyCap Credit Facility has been repaid in full in advance of the December 2017 maturity.

In connection with a completed private placement (discussed below), on November 10, 2015 the Company closed on junior secured debt of \$1.0 million with one of its shareholders. The interest rate is 12% per annum, payable monthly starting in the sixth month and redeemed in monthly increments of \$75,000 (including the monthly interest payments) with the balance due and payable at maturity one year from closing. At closing the Company issued the equivalent of 307,777 post Share Consolidation warrants to the lender with an exercise price of \$1.20 for a period of three years. This debt, including accrued interest, was repaid prior to its maturity, in September 2016 without penalty.

On February 11, 2016, the Company closed a subordinated, secured credit agreement with its two existing lenders for a principal amount of \$2.9 million for a term of one year, at an interest rate of 10% per annum, payable on a quarterly basis in cash or shares at the option of the lenders (the "New Credit Facility"). In connection with the closing of the New Credit Facility, the Company issued the equivalent of 2,500,000 warrants divided between the lenders where each warrant is exercisable for one common share at an exercise price of C\$1.20 for a period of three years, and adjusted the exercise price of 2,026,758 existing warrants already held by the lenders to C\$1.20 with all other terms remaining unchanged. In October 2016, the Company repaid \$1.3 million of the \$2.9 million New Credit Facility and in February 2017, the Company repaid the remainder of the \$1.6M New Credit Facility upon maturity.

On June 9, 2016 and June 14, 2016, the Company completed private placements of 5,555,555 units and 3,210,416 subscription receipts, respectively, at a price of C\$3.60 per unit and per subscription receipt (post Share Consolidation equivalent) for aggregate gross proceeds of approximately C\$31.6 million (\$24.7 million). On July 20, 2016, the Company received the necessary approvals and completed the exchange of 3,210,416 subscription receipts for units. Each unit from the private placements consisted of one common share and one quarter of one common share purchase warrant where each whole warrant is exercisable for one common share at an exercise price of C\$4.68 for a period of five years.

In January 2017, two Mexican subsidiaries of the Company, Minera Cosalá, S.A. de C.V. ("Minera Cosalá") and Minera Platte River Gold, S. de R.L. de C.V. ("Minera Platte") entered into a, 4 year, low interest rate \$15 million concentrate pre-payment facility (the "Glencore Pre-Payment Facility") with Metagri S.A. de C.V., a subsidiary of Glencore PLC ("Glencore") to be used in part to fund the development of the San Rafael Project and commercial production of its concentrates. The full amount of the Glencore Pre-Payment Facility was drawn in late March 2017. In connection with the Glencore Pre-Payment Facility, the Company has executed a promissory note and guarantee in favour of Glencore and has agreed to provide limited asset level security on the San Rafael Project. The Company has also entered into four-year offtake agreements with Glencore for the zinc and lead concentrates produced from the Project. Glencore will pay for the concentrates at prevailing market prices for silver, lead and zinc, less treatment and refining charges. See "**Risk Factors – Risks Associated with Outstanding Debt**").

## DESCRIPTION OF THE BUSINESS

### ***Summary***

The Company is engaged in the evaluation, acquisition, exploration, development and operation of precious metals mineral properties, primarily those already producing or with the potential for near-term production. The geographic focus is in the Western Hemisphere, particularly Canada, the United States and Mexico. Currently, the Company is in production at its Cosalá Operations in Mexico and Galena Complex in the United States. The Company has acquired the San Felipe development project in Sonora, Mexico.

### ***Principal Product***

The Company produces silver-bearing zinc, lead and copper concentrates. The Company believes that because of the availability of alternate processing and commercialization options for its concentrates, it is not dependent on a particular purchaser with regard to the sale of its products.

### ***Production***

The Company operates the Nuestra Señora Mine and Los Braceros process plant which are located east of the town of Cosalá in the State of Sinaloa, Mexico and the Galena Complex located near the town of Wallace in the State of Idaho, U.S.A.

The Nuestra Señora Mine is an underground silver-zinc-lead-copper mine which has been in commercial production since January 2009. The Los Braceros process plant, located 7 km northwest of the Nuestra Señora Mine, is a conventional flotation mill with a nameplate capacity of 1,600 tonnes per day. The facility presently processes ore from the Nuestra Señora Mine supplemented with material coming from the El Cajon Mine.

Production from the Nuestra Señora Mine is nearing completion. Resources remain at the property but mining rates have been declining due to the smaller size of the individual mineralized areas. The Company is presently developing the San Rafael Project. The plan largely follows the pre-feasibility study published in April 2016. No mill expansion will be constructed during the current phase but options will be considered after a period of stable operation. The El Cajón Mine will provide mill feed during the interim period between the cessation of mining at Nuestra Señora and the commencement of production from San Rafael.

The Galena Complex produces a silver-lead concentrate. Material mined at the Galena Complex is milled at the Galena Mill. The Galena Mill has an installed milling capacity of 900 tonne-per-day but operates below capacity. The 450 tonne-per-day capacity Coeur Mill is currently on care-and-maintenance.

The high grade and “narrow vein” nature of the underground Galena Complex requires careful application of selective mining techniques such as overhand cut and fill. As well, the age and expanse of the underground infrastructure demands regular, ongoing maintenance. As such, production and operating costs will display a degree of variability depending on a number of timing and other factors. Existing hoisting and processing infrastructure is capable of handling more material than the mine currently generates. Substantial resources exist outside of the defined reserve, and exploration continues to develop resources and identify new areas of mineralization.

During fiscal 2016, the Company produced 4.7 million consolidated silver equivalent ounces and 2.4 million silver ounces compared to production of 4.9 million consolidated silver equivalent ounces and 2.7 million silver ounces during fiscal 2015, a 4% and 10% decrease, respectively. However, the Company was able to significantly reduce its production costs; cost of sales of \$9.86/oz. equivalent silver, by-product cash cost of \$10.00/oz. silver, and all-in sustaining cost of \$12.71/oz. silver. This is a significant improvement over fiscal 2015 when it produced cost of sales of \$10.80/oz. equivalent silver, by-product cash cost of \$12.75/oz. silver, and all-in sustaining cost of \$17.16/oz. silver, a 9%, 22%, and 26% improvement, respectively.<sup>2</sup>

Lead production during the year increased by 25% or 6.2 million lbs. when compared to fiscal 2015, primarily due to an increase of 7.4 million lbs. of lead or 43% at the Galena Complex. The increase in lead at Galena is a result of management's decision in prior years to transition the mine from a predominantly silver-copper mine to a silver-lead mine in order to target the highest value of ore, regardless of silver content, that could be mined on a consistent basis.

The Cosalá Operations processed 500,500 tonnes of ore at an average grade of 78 g/t of silver to produce 1,006,119 ounces of silver at cost of sales of \$9.18/oz. equivalent silver, by-product cash cost of \$7.79/oz. silver, and all-in sustaining cost of \$9.31/oz. silver during 2016. These results compare to 506,148 tonnes of ore at an average grade of 86 g/t of silver to produce 1,162,290 ounces of silver at cost of sales of \$9.25/oz. equivalent silver, by-product cash cost of \$10.80/oz. silver, and all-in sustaining cost of \$14.89/oz. silver during 2015, a 1%, 13%, 1%, 28%, and 37% decrease in tonnes of ore milled, ounces of silver produced, cost of sales per equivalent silver ounce, by-product cash cost per ounce, and all-in sustaining cost per ounce, respectively. Silver recovery to concentrate was 79.9% in 2016 (2015 – 83.4%) at the Company processed oxidized historical stockpiles and mined satellite deposits on the Company's property in Q2 2016 as result the previously reported ground movement during that quarter.

Both the cost of sales per silver equivalent ounce and by-product cash cost per silver ounce were lower in 2016 compared to 2015, primarily due the 2016 restructuring at Cosalá resulting in lower direct labour, material and indirect expenses, implemented in response to the unfavourable economic condition of the precious metal industry at that time. The all-in sustaining cost of \$9.31/oz. silver for 2016 was lower than all-in sustaining cost of \$14.89/oz. silver for 2015 were due to the restructuring but also due to additional capital and exploration spending reductions.

Realized silver prices at \$17.07/oz. for 2016 (2015 – \$15.61/oz.) is comparable to the average London silver spot price of \$17.14/oz. for 2016 (2015 – \$15.68/oz.). The realized silver price increased by 9% from 2015 to 2016 as silver prices began to improve late in first half of 2016. Realized silver prices is a measurement of gross silver revenues over silver ounces sold during the period, excluding unrealized mark-to-market gains and losses on provisional pricing and treatment and refining charges.

The Galena Complex processed 171,107 tonnes of ore at an average grade of 266 g/t of silver to produce 1,383,689 ounces of silver at cost of sales of \$10.33/oz. equivalent silver, by-product cash cost of \$11.60/oz. silver, and all-in sustaining cost of \$15.18/oz. silver during 2016, compared to 151,469 tonnes of ore at an average grade of 324 g/t of silver to produce 1,489,736 ounces of silver at cost of sales of \$12.32/oz. equivalent silver, by-product cash cost of \$14.27/oz. silver, and all-in sustaining cost of \$18.92/oz. silver during 2015, a 13% increase in tonnes of ore milled, and a 7%, 16%, 19%, and 20% decrease in ounces of silver produced, cost of sales per equivalent silver ounce, by-product cash cost per ounce, and all-in sustaining cost per ounce, respectively. Production of lead during 2016 increased 43% as

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<sup>2</sup> Cash cost per ounce and all-in sustaining cost per ounce are non-IFRS financial performance measures with no standardized definition. For further information and detailed reconciliations, please refer to the Company's 2016 year-end and quarterly MD&A.

compared to 2015 as the mine successfully transitioned to a silver-lead mine in 2016. No ore tonnage was processed through the Coeur mill during 2016 (2015 – 16%).

The cost of sales of \$10.33/oz. equivalent silver for 2016 was lower than the cost of sales of \$12.32/oz. equivalent silver for 2015. The by-product cash cost of \$11.60/oz. silver for 2016 was lower than the by-product cash cost of \$14.27/oz. silver for 2015, and all-in sustaining cost of \$15.18/oz. silver for 2016 was lower than all-in sustaining cost of \$18.92/oz. silver for 2015. Despite silver grades being approximately 18% lower during 2016, cash costs and cost of sale per equivalent silver ounce declined as direct mining costs (i.e. labour, supplies, utilities, etc.) continued to fall month-to-month on an ore tonnage basis, and the Galena Complex increased lead production by 7.4 million lbs. or 43%, in addition to ongoing capital spending reductions.

Realized silver prices at \$17.21/oz. for 2016 (2015 – \$15.60/oz.) is comparable to the average London silver spot price of \$17.14/oz. for 2016 (2015 – \$15.68/oz.). The realized silver price increased by 10% from 2015 to 2016 as silver prices began to improve late in first half of 2016. Realized silver prices is a measurement of gross silver revenues over silver ounces sold during the period, excluding unrealized mark-to-market gains and losses on provisional pricing and treatment and refining charges.

### **Employees**

As at March 28, 2017, the Company had the following employees:

	<b>Cosalá Operations</b>	<b>Galena Complex</b>	<b>Corporate</b>	<b>Total</b>
Hourly	208	196	1	405
Salary	98	39	11	148
<b>TOTAL</b>	<b>306</b>	<b>235</b>	<b>12</b>	<b>553</b>

\* The hourly employees at the Galena Complex are covered by a collective bargaining agreement with the United Steel Workers Union. See “Changes to Contracts and Economic Dependence” also see “Risk Factors – Employee Recruitment, Retention, Pension Funding and Labour Relations”.

In addition, the Company, from time to time, employs outside contractors on a fee-for-service basis.

### **Specialized Skill and Knowledge**

Various aspects of the Company’s business require specialized skills and knowledge. Such skills and knowledge include the areas of geology, drilling, metallurgy, engineering, logistical planning and implementation of programs as well as finance and accounting and legal/regulatory compliance. While competitive conditions exist in the industry, the Company has been able to locate and retain employees and consultants with such skills and believes it will continue to be able to do so in the foreseeable future.

### **Competitive Conditions**

Competition in the mineral exploration industry is intense. The Company competes with other mining companies, many of which have significant financial resources and technical facilities for the acquisition and development of, and production from, mineral interests, as well as for the recruitment and retention of qualified employees and consultants. The ability of the Company to acquire viable mineral properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for development or mineral exploration.

## ***Business Cycles***

The mining business is highly cyclical. The marketability of minerals and mineral concentrates is also affected by worldwide economic cycles. The ultimate economic viability of the Company's projects is related and sensitive to the market price of silver as well the market price of by-products such as zinc, lead and copper. Metal prices fluctuate widely and are affected by numerous factors such as global supply, demand, inflation, exchange rates, interest rates, forward selling by producers, central bank sales and purchases, production, global or regional political, economic or financial situations and other factors beyond the control of the Company.

## ***Changes to Contracts and Economic Dependence***

The Company's cash flow is dependent on delivery of its ore concentrate to market. The Company's contracts with the concentrate purchasers provide for provisional payments based on periodic deliveries. The Company may sell its concentrate to a metal trader while it is at the smelter in order to help manage its cash flow. The Company has not had any problems collecting payments from concentrate purchasers in a reliable and timely manner and expects no such difficulties in the foreseeable future. However, this cash flow is dependent on continued mine production which can be subject to interruption for various reasons including fluctuations in metal prices and concentrate shipment difficulties. Additionally, unforeseen cessation in smelter provider capabilities could severely impact the Company's capital resources. Although the Company sells its concentrate to a limited number of customers, it is not economically dependent upon any one customer as there are other markets throughout the world for the Company's concentrate.

On June 12, 2014, U.S. Silver announced that it had reached a ratified collective bargaining agreement with the United Steel Workers Union that is in effect from June 29, 2014 to June 28, 2017. This agreement covers all of the hourly employees at the Galena Complex, is expected to be re-negotiated this year. If expired, failure to come to an agreement could result in an interruption of operations but the Company expects to come to mutually acceptable terms for an extension. See ***"Risk Factors – Labour Relations"***

## ***Environmental Protection***

The Company's mining, exploration and development activities are subject to various federal, state and municipal laws and regulations relating to the protection of the environment, including requirements for closure and reclamation of mining properties. In all jurisdictions where the Company operates, specific statutory and regulatory requirements and standards must be met throughout the exploration, development and operations stages of a mining property with regard to matters including water quality, air quality, wildlife protection, solid and hazardous waste management and disposal, noise, land use and reclamation. Changes in any applicable governmental regulations to which the Company is subject may adversely affect its operations. Failure to comply with any condition set out in any required permit or with applicable regulatory requirements may result in the Company being unable to continue to carry out its activities. The impact of these requirements cannot accurately be predicted.

Management estimates costs associated with reclamation of mining properties as well as remediation costs for inactive properties. The Company uses assumptions about future costs, including inflation, prices, mineral processing recovery rates, production levels and capital and reclamation costs. Such assumptions are based on the Company's current mining plan and the best available information for making such estimates. Details and quantification of the Company's reclamation and closure costs are discussed in the Company's audited consolidated financial statements (see in particular ***"Note 10 – Credit***

Facilities”) and the MD&A, see “**Critical Accounting Estimates and Judgements – Decommissioning Provision**” for the year ended December 31, 2016. See also “**Risk Factors - Government Regulation and Environmental Compliance**”.

The Company is focused on strengthening monitoring, controls and disclosure of environmental issues that affect employees and the surrounding communities. Through proactive public engagement, the Company continues to gain a better understanding of the concerns of area-wide citizens and regulators, and continues to work collaboratively to identify the most reasonable and cost-effective measures to address the most pressing concerns.

### ***Foreign Operations***

As of the date hereof, substantially all of the Company’s long-term assets, comprising its mineral properties, are located in Mexico and the United States.

### ***Tax Considerations***

With current operations in the United States and Mexico, the Company is subject to the tax considerations of those jurisdictions. Certain changes to Mexican Corporate tax law affect the Company. See “**Risk Factors – Tax Considerations**” and “**Note 17 - Income Taxes**” of the Company’s audited consolidated financial statements for the year ended December 31, 2016.

### ***Reorganizations***

Scorpio Mining reorganized its assets in August 2007, whereby it maintained its principal asset, its 100%-owned Nuestra Señora silver-zinc-copper-lead project located in Mexico, and transferred its gold assets, on which there had been no significant recent exploration activity conducted, to Scorpio Gold Corporation.

In February 2013, U.S. Silver completed an internal re-organization with its subsidiary companies. The objective was to better align the Company’s operations in the United States for future processing and integration as well achieving appropriate tax treatment while lessening certain administrative burdens.

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## MATERIAL PROJECTS

The following is a summary description of the Company's material mineral projects, namely the Galena Complex and the Cosalá Operations – San Rafael Project.

Unless otherwise indicated, the information set forth below regarding the Cosala Operations are extracts, as updated and conformed to the consistent with other disclosure within this AIF, from the summary section of the technical report (the "San Rafael Technical Report") – entitled "Technical Report and Preliminary Feasibility Study for the San Rafael Property, Sinaloa, Mexico" dated April 29, 2016 and prepared in accordance with NI 43-101 by and under the supervision of Thomas L. Dyer, P.E., Edwin R. Peralta, P.E., Paul Tietz, C.P.G. and Randy Powell, Q.P.M. of Mine Development Associates, Inc., all of whom are Qualified Persons for the purposes of NI 43-101. All scientific and technical information in this section relating to any updates to the Cosala Operations since the date of the San Rafael Technical Report has been reviewed and approved by current company management, all of whom are Qualified Persons for the purposes of NI 43-101. Defined terms and abbreviations used in this section relating to the Cosalá Operations and not otherwise defined have the meanings attributed to them in the San Rafael Technical Report. The San Rafael Technical Report is available for review on the Company's profile at [www.sedar.com](http://www.sedar.com). Reference should be made to the full text of the San Rafael Technical Report which is incorporated herein by reference.

Unless otherwise indicated, the information set forth below regarding the Galena Complex are extracts, as updated and conformed to be consistent with other disclosure within this AIF, from the summary section of the technical report (the "Galena Technical Report") – entitled "Technical Report, Galena Complex, Shoshone County, Idaho" dated December 23, 2016 and prepared in accordance with NI 43-101 by and under the supervision of Jim Atkinson, P.Geo., Daren Dell, CPG, and Dan Hussey, P.Eng., all of whom are Qualified Persons for the purposes of NI 43-101. Defined terms and abbreviations used in this section relating to the Galena Complex and not otherwise defined have the meanings attributed to them in the Galena Technical Report. The Galena Technical Report is available for review on the Company's profile at [www.sedar.com](http://www.sedar.com). Reference should be made to the full text of the Galena Technical Report which is incorporated herein by reference.

### ***Summary of Mineral Reserve and Mineral Resource Estimates***

Americas Silver's reserves and resources have been calculated as at December 31, 2015 in accordance with definitions adopted by the Canadian Institute of Mining, Metallurgy and Petroleum and incorporated into National Instrument 43-101. See "**Glossary of Technical Terms**".

The Company will update the Cosalá Operations and Galena Complex resource and reserve estimates later in the year with an effective date of June 30, 2017. 2016 production details are provided at "**Description of the Business – Production**" and in the Company's consolidated financial statements and MD&A for the year ended December 31, 2016.

For further detail regarding the extent to which estimates of Mineral Resources and Reserves may be materially affected by external factors, including metallurgical, environmental, permitting, title and other risks and relevant issues, please refer to "**Risk Factors – Mineral Reserves and Resources, Development and Production**".

**Proven and Probable Mineral Reserves December 31, 2015**

	Tonnes 000's	Grade				Contained Metal			
		Silver g/t	Copper %	Lead %	Zinc %	Silver koz	Copper Mlbs	Lead Mlbs	Zinc Mlbs
<b>Cosalá</b>									
<b><i>Nuestra Señora</i></b>									
Proven	86	81	0.12	0.68	1.44	223	0.2	1.3	2.7
Probable	507	100	0.20	0.83	1.73	1,639	2.3	9.3	19.3
<b>Nuestra Señora P&amp;P</b>	<b>593</b>	<b>98</b>	<b>0.19</b>	<b>0.81</b>	<b>1.69</b>	<b>1,862</b>	<b>2.5</b>	<b>10.6</b>	<b>22.1</b>
<b><i>San Rafael</i></b>									
Proven	1,284	123		1.94	4.32	5,062		55.0	122.4
Probable	1,944	102		1.69	4.22	6,386		72.2	180.8
<b>San Rafael P&amp;P</b>	<b>3,229</b>	<b>110</b>		<b>1.79</b>	<b>4.26</b>	<b>11,448</b>		<b>127.2</b>	<b>303.2</b>
<b>Total Cosalá P&amp;P</b>	<b>3,822</b>	<b>108</b>	<b>0.03</b>	<b>1.64</b>	<b>3.86</b>	<b>13,310</b>	<b>2.5</b>	<b>137.8</b>	<b>325.3</b>
<b>Galena</b>									
<b><i>Silver-Copper</i></b>									
Proven	231	494	0.43			3,660	2.2		
Probable	407	545	0.48			7,127	4.3		
<b>Silver-Copper P&amp;P</b>	<b>637</b>	<b>526</b>	<b>0.46</b>			<b>10,787</b>	<b>6.4</b>		
<b><i>Silver-Lead</i></b>									
Proven	244	288		9.82		2,254		52.7	
Probable	522	284		9.21		4,765		105.9	
<b>Silver-Lead P&amp;P</b>	<b>765</b>	<b>285</b>		<b>9.40</b>		<b>7,019</b>		<b>158.6</b>	
<b>Total Galena P&amp;P</b>	<b>1,402</b>	<b>395</b>	<b>0.21</b>	<b>5.13</b>		<b>17,806</b>	<b>6.4</b>	<b>158.6</b>	
<b>TOTAL P&amp;P</b>	<b>5,224</b>	<b>185</b>	<b>0.08</b>	<b>2.57</b>	<b>2.82</b>	<b>31,116</b>	<b>9.0</b>	<b>296.5</b>	<b>325.3</b>

1. CIM Definition Standards were followed for Mineral Reserves.
2. Mineral Reserves are estimated at a Ag equivalent cut-off grade of 310 g/t for vein-style mineralization and 100 g/t for disseminated mineralization at Galena. Mineral Reserves are estimated at Nuestra Señora using a NSR cut-off grade between US\$25/t to US\$40/t. Mineral Reserves are estimated at San Rafael and Zone 120 using a NSR cut-off grade of US\$54/t. Silver equivalent and NSR cut-offs were calculated using recent or expected operating results for recoveries, off-site concentrate costs and on-site operating costs
3. Mineral Reserves for Galena, Nuestra Señora, San Rafael and Zone 120 are estimated using a long-term silver price of US\$16.00 per ounce, copper price of US\$2.40 per pound, a lead price of US\$0.85 per pound, a zinc price of US\$0.85 per pound where applicable.
4. Numbers may not add due to rounding.

**Measured and Indicated Mineral Resources – December 31, 2015<sup>1</sup>**

	Tonnes 000's	Grade				Contained Metal			
		Silver g/t	Copper %	Lead %	Zinc %	Silver koz	Copper Mlbs	Lead Mlbs	Zinc Mlbs
<b>Cosalá</b>									
<b><i>Nuestra Señora</i></b>									
Measured	267	85	0.17	0.84	1.77	729	1.0	5.0	10.5
Indicated	1,851	92	0.20	0.83	1.75	5,453	8.2	33.9	71.5
<b>Nuestra Señora M&amp;I</b>	<b>2,118</b>	<b>91</b>	<b>0.20</b>	<b>0.83</b>	<b>1.75</b>	<b>6,182</b>	<b>9.2</b>	<b>38.8</b>	<b>81.9</b>
<b><i>San Rafael</i></b>									
Measured	1,918	87		0.81	1.85	5,362		34.3	78.2
Indicated	2,952	69		0.80	1.82	6,568		52.4	118.3
<b>San Rafael M&amp;I</b>	<b>4,870</b>	<b>76</b>		<b>0.81</b>	<b>1.83</b>	<b>11,930</b>		<b>86.7</b>	<b>196.6</b>
<b><i>Zone 120</i></b>									
Measured	0								
Indicated	1,784	128	0.35	0.15	0.45	7,329	13.7	6.1	17.6
<b>Zone 120 M&amp;I</b>	<b>1,784</b>	<b>128</b>	<b>0.35</b>	<b>0.15</b>	<b>0.45</b>	<b>7,329</b>	<b>13.7</b>	<b>6.1</b>	<b>17.6</b>
<b>Total Cosalá M&amp;I</b>	<b>8,772</b>	<b>90</b>	<b>0.12</b>	<b>0.68</b>	<b>1.53</b>	<b>25,441</b>	<b>22.9</b>	<b>131.6</b>	<b>296.1</b>
<b>Galena</b>									
<b><i>Silver-Copper</i></b>									
Measured	319	415	0.65			4,250	4.6		
Indicated	782	455	0.57			11,456	9.8		
<b>Silver-Copper M&amp;I</b>	<b>1,101</b>	<b>444</b>	<b>0.59</b>			<b>15,706</b>	<b>14.4</b>		
<b><i>Silver-Lead</i></b>									
Measured	72	321		8.70		744		13.8	
Indicated	1,455	176		5.44		8,219		174.5	
<b>Silver-Lead M&amp;I</b>	<b>1,527</b>	<b>183</b>		<b>5.59</b>		<b>8,964</b>		<b>188.3</b>	
<b>Total Galena M&amp;I</b>	<b>2,628</b>	<b>292</b>	<b>0.25</b>	<b>3.25</b>		<b>24,670</b>	<b>14.4</b>	<b>188.3</b>	
<b>TOTAL M&amp;I</b>	<b>11,401</b>	<b>137</b>	<b>0.15</b>	<b>1.27</b>	<b>1.18</b>	<b>50,111</b>	<b>37.3</b>	<b>319.9</b>	<b>296.1</b>

1. CIM Definition Standards were followed for Mineral Resources.
2. Mineral Resources are estimated at a Ag equivalent cut-off grade of 310 g/t for vein-style mineralization and 100g/t for disseminated mineralization at Galena. Mineral Resources are estimated at a Ag equivalent cut-off grade of 90 g/t for Nuestra Señora. Mineral Resources are estimated at a Zn equivalent cut-off grade of 2.5% for San Rafael and Zone 120.
3. Mineral Resources for Galena and Nuestra Señora are estimated using a long-term silver price of US\$16.00 per ounce, copper price of US\$2.40 per pound, zinc price of US\$0.85 per pound and a lead price of US\$0.85 per pound. Mineral Resources for San Rafael and Zone 120 are estimated using a long-term silver price of US\$16.00 per ounce, copper price of US\$2.80 per pound, zinc price of US\$0.95 per pound, lead price of US\$0.90 per pound and a gold price of US\$1,200 per ounce.
4. Mineral Resources are exclusive of Mineral Reserves.
5. Numbers may not add due to rounding.

**Inferred Mineral Resources – December 31, 2015**

	Tonnes 000's	Grade				Contained Metal			
		Silver g/t	Copper %	Lead %	Zinc %	Silver koz	Copper Mlbs	Lead Mlbs	Zinc Mlbs
<b>Cosalá</b>									
Nuestra Señora	2,025	101	0.26	0.83	1.90	6,585	11.4	37.3	84.9
San Rafael	849	111		1.52	0.31	3,028		28.4	5.7
Zone 120	196	109	0.26	0.05	0.13	690	1.1	0.2	0.6
<b>Total Cosalá Inferred</b>	<b>3,070</b>	<b>104</b>	<b>0.19</b>	<b>0.97</b>	<b>1.35</b>	<b>10,303</b>	<b>12.6</b>	<b>65.9</b>	<b>91.2</b>
<b>Galena</b>									
Inferred Silver-Copper	460	459	0.83			6,783	8.4		
Inferred Silver-Lead	1,620	186		5.82		9,685		207.8	
<b>Total Galena Inferred</b>	<b>2,080</b>	<b>246</b>	<b>0.18</b>	<b>4.53</b>		<b>16,468</b>	<b>8.4</b>	<b>207.8</b>	
<b>TOTAL INFERRED</b>	<b>5,150</b>	<b>162</b>	<b>0.18</b>	<b>2.41</b>	<b>0.80</b>	<b>26,771</b>	<b>21.0</b>	<b>273.6</b>	<b>91.2</b>

\* Refer to the Notes in the previous table.

The Mineral Resource estimate for the Cosalá Operations is based on block models prepared by independent mineral resource consultants. The Nuestra Señora Mineral Reserve and Resource estimate was prepared by Company personnel under the supervision of James Stonehouse, Vice President-Exploration, a Qualified Person for the purposes of NI 43-101. The San Rafael Mineral Reserve and Resource estimate and Zone 120 Mineral Resource Estimate were prepared by Thomas L. Dyer, P.E., Edwin R. Peralta, P.E., Paul Tietz, C.P.G. and Randy Powell, Q.P.M. who are all independent consultants and Qualified Persons.

The Mineral Resource estimate for the Galena Complex was prepared using a combination of block modelling and the accumulation method. A review of the database and methodologies was completed by independent mineral resource consultants and Qualified Persons for the purposes of NI 43-101, engaged by the Company during 2012. The estimates were updated by Company personnel under the supervision of Dan Hussey and Jim Atkinson, both of whom are Qualified Persons for the purposes of NI 43-101. The Mineral Reserves was prepared by Company personnel under the supervision of Dan Hussey, a Qualified Person for the purposes of NI 43-101.

Varying cut-off grades have been used depending on the mine, methods of extraction and type of ore contained in the reserves. Mineral resource metal grades and material densities have been estimated using industry-standard methods appropriate for each mineral project with support of various commercially available mining software packages. The Company's normal data verification procedures have been employed in connection with the calculations. Verification procedures include industry standard quality control practices. Sampling, analytical and test data underlying the stated mineral resources and reserves have been verified by employees of the Company under the supervision of Qualified Persons, for purposes of 43-101 and/or independent Qualified Persons. Additional details regarding Mineral Reserve and Mineral Resource estimation, classification, reporting parameters, key assumptions and associated risks for each of the Company's mineral properties are provided in the respective NI 43-101 Technical Reports which are available at [www.sedar.com](http://www.sedar.com).

## **Cosalá Operations**

The Company has historically addressed disclosure relating to the San Rafael deposit together with the Nuestra Señora and El Cajón deposits as all are within Americas land holdings in the Cosalá mining district. Recent work programs, however, have been focused on the San Rafael area. The Company does not view the El Cajón deposit as material at this time and, as such, references in this report to the El Cajón deposit are provided only for historical completeness. It is expected that the San Rafael project will operate independently of the Nuestra Señora mine and is not expected to share infrastructure with Nuestra Señora except as discussed herein. Although a separate and distinct project, the operations of the Nuestra Señora mine provide Americas with insight into processing and mining operations in the district that will be relevant in operating the San Rafael mine and as such certain references to the Nuestra Señora mine have been used in the San Rafael Technical Report for that purpose.

### ***Description, Location and Ownership***

The Cosalá mining district is located in the east-central portion of the state of Sinaloa, Mexico. The town of Cosalá is about 240km by road north of Mazatlán. The Nuestra Señora mine is located 3.5km southeast of the mill and San Rafael is located about 12km north-northeast of the town of Cosalá. The district is accessible from the town of Cosalá via rural paved and dirt roads. All primary access roads can accommodate standard highway vehicles.

The Company's property in the Cosalá mining district, on which the San Rafael deposit is located, consists of 73 mineral concessions that cover approximately 25,657ha. The concessions occur in two non-contiguous blocks, and within both blocks are a number of areas of land that the Company does not control. One such concession not controlled by the Company lies immediately adjacent to the southwest boundary of the San Rafael deposit. Other deposits within the Company's property are El Cajón, which adjoins San Rafael to the southwest, and Nuestra Señora, an active mine located approximately 12km to the southeast of San Rafael.

The Company owns the concessions through its wholly owned subsidiaries, Minera Cosalá, S.A. de C.V. and Minera Platte River Gold, S. de R.L. de C.V. Although five of the 73 concessions are subject to a 1.25% net smelter return royalty, the San Rafael resources do not extend onto any of these five concessions.

All necessary operating and environmental permits for current operations are in place. The Cosalá Operations are subject to applicable environmental regulation. For further detail for further detail see sections ***"Description of the Business – Environmental Protection"*** and ***"Risk Factors - Government Regulation and Environmental Compliance"***.

### ***History and Exploration***

The Cosalá mining district, where polymetallic mineralization occurs as primarily skarn-related deposits, was discovered and locally worked by the Spanish approximately 400 years ago. At the turn of the 19th century, French engineers reportedly developed and worked the Nuestra Señora mine with a 10 stamp mill that produced 800 to 1,000kg of silver per month. In 1949, Asarco Mexicana ("Asarco") purchased the Nuestra Señora mine and also mined material from the La Estrella mine, located one kilometer north of San Rafael. In addition, Asarco did some work at El Cajón, sending the material to the mill at La Estrella. In or about February 1965, Asarco ceased production and subsequently removed all of the mining equipment. Asarco let its concessions at Nuestra Señora lapse in 1980.

Following a period of minimal inactivity, Scorpio Mining acquired the right to earn 100% interest in the Nuestra Señora property in 1998 and began an exploration program there in 1999. Since 1999, Scorpio Mining's exploration at the Nuestra Señora property has included airborne magnetic, electromagnetic, and radiometric surveying; ground magnetic and electromagnetic surveying; geologic mapping; and sampling. Scorpio Mining began underground mine development at Candelaria in 2004 and in the Nuestra Señora Main Zone in 2005. The mill components were moved on-site starting in 2006, and the mill began producing concentrates in 2008.

Since 1965, several small Mexican mining operators have worked the mines in the vicinity of San Rafael and El Cajón. Modern exploration was started by Industrias Peñoles, S.A. de C.V. ("Peñoles") in the late 1970s into the 1980s and again in 1999. In 1995, Minas de Oro Hemlo, S.A. de C.V. ("Hemlo") conducted mapping, sampling, and road building, and drilled 15 reverse circulation holes primarily within the San Rafael area exploring for precious metals. In early 2000, Noranda Exploraciones Mexico, S.A. de C.V. ("Noranda") completed three IP-resistivity lines over the San Rafael zone in the area of the previous Hemlo drilling. Noranda drilled seven core holes at San Rafael totaling 1,348m in 2001.

Platte River Gold Inc. ("PRG") became interested in the San Rafael-El Cajón-La Verde area in early 2004. On June 1, 2004, PRG, through their Mexican subsidiary, signed a four-year option agreement for 100% of the exploration and mining concessions along with all of the infrastructure and mining equipment used at the La Verde mine and project area, excluding the mill in Cosalá. PRG made the final payment and acquired the property in July 2008. During their tenure, PRG conducted induced polarization ("IP"), resistivity, and ground magnetic surveying; geological mapping; chip-channel sampling of outcrops and road cuts; and the drilling of 371 holes. They tested 15 different targets, but the focus of their work was on San Rafael and El Cajón.

Scorpio acquired PRG in 2010, thereby adding the San Rafael and El Cajón projects to their previously acquired Nuestra Señora project. On March 16, 2011, Scorpio acquired five mineral concessions from Grupo Industrial Minera Mexico S.A. de C.V. in the Cosalá district immediately adjacent to its existing concessions. From 2010 through July 20, 2012, Scorpio's exploration in the San Rafael and El Cajón area has consisted of mapping and the drilling of 282 core holes totaling 35,296m. The focus of the work was on the San Rafael and El Cajón deposits. Scorpio also drilled four other targets including surface and underground drilling at the historic La Verde mine area. In 2010, Quantec Geoscience Ltd. completed a 48-line-kilometer Titan-24 DC/IP geophysical survey centered over the San Rafael area; results of subsequent drilling to test some of the anomalies were not encouraging.

In May, 2015 Scorpio changed its name to Americas Silver Corporation and has proceeded with the advancement of the San Rafael Project.

### ***Geology and Mineralization***

The Cosalá mining district lies along the western edge of the Sierra Madre Occidental, an extensive Tertiary volcanic province covering approximately 800,000km<sup>2</sup>. Mineralization within the Cosalá mining district is related to granodioritic or granitic intrusions emplaced between 140 and 45 million years ago into Cretaceous sedimentary rocks that overlie older basement terranes.

The property lies within a sub-circular inlier of Cretaceous limestone approximately 10km in diameter situated in the eastern part of the 139 to 45 Ma-old Sinaloa Batholith. Contact metamorphism of the limestones created re-crystallized limestone, marble, and skarn. Initial skarn development in the area was contemporaneous with emplacement of the batholith; however, there were several pulses of magmatic and hydrothermal activity. Carbonate replacement-style mantos, veins, chimneys, chimney breccias, and mineralized exoskarn and endoskarn occur within limestone and felsic and lesser mafic intrusions. Pyrite, sphalerite, chalcopyrite, galena, and lesser tetrahedrite are the principal sulphide minerals.

In the San Rafael-El Cajón area, Cretaceous limestone, commonly recrystallized and marbleized but only locally skarn-altered, is exposed within windows in Tertiary volcanic rocks. Massive sulfide Main Zone mineralization at San Rafael occurs primarily along the contact of dacite tuff with Cretaceous limestone, with additional mineralization within the dacite in the Upper Zone and within skarn-altered limestone in the Zone 120. The protolith at El Cajón is altered limestone, thought to be of Cretaceous age. San Rafael contains silver, lead, and zinc mineralization with minor gold and copper. The main minerals are pyrite, pyrrhotite, sphalerite, and galena with minor marcasite, chalcopyrite, and magnetite. The El Cajón-type of mineralization, also seen within the San Rafael deposit's Zone 120, is related to skarn alteration of calcareous sediments and occurs as both mantos and chimneys. It consists of silver- copper-gold mineralization in the form of chalcopyrite and tetrahedrite with minor pyrite, galena, sphalerite, arsenopyrite, chalcocite, jalpaite, native silver, copper, and bismuth.

### ***Mining Method and Processing***

San Rafael is an underground project utilizing a cut-and-fill mining method with a conventional flotation to produce two concentrates, lead and zinc, with silver by-products.

Reserves have been based on a cut-and-fill mining method. Most of the fill material will be from development. It is not anticipated to use cement with the fill material since no mining against fill will be undertaken. To provide additional ground support pillars will be left in place as required. Cut-and-fill stopes were designed using Measured and Indicated blocks above a \$54.00 NSR cutoff. Development designs were created to provide mining access to the different cut-and-fill stopes. The cut-and-fill stopes are based on panel sizes up to 50m long and 16m high.

The Cosalá Operations has established necessary sources of water, power, waste disposal and tailings storage for current and planned operations. The Company has the necessary processing facilities and holds sufficient surface rights to conduct operations. Ore is hauled by third-party contractors to the Los Braceros process plant, a road distance of approximately 10km. The Los Braceros process plant is a conventional flotation mill that produces zinc, lead and copper concentrates. Silver is a payable metal in all three products. Design capacity is 1,600 tonnes per day through parallel primary ball mills feeding a single flotation circuit. A project to expand the capacity to 2,800 tonnes per day was partly completed prior to being suspended in 2012.

### ***Metallurgical Testing***

Metallurgical testing of material from San Rafael was conducted in seven main phases over a period of roughly ten years (2005 – 2015) on a variety of composites. Both bench-top and locked-cycle flotation testing conducted on the San Rafael Main Zone sulfide mineralization has shown this material can be successfully processed using a sequential flotation process to produce separate lead-silver and zinc concentrate products. Lead head grades ranged from 1.22% to 2.09% while zinc head grades ranged from 2.99% to 4.27%.

The test work confirmed a conventional process approach would serve adequately with crushing and grinding followed by lead rougher floatation, in turn followed by zinc floatation. It was confirmed that a primary grind a P80 of 100 to 110µm would be suitable for commercial operation and data was obtained on reagent dosage.

Given the above particle size target, the anticipated lead and zinc recoveries are expected to exceed 75% and 83%, respectively, with total silver recovery approximately 45% to 50%.

### **Capital and Operating Costs**

Americas has extensive experience with underground mining and processing at the nearby Nuestra Señora mine and Cosalá (Los Braceros) process plant. Costs have been estimated using a combination of real world experience at Nuestra Señora and the Los Braceros plant and first principle costing. Note that the cost for cut-and-fill mining is based on performance at Nuestra Señora, and reflects the use of development waste fill without addition of cement.

Operating costs estimates are shown in the Mine Operating Costs Table and capital cost estimates are shown in the Initial and Sustaining Capital Costs Table.

#### **Mine Operating Costs**

	<b>K USD</b>	<b>\$/t Processed</b>
UG Mine Operations	\$ 68,295	\$ 21.15
Plant Operations	\$ 44,125	\$ 13.67
Technical Services	\$ 5,819	\$ 1.80
Safety & Environmental	\$ 4,572	\$ 1.42
Administration	\$ 15,021	\$ 4.65
<b>Total Operating Cost</b>	<b>\$137,833</b>	<b>\$ 42.69</b>

#### **Initial and Sustaining Capital Costs**

	<b>Units</b>	<b>Initial</b>	<b>Sustaining</b>	<b>Total LOM</b>
Mine Development	K USD	\$ 6,072	\$ 20,704	\$ 26,776
UG Mining Capital	K USD	\$ 7,855	\$ 14,678	\$ 22,533
Process Capital	K USD	\$ 2,011	\$ 1,777	\$ 3,788
Other	K USD	\$ 340	\$ 1,883	\$ 2,223
Contingency 10%	K USD	\$ 1,021	\$ 370	\$ 1,391
Working Capital	K USD	\$ 4,154	\$ (4,154)	\$ -
<b>Total Capital</b>	<b>K USD</b>	<b>\$ 21,452</b>	<b>\$ 35,259</b>	<b>\$ 56,711</b>

Please see **Operations – Three Year History 2016** for the Company's updates on the San Rafael Project.

## **Galena Complex**

The Galena Complex consists of the operating Galena Mine with two shafts (Galena and #3), the Galena processing plant, the idle Coeur Mine with one shaft (Coeur), the Coeur processing plant (currently on care and maintenance), and the Caladay exploration property with one shaft. The Galena Mine has operated since 1885, and between 1953 and 2016 the Galena Complex has yielded approximately 230 million ounces of silver along with associated amounts of lead and copper. Galena produces a nominal 550 tons per day (“stpd”) ore. The flotation processing plant located at Galena has a capacity of 700 stpd. It is configured to produce a single flotation concentrate (either silver-lead or silver-copper concentrates).

Proven and Probable Mineral Reserves total 1.546 million tons, at grades of 11.5 ounces per ton (“opt”) Ag, 5.13% Pb and 0.21% Cu. A life of mine plan (“LOMP”) for Galena forecasts 7 years of mining at similar production rates to 2015 production rates. The transition from mining and processing silver-copper ore to silver-lead ore was completed in 2015. However, the silver-copper ore at Galena remains an important part of the Mineral Reserves, Mineral Resources and LOMP.

### ***Property Description and Location***

The Galena Complex is located in the Coeur d’Alene Mining District in Shoshone County, Idaho, a prolific silver producing district since the mid-1800s, located two miles west of the town of Wallace. Spokane, Washington is about 75 miles to the west and Missoula, Montana is about 110 miles to the east. The property is about 1 mile south of Interstate Highway I-90.

The property covers 8,915 acres, over an area about 9 miles long east to west, and 2 miles wide north to south. The Galena Shaft is located near the center of the property and lies at 47°28’39” N latitude and 115°58’01” W longitude, with a collar elevation of 3,042 feet above sea level.

### ***Land Tenure and Ownership***

The Company’s land position at the Galena Complex has changed since the previous Technical Report due to the sale of part of holdings on the western end of the property. The property is a combination of patented, unpatented and fee lands that are owned or leased by the Company’s subsidiaries. The total area covered by all the land owned, controlled or leased by the Company is 8,915 acres. All properties are in good standing with respect to title and current taxes. Net smelter return royalty agreements exist on some leased properties, but no production has been realized from any of the leased claims, and none is contemplated in the LOMP. All necessary operating and environmental permits are current. All production, reserves and resources are on patented mining claims owned by the Company. See also **Risk Factors** section relating to ***Mining Property and Title Risks and Surface Rights and Access***.

### ***Physiography (Climate, Local Resources and Infrastructure)***

The Coeur d’Alene District lies in the Bitterroot Mountains, a part of the Northern Rocky Mountains. The Galena area is one of high relief and rugged terrain, with many slopes at angles of 30% or greater. Valley flats are restricted to the main stream and the lower reaches of some major tributaries; in only a few places do the flats exceed half a mile in width. Ridge crests range in altitude from 6,000 to 7,000 feet. Thus the maximum relief between valley floors and adjacent ridge crests and peaks ranges from 3,000 to 4,000 feet. The climate of the Coeur d’Alene District is strongly seasonal with warm summers and hard winters. Mining and exploration activities take place year round.

The Company's land position lies along and immediately south of the main freeway through the area, Interstate 90 (I-90). All the centers of population and Americas Silver's property are accessible by main highways, hard surfaced roads or well-graded gravel roads. Personnel are sourced from nearby towns and cities.

The Company has established necessary sources of water, power, waste disposal and tailings storage for current and planned operations. The Company has the necessary processing facilities and holds sufficient surface rights to conduct its operations.

### ***Existing Infrastructure***

The Company has established necessary sources of water, power, waste disposal and tailings storage for current and planned operations. The Company has the necessary processing facilities and holds sufficient surface rights to conduct operations. The surface and underground infrastructure at the Galena Complex include the following:

- Galena processing facility
- Galena and #3 shafts equipped for hoisting
- Coeur processing facility
- Coeur shaft equipped for hoisting
- Caladay shaft for ventilation only
- A tailings storage facility located near the town of Osburn
- Shops, offices, warehouse facilities and a mine dry
- Inter-connected level development connecting the 4 shafts

### ***History***

The Galena Complex is situated in the center of the Coeur d'Alene Mining District of North Idaho. Placer gold was first discovered in the district in 1858. By 1860, the gold-rush prospectors had also discovered the silver-lead veins in the district.

Prior to Americas Silver, companies owning all or part of the Galena Complex properties at various times since 1887 have included Killbuck Mining, Galena Mining, Callahan Mines, Federal Mining and Smelting, Vulcan, ASARCO, Day Mines, Coeur d'Alene Mines, U.S. Silver, and U.S. Silver and Gold Inc.

Since 1953, the Galena and Coeur Mines have yielded approximately 230 million ounces of silver, 159 million pounds of copper and 69 million pounds of lead from 11.8 million tons of combined silver-copper and silver-lead ore. More than 80% of the total silver has come from the Galena Mine.

The Galena Mine has a long history dating back to 1887, but the modern history and mining commenced in 1947 under the management of ASARCO. From 1953 to 2013 the Galena Mine primarily mined silver-copper ore with minor production of silver-lead ore. Beginning in 2014, silver-lead ore became the predominant ore type.

Total production from the Galena Mine from 1953 to the end of 2015 was approximately 189.5 million ounces of silver from 9.3 million tons of ore. Average grade of the silver-copper ore was 21.3 opt Ag and 0.72% Cu. Average grade of the silver-lead ore was 5.1 opt Ag and 6.0% Pb. This excludes production from the Coeur Mine, which is now part of the Galena Complex.

The Coeur Mine shaft was collared in 1963 by Coeur d'Alene Mines. The mine produced continuously from 1976 through 1991, and again from 1996 through 1997. The total production from the Coeur Mine sent to the process plants was approximately 40.5 million ounces of silver from 2.5 million tons of ore. Average ore grades were 16.5 opt Ag and 0.67% Cu.

The Coeur Mine was put on care and maintenance from 1997 to 2007, when work was begun to rehabilitate the Coeur Mine 3400 Level and later the Coeur shaft. The Coeur mill was re-started in September 2007 to process silver-lead ore from the Galena Mine. By early 2008 silver-lead ore was trammed from the Galena Mine 3700 Level to the Coeur Shaft (Coeur 3400 Level) and was hoisted up the Coeur shaft for processing at the Coeur mill. During 2012, the Coeur Mine was rehabilitated for mining, which started in September 2012 but underground work ceased in 2014.

The Caladay property began in the mid-1960s as a joint venture involving Callahan Mining, ASARCO, and Day Mines (hence the name "Caladay"). The joint venture sank a 5,100 foot shaft during the early 1980s on the east end of the Coeur d'Alene Silver Belt, just east of the Galena Property. From the 4900 Level of the Caladay shaft an exploration drift was developed east and west. The western drift intersects the Galena Mine's 4900 Level.

The joint venture was purchased by Coeur d'Alene Mines Corp in the 1980s. The Caladay shaft and workings are currently used as ventilation exhaust for the Galena workings.

After the 1980s no exploration was undertaken on the Caladay property until 2012, when U.S. Silver and Gold Inc. drilled several thousand feet and defined Mineral Resources as discussed in Section 14 of the Galena Technical Report.

### ***Geology and Mineralization***

The Galena Complex and most other deposits of the Coeur d'Alene Mining District are hosted by metamorphosed Precambrian sedimentary rocks which are part of the Belt Supergroup. The strata are composed primarily of fine-grained quartz and clay (the clay now metamorphosed to fine-grained white mica, or sericite). Three major rock types are generally recognized; vitreous quartzite, which is primarily metamorphosed fine-grained quartz sand, siltite-argillite, which is silt-sized quartz grains that are completely separated from each other by a large proportion of sericite, and sericitic quartzite which contains intermediate proportions of quartz and sericite.

Mineralization at the Galena Complex occurs in steeply dipping fissure filling veins, and in wide disseminated zones, all occurring near four major fracture systems and three major faults. The veins generally strike east-west and northeast-southwest, and range in thickness from a few inches to over fifteen feet.

The vein mineralization is of two distinct types: silver-copper mineralization containing tetrahedrite and lesser chalcopyrite as the principal economic minerals; and silver-lead mineralization dominated by argentiferous galena. Gangues in both types are mainly siderite, with varying amounts of pyrite and quartz. The silver-lead mineralization occurs both as well-defined, steeply-dipping, relatively narrow veins, and as wider zones of disseminated and stringer mineralization. The latter type occurs predominately in the eastern part of the property, in the Caladay Zone, on and adjacent to the former Caladay property.

## ***Mining Methods***

The current mining methods used at the Galena Complex are conventional cut and fill and mechanized cut and fill. Conventional cut and fill is done using the overhand method, utilizing hydraulically placed tailings (“sand fill”) as backfill, typically without the addition of cement. Mechanized cut and fill is done using both overhand and underhand methods. In the case of the overhand method, sand fill is used as backfill, typically without the addition of cement. For the underhand method, cement is typically added to the sand fill in order to provide the required strength to work underneath the placed backfill. Ore is hauled to either the Galena or #3 shafts via tracked locomotives and rail cars. Ore is loaded into the rail cars directly via ore chutes in stopes, pneumatic cavos, or in mechanized stoping areas, by diesel scooptrams/Load Haul Dump equipment. Waste associated with primary and secondary development is typically kept underground and placed as fill in old headings and open stopes. As needed, it can be hauled to the shaft, skipped to surface and placed on the existing surface waste rock storage facility. Ore is currently skipped to surface from several levels of the mine using either the #3 or Galena hoists. The Coeur Mine and shaft is currently on care and maintenance. The Coeur shaft is used for ventilation purposes and provides an alternative means of egress.

## ***Mineral Processing***

The Galena Complex consists of two processing plants, Galena and Coeur. The Coeur plant has been on care and maintenance since April 2016. The Galena processing plant follows a conventional flowsheet:

- Crushing and Screening
- Grinding and Cycloning
- Flotation Concentration
- Concentrate Dewatering
- Tailings Pumping for Sand Fill
- Tailings Pumping for Osburn Tailings Storage Facility

Overall recoveries achieved in 2015 production at the Galena processing plant were approximately 95% for silver, 90% for lead and 96% for copper while processing ore from both the silver- lead and silver-copper zones. Although only a silver-lead concentrate is currently produced, the LOMP does include future mining from the silver-copper veins, at which time a silver- copper concentrate will be produced again.

## ***Project Infrastructure***

The Galena Complex has produced for 130 years with only minor interruption. There are four shafts on the property of which the Galena, #3 and Coeur are equipped for hoisting. The #3 shaft currently serves as the main production hoist while the Galena shaft serves as the primary personnel, equipment and supply hoist.

Surface facilities other than the processing plants at both the Galena and Coeur Mines include compressor houses, mine dry, mine and administrative offices, warehouses, timber framing yard, parking areas, hoist houses and headframes, a core storage facility, electrical power lines and substations for both mines and a modern telecommunications system.

Primary utilities for the Galena Complex include fixed installations for main and auxiliary ventilation, water pumping systems, electrical distribution and a clean water supply. In addition, there are mine and surface water treatment circuits

The tailings storage facility, known as the Osburn Tailings Impoundment, is located adjacent to the town of Osburn, approximately 2 miles from the Galena processing plant.

### **Markets**

The principal commodities at the Galena Complex are freely traded, at prices that are widely known, so that prospects for sale of any production are virtually assured, subject to achieving product specifications.

As per industry norms for silver-lead and silver-copper concentrates, penalty charges are incurred for various deleterious elements when above specified levels. There are no known “hard caps” currently in place with any of the existing off-take agreements that would result in the concentrates not being readily saleable.

### **Environmental, Permitting and Social Considerations**

The Company has all material permits required to operate the mines, processing plants and tailing storage facility comprising the Galena Complex as currently contemplated.

### **Capital and Operating Cost Estimates**

Capital cost estimates for the Galena Complex are based on stated reserves. The sustaining capital costs total \$36 million over the 7 year mine life, including mine development, mine/plant infrastructure, equipment costs, plant costs and tailings management. Galena has a demonstrated history of resource conversion and exploration success.

In addition to sustaining capital costs, reclamation and closure costs are estimated at \$2.84 million. This estimate covers reclamation and closure of the Osburn Tailings Impoundment, re-sloping and vegetation of the waste dumps and other surface disturbances and ongoing site monitoring.

Operating costs in the LOMP are based on recent operating history and average approximately \$29 million per year. Unit rates are summarized in the Table below showing Unit Operating Costs:

#### **UNIT OPERATING COSTS Americas Silver Corporation – Galena Complex**

Item	Units	LOMP Average
Mining	\$/ton milled	80.00
Processing	\$/ton milled	12.00
Exploration	\$/ton milled	2.00
G&A	\$/ton milled	53.00
Total	\$/ton milled	147.00

### **Conclusions**

- The Mineral Resource estimates have been prepared using acceptable estimation methodologies. The classification of Measured, Indicated and Inferred Resources conform to Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards for Mineral Resources and Mineral Reserves dated May 10, 2014 (“CIM Definition Standards”).

- The Mineral Reserve estimates have been prepared using acceptable estimation methodologies and the classification of Proven and Probable Reserves conform to CIM Definition Standards.
- Protocols for drilling, sampling, analysis, security, and database management meet industry accepted practices. The drillhole databases were verified and are reasonable for supporting a resource model for use in Mineral Resource and Mineral Reserve estimation.
- The Company is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other modifying factors which could materially affect the underground Mineral Resource estimates.
- Measured and Indicated Mineral Resources, exclusive of Mineral Reserves, for silver- lead zones total 1.7 million tons, grading 5.3 opt Ag and 5.59% Pb, containing 9.0 million ounces Ag and 188.3 million pounds Pb.
- Measured and Indicated Mineral Resources, exclusive of Mineral Reserves for silver- copper zones total 1.2 million tons, grading 12.9 opt Ag and 0.59% Cu, containing 15.7 million ounces Ag and 14.4 million pounds Cu.
- Inferred Mineral Resources for silver-lead zones total 1.8 million tons, grading 5.4 opt Ag and 5.82% Pb, containing 9.7 million ounces Ag and 207.8 million pounds Pb.
- Inferred Mineral Resources for silver-copper zones total 0.5 million tons, grading 13.4 opt Ag and 0.83% Cu, containing 6.8 million ounces Ag and 8.4 million pounds Cu.
- Proven and Probable Reserves for silver-lead zones total 0.8 million tons, grading 8.3 opt Ag and 9.40% Pb, containing 7 million ounces Ag and 158.6 million pounds Pb.
- Proven and Probable Reserves for silver-copper zones total 0.7 million tons, grading 15.4 opt Ag and 0.46% Cu, containing 10.8 million ounces Ag and 6.4 million pound Cu.
- Mineral Reserves are estimated at metal prices of US\$16.00 per ounce Ag, US\$2.40 per pound Cu and US\$0.85 per pound Pb.
- Recovery and cost estimates are based on actual operating data and engineering estimates.
- Economic analysis of the Galena LOMP generates a positive cash flow and meets the requirements for statement of Mineral Reserves. In addition to the Mineral Reserves in the LOMP, there are Mineral Resources that represent opportunities for the future.
- All requisite permits have been obtained and/or renewed in the ordinary course for mining and continued development of the Galena Property as currently contemplated and are in good standing in all material respects.

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## RISK FACTORS

The business of the Company is subject to a substantial number of risks and uncertainties. In addition to considering the information disclosed in the financial statements and in the other publicly filed documentation regarding the Company available at [www.sedar.com](http://www.sedar.com), the reader should carefully consider the following information. Any of these risk elements could have material adverse effects on the business of the Company. See “**Note 19 – Financial Risk Management**” of the Company’s audited consolidated financial statements for the year ended December 31, 2016.

### ***Risks Associated with Market Fluctuations in Commodity Prices***

The majority of the Company’s revenue is derived from the sale of silver, zinc, lead and copper contained in concentrates. Fluctuations in the prices of these commodities represent one of the most significant factors affecting the Company’s results of operations and profitability. If the Company experiences low silver, zinc, lead and copper prices, it may result in decreased revenues and decreased net income, or losses, and may negatively affect the Company’s business.

The market price for silver, zinc, lead and copper continues to be volatile and is influenced by a number of factors, including, among others, levels of supply and demand, global or regional consumptive patterns, sales by government holders, metal stock levels maintained by producers and others, increased production due to new mine developments, improved mining and production methods, speculative trading activities, inventory carrying costs, availability and costs of metal substitutes, international economic and political conditions, interest rates and the relative exchange rate of the US dollar with other major currencies. The aggregate effect of such factors (all of which are beyond the control of the Company) is impossible to predict with any degree of accuracy, and as such, the Company can provide no assurances that it can effectively manage such factors. In addition, the price of silver, for example, has on occasion been subject to very rapid short-term changes due to speculative activities. Fluctuations in silver and other commodity prices may materially adversely affect the Company’s financial performance or results of operations. The world market price of commodities has fluctuated during the last several years. Declining market prices for silver and other metals could have a material adverse effect on the Company’s results of operations and profitability. If the market price of silver and other commodities falls significantly from its current levels, the operation of the Company’s properties may be rendered uneconomic and such operation and exploitation may be suspended or delayed.

In particular, if the price of silver is depressed for a sustained period and net losses accumulate, the Company may be forced to suspend some or all of its mining until the price increases, and record asset impairment write-downs. Any lost revenues, continued or increased net losses, or asset impairment write-downs would adversely affect the Company’s results of operations.

### ***The Corporation is dependent on the success of the Galena Complex and the San Rafael Project at its Cosalá Operations which are both exposed to Operational Risks***

The principal mineral projects of the Company are the Galena Complex and the San Rafael Project at its Cosalá Operations. The Company is primarily dependent upon the success of these properties as sources of future revenue and profits. The development of mining operations at San Rafael will require the commitment of resources for operating expenses and capital expenditures, which may increase in subsequently as needed, and for consultants, personnel and equipment associated with advancing exploration, development and commercial production. The amounts and timing of expenditures will

depend on, among other things, the progress of ongoing exploration and development, the results of consultants' analysis and recommendations and other factors, many of which are beyond the Company's control.

Substantial risks are associated with mining and milling operations. The Company's commercial operations are subject to all the usual hazards and risks normally encountered in the exploration, development and production of silver, zinc, lead and copper, including, among other things: unusual and unexpected geologic formations, inclement weather conditions, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, catastrophic damage to property or loss of life, labour disruptions, equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and legal liability. The Company will take appropriate precautions as are applicable to similar mining operations and in accordance with general industry standards to help mitigate such risks. However, the Company can provide no assurances that its precautions will actually succeed in mitigating, or even reducing the scope of potential exposure to, such operational risks.

Substantial efforts and compliance with regulatory requirements are required to establish mineral reserves through drilling and analysis, to develop metallurgical processes to extract metal and, in the case of development properties, to develop and construct the mining and processing facilities and infrastructure at any site chosen for mining. Shareholders cannot be assured that any reserves or mineralized material acquired or discovered will be in sufficient quantities to justify commercial operations.

There can be no certainty that the Company's exploration, development and production activities will be commercially successful.

### ***Mineral Reserves and Resources, Development and Production***

The estimation of ore reserves is imprecise and depends upon a number of subjective factors. Estimated ore reserves or production guidance may not be realized in actual production. The Company's operating results may be negatively affected by inaccurate estimates. Reserve estimates are a function of geological and engineering analyses that require the Company to make assumptions about production costs and the market price of silver and other metals. Reserve estimation is based on available data, which may be incomplete, and subject to engineering and geological interpretation, judgment and experience. Market price fluctuations of metals, as well as increased production costs or reduced recovery rates may render ore reserves containing relatively lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. Moreover, short-term operating factors relating to the ore reserves, such as the need for orderly development of the ore bodies and the processing of new or different ore grades may cause a mining operation to be unprofitable in any particular accounting period. Should the Company encounter mineralization or geologic formations at any of its mines different from those predicted adjustments of reserve estimates might occur, which could alter mining plans. Either of these alternatives may adversely affect the Company's actual production and operating results.

The mineral reserve and resource estimates contained or incorporated are only estimates and no assurance can be given that any particular level of recovery of minerals will be realized or that an identified reserve or resource will qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. The Company relies on laboratory-based recovery models and historical performance of its processing plant to project estimated ultimate recoveries by ore type at optimal grind

sizes. Actual recoveries in a commercial mining operation may exceed or fall short of projected laboratory test results. In addition, the grade of mineralization ultimately mined may differ from the one indicated by the drilling results and the difference may be material. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations and there can be no assurance that historical performance of the process plant will continue in the future. Material changes, inaccuracies or reductions in proven and probable reserves or resource estimates, grades, waste-to-ore ratios or recovery rates could have a materially adverse impact on the Company's future operations, cash flows, earnings, results of operations, financial condition and the economic viability of projects. The estimated proven and probable reserves and resources described herein should not be interpreted as assurances of mine life or of the profitability of future operations.

The Company has engaged internal and expert independent technical consultants to advise it on, among other things, mineral resources and reserves, metallurgy and project engineering. The Company believes that these experts are competent and that they have carried out their work in accordance with all internationally recognized industry standards. If, however, the work conducted by, and the mineral resource and reserve estimates of these experts are ultimately found to be incorrect or inadequate in any material respect, such events could materially and adversely affect the Company's future operations, cash flows, earnings, results of operations, financial condition and the economic viability of its projects.

The Company's ability to sustain or increase present production levels depends in part on successful exploration and development of new ore bodies and/or expansion of existing mining operations. Forecasts of future production are estimates based on interpretation and assumptions and actual production may be less than estimated. Mineral exploration, particularly for silver, involves many risks and is frequently unproductive. If mineralization is discovered, it may take a number of years until production is possible, during which time the economic viability of the project may change. Substantial expenditures are required to establish ore reserves, extract metals from ores and, in the case of new properties, to construct mining and processing facilities and infrastructure at any site chosen for mining. The economic feasibility of any development project is based upon, among other things, estimates of the size and grade of ore reserves, proximity to infrastructures and other resources (such as water and power), metallurgical recoveries, production rates and capital and operating costs of such development projects, and metals prices. Development projects are also subject to the completion of positive feasibility studies, issuance of necessary permits and receipt of adequate financing, which may be difficult to obtain on terms reasonably acceptable to the Company.

The Company's future silver, zinc, lead and copper production may decline as a result of an exhaustion of reserves and possible closure of work areas. It is the Company's business strategy to conduct silver exploratory activities at the Company's existing mining operations as well as at new exploratory projects, and to acquire silver mining properties and businesses or reserves that possess mineable ore reserves and are expected to become operational in the near future. However, the Company can provide no assurance that its future silver production will not decline. Accordingly, the Company's revenues from the sale of silver may decline, which may have a material adverse effect on its results of operations.

### ***Global Financial and Economic Conditions***

The continuation or re-emergence of a global financial crisis or recession or reduced economic activity in the United States, China, India and other industrialized or developing countries, or disruption of key sectors of the economy such as oil and gas, may have a significant effect on our results of operations or

limit our ability to raise capital through credit and equity markets. The prices of the metals that we produce are affected by a number of factors, and it is unknown how these factors may be impacted by a global financial event or developments impacting major industrial or developing countries. Additionally, global economic conditions may cause a long-term decrease in asset values. If such global volatility and market uncertainty were to continue, the Company's operations and financial condition could be adversely impacted.

### ***Government Regulation and Environmental Compliance***

The Company is subject to significant governmental regulations, and costs and delays related to such regulations may have a material adverse effect on the Company's business.

The Company's mining activities are subject to extensive federal, state, local and foreign laws and regulations governing environmental protection, natural resources, prospecting, development, production, post-closure reclamation, taxes, labour standards and occupational health and safety laws and regulations including mine safety, toxic substances and other matters related to the Company's business. The costs associated with compliance with such laws and regulations could be substantial. Possible future laws and regulations, or more restrictive interpretations of current laws and regulations by governmental authorities could cause additional expense, capital expenditures, restrictions on or suspensions of the Company's operations and delays in the development of the Company's properties. Moreover, governmental authorities and private parties may bring lawsuits based upon damage to property and injury to persons resulting from the environmental, health and safety impacts of the Company's past and current operations, which could lead to the imposition of substantial fines, penalties and other civil and criminal sanctions. Substantial costs and liabilities, including for restoring the environment after the closure of mines, are inherent in the Company's operations. Although the Company believes it is in substantial compliance with applicable laws and regulations, the Company can give no assurance that any such law, regulation, enforcement or private claim will not have a material adverse effect on the Company's business, financial condition or results of operations.

In the United States, some of the Company's mining wastes are currently exempt to a limited extent from the extensive set of federal Environmental Protection Agency (the "EPA") regulations governing hazardous waste under the *Resource Conservation and Recovery Act* (the "RCRA"). If the EPA designates these wastes as hazardous under the RCRA, the Company would be required to expend additional amounts on the handling of such wastes and to make significant expenditures to construct hazardous waste disposal facilities. In addition, if any of these wastes causes contamination in or damage to the environment at a mining facility, such facility may be designated as a "Superfund" site under the *Comprehensive Environmental Response, Compensation and Liability Act* (the "CERCLA"). Under the CERCLA, any owner or operator of a Superfund site since the time of its contamination may be held liable and may be forced to undertake extensive remedial clean-up action or to pay for the government's clean-up efforts. Additional regulations or requirements are also imposed upon the Company's tailings and waste disposal areas in Idaho under the federal *Clean Water Act* (the "CWA"). Airborne emissions are subject to controls under air pollution statutes implementing the *Clean Air Act* in Idaho. Compliance with the CERCLA, the CWA and state environmental laws could entail significant costs, which could have a material adverse effect on the Company's operations.

In the context of environmental permits, including the approval of reclamation plans, the Company must comply with standards and regulations, which entail significant costs and can entail significant delays. Such costs and delays could have an adverse impact on the Company's operations.

The Company's mining operations are subject to regulations promulgated by government agencies from time to time. Specifically, the Company's activities at the Galena Complex are subject to regulation by the U.S. Department of Labor's Mine Safety Health Administration and related regulations under applicable legislation and the Company's activities at the Cosalá Operations projects are subject to regulation by SEMARNAT (defined below), the environmental protection agency of Mexico. Such regulations can result in citations and orders which can entail significant costs or production interruptions and have an adverse impact on the Company's operations and profitability. SEMARNAT regulations require that an environmental impact statement, known in Mexico as a MIA, be prepared by a third-party contractor for submittal to SEMARNAT. Studies required to support the MIA include a detailed analysis of the following areas: soil, water, vegetation, wildlife, cultural resources and socio-economic impacts. The Company must also provide proof of local community support for a project to gain final approval of the MIA.

In the ordinary course of business, the Company is required to obtain or renew governmental permits for the operation and expansion of existing mining operations or for the development, construction and commencement of new mining operations. Obtaining or renewing the necessary governmental permits is a complex and time-consuming process involving numerous jurisdictions, which often involves public hearings and costly undertakings. The duration and success of the Company's efforts to obtain or renew permits are contingent upon many variables not within our control including the interpretation of applicable requirements implemented by the permitting authority. The Company may not be able to obtain or renew permits that are necessary to its operations, or the cost to obtain or renew permits may exceed what the Company believes it can recover from the property once in production. Any unexpected delays or costs associated with the permitting process could delay the development or impede the operation of a mine, which could have a material adverse effect on the Company's operations and profitability.

### ***Mining Property and Title Risks***

Third parties may dispute the Company's mining claims, which could result in losses affecting the Company's business. The validity of unpatented mining claims, which constitute a significant portion of the Company's property holdings in Idaho, is often uncertain and may be contested. Although the Company has attempted to acquire satisfactory title to undeveloped properties, the Company, in accordance with mining industry practice, does not generally obtain title opinions until a decision is made to develop a property. As a result, some titles, particularly titles to undeveloped properties, may be defective. Defective title to any of the Company's mining claims could result in litigation, insurance claims, and potential losses affecting the Company's business.

The validity of mining or exploration titles or claims, which constitute most of the Company's property holdings, can be uncertain and may be contested. No assurance can be given that applicable governments will not revoke or significantly alter the conditions of the applicable exploration and mining titles or claims and that such exploration and mining titles or claims, will not be challenged or impugned by third parties. The Company has not conducted surveys of all the claims in which it holds direct or indirect interests and therefore, the precise area and location of such claims may be in doubt. The Company's properties may be subject to prior unregistered liens, agreements or transfers, native land claims or undetected title defects.

### ***Surface Rights and Access***

The Company has reached various agreements for surface access and rights with certain local groups, including, Ejidos for mining exploitation activities, including open pit mining, in the project area of Cosalá Norte. In addition, the Company currently has formal agreements for surface access with all Ejidos on whose land its exploration activities are being performed. These agreements are valid for several years and are regularly reviewed in terms of the appropriate level of compensation for the level of work being carried out. The Nuestra Señora process facility is located on land previously purchased by the Company and is not exposed to disruptions by third party ownership claims.

For future activities, the Company will need to negotiate with Ejido and non-Ejido members, as a group and individually, to reach agreements for additional access and surface rights. Negotiations with Ejidos can become time-consuming if demands for compensation become unreasonable. There can be no guarantee that the Company will be able to negotiate satisfactory agreements with any such existing members for such access and surface rights, and therefore it may be unable to carry out planned mining activities. In addition, in circumstances where access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdiction, the outcomes of which cannot be predicted with any certainty. The inability of the Company to secure surface access or purchase required surface rights could materially and adversely affect the timing, cost or overall ability of the Company to develop any mineral deposits it may locate.

### ***Labour Relations, Employee Recruitment, Retention and Pension Funding***

The Company may experience labour disputes, work stoppages or other disruptions in production that could adversely affect its operations. The Company is dependent on its workforce at its material producing properties and mill. The Company endeavours to maintain good relations with its workforce in order to minimize the possibility of strikes, lock-outs and other stoppages at the site. Relations between the Company and its employees may be impacted by changes in labour relations which may be introduced by, among other things, employee groups, competing labour unions, and the relevant governmental authorities in whose jurisdictions the Company carries on business. Many of the Company's employees at its operations are represented by a labour union under a collective labour agreement. The Company may not be able to satisfactorily renegotiate the collective labour agreement when it expires. In addition, the existing labour agreement may not prevent a strike or work stoppage at our facilities in the future, and any such work stoppage could have a material adverse effect on the Company's earnings.

The Company also hires some of its employees or consultants in Mexico to assist it in conducting its operations in accordance with Mexican laws. The Company also purchases certain supplies and retains the services of various companies in Mexico to meet its business plans. It may be difficult to find or hire qualified people in the mining industry who are situated in Mexico or to obtain all the necessary services or expertise in Mexico or to conduct operations on its projects at reasonable rates. If qualified people and services or expertise cannot be obtained in Mexico, the Company may need to seek and obtain those services from people located outside Mexico, which will require work permits and compliance with applicable laws and could result in delays and higher costs to the Company to conduct its operations in Mexico. Recruiting and retaining qualified personnel is critical to the Company's success. The number of persons skilled in acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As the Company's business activity grows, the Company will require additional key executive, financial, operational, administrative and mining personnel. Although

the Company believes that it will be successful in attracting, training and retaining qualified personnel, there can be no assurance of such success. If the Company is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have a material adverse effect on the Company's results of operations and profitability. The Company strongly depends on the business and technical expertise of its small group of management and key personnel. There is little possibility that this dependence will decrease in the near term. Key man life insurance is not in place on management and key personnel. If the services of the Company's management and key personnel were lost, it could have a material adverse effect on future operations.

The declines in the equity markets over the last several years and other financial impacts have affected the Company's costs and liquidity through increased requirements to fund the Company's defined benefit pension plans for its employees. There can be no assurance that financial markets will sufficiently recover in the future with the effect of causing a corresponding reduction in the Company's future pension funding requirements. Furthermore, there can be no assurance that unforeseen changes in pensioner longevity, government regulation or other financial market uncertainties will not cause pension funding requirements to differ from the requirements projected by professional actuaries. The Company intends to continue to fund its pension plan for hourly and salary employees of the Company pursuant to all relevant regulatory requirements.

***Some of the Company's Material Properties are Located in Mexico and are Subject to Changes in Political and Economic Conditions and Regulations in that Country***

In the past, Mexico has been subject to political instability, changes and uncertainties, which may cause changes to existing governmental regulations affecting mineral exploration and mining activities. The Company's operations and properties are subject to a variety of governmental regulations including, among others: regulations promulgated by the Mexican Department of Economy – Dirección General de Minas, Mexico's Secretary of Environment and Natural Resources ("SEMARNAT"); the Mexican Mining Law; and the regulations of the Comisión Nacional del Agua with respect to water rights. Mexican regulators have broad authority to shut down and/or levy fines against facilities that do not comply with regulations or standards. The Company's mineral exploration and mining activities in Mexico may be adversely affected in varying degrees by changing government regulations relating to the mining industry or shifts in political conditions that increase the costs related to the Company's activities or maintenance of its properties. Operations may also be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, and expropriation of property, environmental legislation and mine safety. Mexico's status as a developing country may make it more difficult for the Company to obtain any required financing for its projects. The Mexican Government is conducting a highly publicized crack down on the drug cartels, resulting in a loss of lives. The operation has been unaffected by the conflict and is unlikely to be in the future. However, if the government's actions lead to civil unrest, the situation could change

The Company is uncertain if all necessary permits will be maintained on acceptable terms or in a timely manner. Future changes in applicable laws and regulations or changes in their enforcement or regulatory interpretation could negatively impact current or planned exploration and development activities on its Cosalá District properties, or in any other projects that the Company becomes involved with. Any failure to comply with applicable laws and regulations or failure to obtain or maintain permits, even if inadvertent, could result in the interruption of exploration and development operations or material fines, penalties or other liabilities.

***Substantially all of the Company's Assets are Located Outside of Canada, and Impact on Enforcement of Civil Liabilities***

It may be difficult or impossible to enforce judgements obtained in Canadian courts predicated upon the civil liability provisions of the securities laws of certain provinces against the portion of the Company's management and assets located outside of Canada.

***The Company is Subject to Currency Fluctuations that may Adversely Affect the Financial Position of the Company***

One of the Company's primary operations is located in Mexico and many of its expenditures and obligations are denominated in Mexican pesos. The Company maintains its principal office and raises its equity financings in Canada, maintains cash accounts in both U.S. dollars and Canadian dollars and has monetary assets and liabilities in Canadian dollars and Mexican pesos. As such, the Company's results of operations are subject to foreign currency fluctuation risks and such fluctuations may adversely affect the financial position and results of the Company. The Company may, from time to time, employ derivative financial instruments to manage exposure to fluctuations in foreign currency exchange rates.

***Financing Risks***

Should financing be sought in the future, there can be no assurances that the Company will be able to obtain adequate funding or that the terms of such financing will be favourable. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration and development of its projects and the possible loss of such properties. The Company has a limited history of earnings, has never paid a dividend, and does not anticipate paying dividends in the near future.

***Risk Associated with Outstanding Debt***

The Company's ability to make scheduled payments of interest and principal on its outstanding indebtedness or refinance its debt obligations depends on its financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond its control. There can be no assurance that the Company will generate sufficient cash flow from operating activities to make its scheduled repayments of principal, interest, and any applicable premiums.

The Company may be forced to pursue strategic alternatives such as reduce or delay capital expenditures, sell assets or operations, see additional capital or restructure or refinance its indebtedness. No assurances can be made that the Company would be able to take any of these actions, that these actions would be successful, or that these actions would be permitted under the terms of existing or future debt agreements.

If the Company cannot make scheduled payments on its debt, or comply with its covenants, it will be in default of such indebtedness and, as a result (i) holders of such debt could declare all outstanding principal and interest to be due and payable, (ii) the lenders under the credit facilities could terminate their commitments to lend the Company money, and (iii) the holders of the Company's secured debt could realize upon the security to the borrowings.

### ***The Company may engage in hedging activities***

From time to time, the Company may use certain derivative products to hedge or manage the risks associated with changes in the of prices zinc, lead, copper and the Mexican Peso. The use of derivative instruments involves certain inherent risks including, among other things: (i) credit risk – the risk of an unexpected loss arising if a counterparty with which the Company has entered into transactions fails to meet its contractual obligations; (ii) market liquidity risk – the risk that the Corporation has entered into a derivative position that cannot be closed out quickly, by either liquidating such derivative instrument or by establishing an offsetting position; (iii) unrealized mark-to-market risk – the risk that, in respect of certain derivative products, an adverse change in market prices for commodities, currencies or interest rates will result in the Company incurring an unrealized mark-to-market loss in respect of such derivative products.

There is no assurance that any hedging program or transactions which may be adopted or utilized by the Company designed to reduce the risk associated with changes price will be successful. Although hedging may protect the Company from an adverse price change, it may also prevent the Company from benefiting fully from a positive price change.

### ***The Company may Require Significant Capital Expenditures***

Substantial expenditures will be required to maintain, develop and to continue with exploration at the Company properties. In order to explore and develop these projects and properties, the Company may be required to expend significant amounts for, among other things, geological, geochemical and geophysical analysis, drilling, assaying, and, if warranted, mining and infrastructure feasibility studies.

The Company may not benefit from any of these investments if it is unable to identify commercially exploitable mineralized material. If successful in identifying reserves, it will require significant additional capital to construct facilities necessary to extract recoverable metal from those reserves.

The ability of the Company to achieve sufficient cash flows from internal sources and obtain necessary funding depends upon a number of factors, including the state of the worldwide economy and the price of silver, zinc, lead and copper. The Company may not be successful in achieving sufficient cash flows from internal sources and obtaining the required financing for these or other purposes on terms that are favourable to it or at all, in which case its ability to continue operating may be adversely affected. Failure to achieve sufficient cash flows and obtain such additional financing could result in delay or indefinite postponement of further exploration or potential development.

### ***Risks Associated with the Company's Business Objectives***

The Company's strategy to create shareholder value through the acquisition, exploration, advancement and development of its mineral properties will be subject to substantive risk. While the Company may seek to acquire additional mineral properties that are consistent with its business objectives, there can be no assurance that the Company will be able to identify suitable additional mineral properties or, if it does identify suitable properties, that it will have sufficient financial resources to acquire such properties or that such properties will be available on terms acceptable to the Company or at all. Any partnership or joint venture agreements with respect to mineral properties that the Company enters into will be subject to the typical risks associated with such agreements, including disagreement on how to develop, operate or finance a property and contractual and legal remedies of the Company's partners in the event of such disagreement.

### ***Competition***

Competition in the mining sector is intense. Mines have limited lives and as a result, the Company may in the future seek to replace and expand its reserves through the acquisition of new properties. In addition, there is a limited supply of desirable mineral lands available in areas where the Company would consider conducting exploration and/or production activities. Because the Company faces strong competition for new properties from other mining companies, some of which have greater financial resources than it does, the Company may be unable to acquire attractive new mining properties on terms that it considers acceptable. Competition in the mining business for limited sources of capital could adversely affect the Company's ability to acquire and develop suitable silver mines, gold mines, silver developmental projects, gold developmental projects, silver producing companies, gold producing companies or properties having significant exploration potential. As a result, there can be no assurance that the Company's acquisition and exploration plans will yield new mineral reserves to replace or expand current mineral reserves.

### ***Concentrate Sales Risks***

The Company currently sells its concentrates under offtake contracts with a limited number of counterparties. Based on past practice, and the quality of its concentrates, the Company expects to be able to renew these contracts or find alternative purchasers for its concentrates, however there can be no assurance that the existing contracts will be renewed or replaced on reasonable terms.

The Company frequently sells its concentrates on the basis of receiving a sales advance when the concentrates are delivered, with the advance based on market prices of metals at the time of the advance. Final settlement of the sale is then made later, based on prevailing metals prices at that time. In an environment of volatile metal prices, this can lead to negative cash adjustments, with amounts owing to the purchaser, and such amounts could potentially be substantial. In volatile metal markets, the Company may elect to fix the price of a concentrate sale at the time of initial delivery.

### ***Certain Risks Related to the Ownership of the Company's Common Shares***

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, including mineral resource and mining companies and particularly those considered development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual severe fluctuations in price will not occur.

The Company's Common Shares are currently listed on the TSX and the NYSE MKT. There can be no assurance that an active market for the Common Shares will be sustained.

Additionally, the exercise of stock options and warrants already issued by the Company and the issuance of additional equity securities in the future could result in dilution in the equity interests of holders of Common Shares.

### ***Absolute Assurance on Financial Statements***

The Company prepares its financial statements in accordance with accounting policies and methods prescribed by International Financial Reporting Standards. In the preparation of financial statements, management may need to rely upon assumptions, make estimates or use their best judgment in

determining the financial condition of the Company. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use and transactions are properly recorded and reported, the Company has implemented and continues to analyze its internal control systems for financial reporting. Although the Company believes that its financial reports and financial statements are prepared with reasonable safeguards to ensure reliability, the Company cannot provide absolute assurance in that regard.

### ***Conflicts of Interest***

Certain of the Company's directors and officers also serve as directors and/or officers of other companies involved in natural resource exploration and development, and consequently there exists the possibility for such directors and officers to have interests that conflict with the Company's interests. Situations may arise in connection with potential investments where the other interests of the Company's directors conflict with its interests. As such, conflicts of interest may arise that may influence these persons in evaluating possible acquisitions or in generally acting on the Company's behalf, as they may pursue opportunities that would then be unavailable to the Company. In the event that the Company's directors are subject to conflicts of interest, there may be a material adverse effect on its business.

### ***Uninsured or Uninsurable Risks***

In the course of exploration, development and production of mineral properties, several risks and, in particular, unexpected or unusual geological or operating conditions, may occur. It is not always possible to fully insure against such risks, and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise they could reduce or eliminate any future profitability and result in an increase in costs and a decline in value of the Common Shares.

As of the date of this AIF, the Company is not insured against environmental risks. Insurance against environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) has not been generally available to companies within the industry. Without such insurance, and if the Company becomes subject to environmental liabilities, the payment of such liabilities would reduce or eliminate its available funds or could exceed the funds the Company has to pay such liabilities and result in bankruptcy. Should the Company be unable to fund fully the remedial cost of an environmental problem, it might be required to enter into interim compliance measures pending completion of the required remedy.

### ***Tax Considerations***

Corporate profits in Mexico are taxed only by the Federal Government. Previously, there were two federal taxes in Mexico that applied to the Company's operations in Mexico: corporate income tax and a Flat Rate Business Tax ("IETU"). Mexican corporate income tax was calculated based on gross revenue less deductions for all refining and smelting charges, direct operating costs, all head office general and administrative costs, and depreciation deductions as applicable at a corporate income tax rate in Mexico of 30%. The IETU was a cash-based minimum tax that applies in addition to the corporate income tax. The tax was applicable to the taxpayer's net income from the (i) sale of goods; (ii) performance of independent services; and (iii) lease of goods at the rate of 16.5% during 2008, 17% during 2009, 17.5% during 2010, 2011 and 2013.

In late 2013, a new income Tax Law was enacted in Mexico ("Mexican Tax Reform") which became effective January 1, 2014. Key provisions of the Mexican Tax Reform that may affect the Company consist of:

- New 7.5% mining royalty. This royalty is deductible for tax purposes and is calculated as 7.5% of a royalty base which is computed as taxable revenues (except interest and inflationary adjustments), less allowable deductions for income tax purposes (except interest, inflationary adjustment, depreciation and mining fees), less prospecting and exploration expenses for the year;
- New environmental duty of 0.5% of gross income arising from the sale of gold and silver;
- Corporate income tax rate to remain at 30%, eliminating the scheduled reduction to 29% in 2014 and to 28% in 2015;
- Elimination of the IETU;
- Elimination of the option for depreciation of capital assets on an accelerated basis;
- Elimination of 100% deduction on exploration expenses for locating and quantifying new deposits in pre-operating periods. These exploration costs will be amortized on a straight-line basis over 10 years; and
- Reduction of deductibility for various employee fringe benefits; and imposes a 10% withholding tax on dividends distributed to resident individuals or foreign residents (including foreign corporations). According to the Mexico-Canada tax treaty, this dividend withholding tax rate may be reduced to 5%.

The Company has reviewed the 2014 Tax Reform and is challenging the constitutionality of the 7.5% mining royalty, the 0.5% environmental duty, and other aspects of the Reform. The Company currently believes it is in compliance with the new legislation and there is no guarantee it will be successful in its challenges against the Mexican Government.

The Company believes that, pursuant to Section 7874 of the United States Internal Revenue Code of 1986, even though U.S. Silver is organized as an Ontario corporation, U.S. Silver will be treated as a U.S. domestic corporation for U.S. federal income tax purposes. As a result, U.S. Silver will be subject to U.S. federal income tax in the same manner as a corporation organized in the U.S. The Company believes that U.S. Silver likely is a United States real property holding corporation, or "USRPHC", as defined for United States federal income tax purposes. If U.S. Silver were classified as a USRPHC, any gain recognized by the Company from the sale or other disposition, including a redemption, of U.S. Silver common shares would be subject to U.S. federal income taxation and the Company would be required to file a United States federal income tax return. In such circumstances, the purchaser of such common shares would be required to withhold from the purchase price paid to the Company an amount equal to 15% of the purchase price and remit such amount to the U.S. Internal Revenue Service. In addition, since, as noted above, U.S. Silver is classified as a U.S. domestic corporation, the gross amount of dividends paid by U.S. Silver to the Company will be subject to U.S. withholding tax at the current rate of 5% under the Canada-United States Convention with Respect to Taxes on Income and on Capital. The Company will only be eligible for foreign tax credits under the Canadian Income Tax Act to the extent it has qualifying income from a source in the U.S. in the year any U.S. tax or withholding tax is paid by or on behalf of the Company in respect of a gain on the sale or other disposition of the U.S. Silver common shares or a dividend paid on such shares. Any gain recognized by the Company from the sale or other disposition, including a redemption, of the common shares of U.S. Silver and dividends received on such shares by the Company

will likely not be treated as income sourced in the United States for Canadian income tax purposes.

***Our information technology systems may be vulnerable to disruption which could place our systems at risk from data loss, operational failure, or compromise of confidential information.***

We rely on various information technology systems, and on third party developers and contractors, in connection with operations, including production, equipment operation and financial support systems. While we regularly obtain and develop solutions to monitor the security of our systems, they remain vulnerable to disruption, damage or failure from a variety of sources, including errors by employees or contractors, computer viruses, cyber-attacks including phishing, ransomware, and similar malware, misappropriation of data by outside parties, and various other threats. Techniques used to obtain unauthorized access to or sabotage our systems are under continuous and rapid evolution, and we may be unable to detect efforts to disrupt our data and systems in advance. Breaches and unauthorized access carry the potential to cause losses of production, operational delays, equipment failure that could cause other risks to be realized, inaccurate recordkeeping, or disclosure of confidential information, any of which could result in financial losses and regulatory or legal exposure, and could have a material adverse effect on our cash flows, financial condition or results of operations.

## **DIVIDENDS**

The Company has not, since its incorporation, paid any dividends on any of its Common Shares and it is not contemplated that any dividends will be declared on the Common Shares in the immediate or foreseeable future. The directors of the Company will determine any future dividend policy on the basis of earnings, the Company's financial position and other relevant factors.

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## GENERAL DESCRIPTION OF CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of common shares (“Common Shares”). As of the date of this AIF, 39,572,078 Common Shares were issued and outstanding. See **General Development of the Business – NYSE MKT Market Listing and Share Consolidation**. Holders of Common Shares are entitled to receive notice of any meetings of shareholders of the Company, to attend and to cast one vote per common share at all such meetings.

Holders of Common Shares are entitled to receive dividends, if any, as and when declared by the Company’s Board out of monies properly applicable to the payment of dividends, in such amount and in such form as the Board may from time to time determine, and all dividends which the directors may declare on the Common Shares shall be declared and paid in equal amounts per share on all Common Shares at the time outstanding. In the event of the dissolution, liquidation or winding-up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holder of the Common Shares shall be entitled to receive the remaining property and assets of the Company.

The Company also has options to purchase 2,683,775 Common Shares outstanding as of the date of this AIF and the Company’s warrants outstanding which are exchangeable for Common Shares of the Company, (the “Warrants”). See “**Note 13 – Share Capital**” to the Company’s audited consolidated financial statements for the year ended December 31, 2016 for additional information regarding the Company’s convertible securities.

The following tables summarize the Company’s Warrants outstanding as of the date of this AIF.

### WARRANTS SUMMARY CHART

Number of warrants	Exercise price (CAD)	Issuance date	Expiry date
802,595	4.68	Jul 2016	Jun 14, 2021
224,728	4.20	Jul 2016	Jun 14, 2018
1,388,883	4.68	Jun 2016	Jun 9, 2021
388,886	4.20	Jun 2016	Jun 9, 2018
2,306,248	1.20	Feb 2016	Feb 10, 2019
307,777	1.20	Nov 2015	Nov 10, 2018
29,166	1.56	Aug 2015	Aug 26, 2018
231,481	1.20	Aug 2015	Aug 26, 2018
227,988	3.00	Aug 2015	Aug 26, 2018
445,553	1.56	May 2015	May 27, 2018
<u>509,203</u>	2.76	Dec 2014	Dec 22, 2017
<u>6,862,508</u>			

The 388,886 warrants issued in June 2016 are broker warrants where each broker warrant is exercisable for one broker unit at an exercise price of \$4.20 CAD for a period of two years. Each broker unit consists of one common share and one quarter of one common share purchase warrant where each whole warrant is exercisable for one common share at an exercise price of \$4.68 CAD for a period of five years starting on June 9, 2016.

The 224,728 warrants issued in July 2016 are broker warrants where each broker warrant is exercisable for one broker unit at an exercise price of \$4.20 CAD for a period of two years. Each broker unit consists of one common share and one quarter of one common share purchase warrant where each whole warrant is exercisable for one common share at an exercise price of \$4.68 CAD for a period of five years starting on June 14, 2016.

### **Constraints**

To the best of its knowledge, the Company is not aware of any constraints imposed on the ownership of its securities to ensure that the Company has a required level of Canadian ownership.

### **Ratings**

To the best of its knowledge, the Company is not aware of any ratings, including provisional ratings, from rating organizations for the Company's securities that are outstanding and continue in effect.

## **MARKET FOR SECURITIES**

The Company's Common Shares are traded on the Exchange under the symbol USA. The closing price of the Common Shares on the Exchange on December 31, 2016 was C\$3.50 and on March 29, 2017 was C\$3.85.

The following sets forth the high and low market prices and the volume of the Common Shares traded on the Exchange during the periods indicated:

<b>Period</b>	<b>High (C\$)</b>	<b>Low (C\$)</b>	<b>Total Volume</b>
December, 2016	\$ 3.96	\$ 2.76	1,716,141
November, 2016	\$ 4.02	\$ 2.70	1,711,338
October, 2016	\$ 4.08	\$ 3.42	1,320,816
September, 2016	\$ 4.86	\$ 3.72	992,926
August, 2016	\$ 5.76	\$ 3.54	2,034,354
July, 2016	\$ 5.34	\$ 4.02	2,310,528
June, 2016	\$ 4.50	\$ 3.60	2,355,407
May, 2016	\$ 4.74	\$ 3.24	2,529,066
April, 2016	\$ 4.68	\$ 2.64	2,705,448
March, 2016	\$ 2.94	\$ 1.92	878,240
February, 2016	\$ 2.16	\$ 0.66	1,474,477
January, 2016	\$ 1.14	\$ 0.66	1,060,924

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## DIRECTORS AND OFFICERS

### ***Name, Occupation and Security Holding***

The table below sets forth the name, province or state and country of residence, position with the Company, principal occupation during the previous five years and the number of voting securities beneficially owned, directly or indirectly, or over which control or direction is exercised, for the directors and executive officers of the Company.

As at the date hereof, directors and executive officers of the Company, as a group, beneficially owned, directly or indirectly, or exercised control or direction over an aggregate of 315,223 post Share Consolidation Common Shares representing approximately 0.80% of its issued and outstanding Common Shares.

The terms of the directors of the Company expires at the annual general meeting of shareholders where they can be nominated for re-election. The officers hold their office at the discretion of the Board, but typically on an annual basis, after the annual general meeting, the directors pass resolutions to appoint officers and constitute committees.

Name and Residence and Position with the Company	Principal Occupation For Five Preceding Years	Number and Percentage of Company Shares Owned
<b>DIRECTORS</b>		
Darren Blasutti Ontario, Canada <i>Director and Chief Executive Officer</i>	Mr. Blasutti is currently the President and Chief Executive Officer of the Company. He was formerly the President and Chief Executive Officer of U.S. Silver & Gold Inc., and prior to that, the President and Chief Executive Officer of RX Gold & Silver Inc. (" <u>RX Gold</u> "), and former Senior Vice President of Corporate Development for Barrick Gold Corporation (" <u>Barrick</u> ") until January 2011. At Barrick, he reported to the Chief Executive Officer and played a lead role in the strategic development of Barrick for over 13 years, during which time he executed over 25 gold mining transactions including the acquisition of Homestake Mining Company and Placer Dome Inc. and the consolidation of the world class Cortez property from Rio Tinto. Mr. Blasutti also led the creation of Barrick Energy Inc. to hedge Barrick's exposure to energy prices and was integral to the initial public offering of African Barrick Gold. During his tenure at Barrick, he also led the Investor Relations function. Mr. Blasutti was previously at PricewaterhouseCoopers LLP where he planned, supervised and managed audits for a variety of clients. Mr. Blasutti is a member of the Canadian Institute of Chartered Accountants and is a director of Noront Resources Ltd. and Chantrell Ventures Corp.	75,714 (0.19%)

<p>Alex Davidson Ontario, Canada <i>Chairman</i></p>	<p>Mr. Davidson is currently a corporate director and was formerly Executive Vice President, Exploration and Corporate Development at Barrick, with responsibility for Barrick's international exploration programs and corporate development activities. Mr. Davidson was instrumental in Barrick's acquisition of Lac Minerals, Sutton Resources, Arequipa Resources, Pangea Goldfields, Homestake Mining and Placer Dome Inc. Mr. Davidson joined Barrick in 1993 as Vice President Exploration with responsibility for Barrick's expanding exploration program. He initiated Barrick's expansion out of North America and into Latin America and beyond and retired from Barrick in 2009. Prior to joining Barrick, Mr. Davidson was Vice President, Exploration, for Metall Mining Corporation. Mr. Davidson has over 40 years' of experience in designing, implementing and managing gold and base metal exploration and acquisition programs throughout the world. In 2005, Mr. Davidson was presented the A.O. Dufresne Award by the Canadian Institute of Mining, Metallurgy and Petroleum to recognize exceptional achievement and distinguished contributions to mining exploration in Canada. In 2003, Mr. Davidson was named the Prospector of the Year by the Prospectors and Developers Association of Canada in recognition of his team's discovery of the Lagunas Norte Project in the Alto Chicama District in Peru. Mr. Davidson received his B.Sc. and his M.Sc. in Economic Geology from McGill University. His extensive experience in the mining industry and his background in precious metal exploration and corporate development allows him to provide valuable industry insight and perspective to the Board and management. Mr. Davidson also has extensive board level experience and has sat on or has chaired a number of health, safety &amp; environment, technical, sustainability, audit, and compensation committees. Mr. Davidson is also a director of Perseus Mining Ltd., NuLegacy Gold Corporation, Orca Gold Inc., Capital Drilling Limited and Yamana Gold Inc.</p>	<p>27,706 (0.07%)</p>
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<p>Alan Edwards Colorado, United States <i>Director</i></p>	<p>Mr. Edwards serves on the board of directors and is President of AE Resources Corp. He also serves on the board of directors for Entrée Gold Inc. and Orvana Minerals Corp. From May 2010 to July 2013 he was a director of AuRico Gold Inc. and from July 2013 to July 2015 he was Chairman of the Board, from October 2011 to January 2017, he was Chairman of the Board of AQM Copper Inc., from August 2013 to February 2015 he was Chairman of the Board of Oracle Mining Corp., from September 2012 to July 2013, he was Chief Executive Officer of Oracle Mining Corp., from 2009 to May 2011, he was President and Chief Executive Officer of Copper One Inc., from 2007 to 2009, he was President and Chief Executive Officer of Frontera Copper Corporation. Mr. Edwards holds an MBA from the University of Arizona and a B.S. Mining Engineering also from the University of Arizona.</p>	<p>20,597 (0.05%)</p>
<p>Peter Hawley Quebec, Canada <i>Director</i></p>	<p>Mr. Hawley is the founder of the Company and is currently the Chairman of Scorpio Gold Corporation. Formerly he was President and CEO of the Company from July 20, 2012 to April 21, 2013 and prior to December 2010. Mr. Hawley has over 35 years' experience in the exploration and mining industry and has worked as a consulting geologist to a large number of intermediate and senior mining companies including Teck Corp, Noranda Inc., Placer Dome Inc. and Barrick Gold.</p>	<p>153,619 (0.39%)</p>
<p>Bradley R. Kipp Ontario, Canada <i>Director</i></p>	<p>Mr. Kipp is currently the Executive Vice-President and Director of AR3 Capital Partners Inc. (commodity trading and fund management) since August 2015; Vice-President Finance of Summit Resource Management Limited (venture capital) since 1997; Director of Equity Financial Holdings Inc. since June 2008; Chief Financial Officer and Director of Blackshire Capital Corp. since February 2017. Previously he was Chief Financial Officer and Director of African Copper PLC (mining and exploration) from September 2004 to July 2015. Mr. Kipp has over 20 years' experience specializing in operations, corporate finance and public company reporting in the mining sector. As part of these activities he has been Chief Financial Officer and/or a Director of several public companies listed on the Toronto and London AIM exchanges. Mr. Kipp is a member of the Chartered Professional Accountants of Canada and a member of the Chartered Financial Analyst Institute.</p>	<p>NIL</p>

<p>Gordon E. Pridham Ontario, Canada <i>Director</i></p>	<p>Mr. Pridham is currently Principal of Edgewater Capital and sits on the public company boards of Newalta Corporation (Chairman), CHC Student Housing Inc. (Chairman) and Orvanna Minerals Inc. Formerly Chairman of the Board of U.S. Silver &amp; Gold Inc. He is on the advisory board for EnerTech Capital a Clean Tech Venture Fund. Recent activities include merger of US Silver with RX Gold as Chairman, sale of Norock Realty to Partners REIT as Chairman of the Special Committee, and sale of Western Prospector to CNNC as Chairman of the Special Committee.</p> <p>Mr. Pridham has over 35 years of experience financing and advising public and private companies in a cross section of industries, particularly in the resource sector. He has worked in New York, Calgary, Toronto and Hong Kong for global financial institutions in Corporate Banking, Investment Banking and Capital Markets.</p> <p>Mr. Pridham is a graduate of the University of Toronto and the Institute of Corporate Directors program.</p>	<p>30,102 (0.08%)</p>
<p>Lorie Waisberg Ontario, Canada <i>Director</i></p>	<p>Mr. Waisberg is a corporate director currently serving as Chairman and a director of Chemtrade Logistics Income Fund and a director of Chantrell Ventures Corp., Metalex Ventures Ltd. and Tembec Inc. Prior to retirement, Mr. Waisberg served as Executive Vice President, Finance and Administration of Co-Steel Inc., a steel manufacturer. Prior thereto, Mr. Waisberg practiced law with a major Canadian law firm. Mr. Waisberg is accredited as ICD.D by the Institute of Corporate Directors.</p>	<p>7,485 (0.02%)</p>

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<b>Officers</b>		
Darren Blasutti Ontario, Canada <i>President and Chief Executive Officer</i>	See information for Mr. Blasutti set forth above in the Directors section of this table.	See above
Warren Varga Ontario, Canada <i>Chief Financial Officer</i>	Mr. Varga is currently the Chief Financial Officer, of the Company; former Chief Financial Officer of U.S. Silver & Gold; Chief Financial Officer, RX Gold; Senior Director, Corporate Development, Barrick Gold Corporation	1,526 (0%)
Peter J. McRae Ontario, Canada <i>Senior Vice President, Corporate Affairs &amp; Chief Legal Officer</i>	Mr. McRae is currently the Senior Vice President, Corporate Affairs & General Counsel of the Company; former Vice President, General Counsel of U.S. Silver & Gold; Vice President, Corporate Counsel, RX Gold; attorney at Weil, Gotshal & Manges LLP in New York.	381 (0%)
Daren Dell Ontario, Canada <i>Chief Operating Officer</i>	Mr. Dell is currently the Chief Operating Officer of the Company; former Vice President, Technical Services of U.S. Silver & Gold; Director, Corporate Development and Director, Technical Evaluations at Barrick Gold	1400 (0%)

### ***Standing Committees of the Board***

There are currently three standing committees of the Board: the Audit Committee, the Compensation and Corporate Governance Committee and the Sustainability & Technical Committee. The following table identifies the members of each of these Committees:

<b>Board Committee</b>	<b>Committee Members</b>
Audit Committee	Bradley Kipp (Chair) Lorie Waisberg Gordon Pridham
Compensation and Corporate Governance Committee	Lorie Waisberg (Chair) Alex Davidson Gordon Pridham
Sustainability & Technical Committee	Alan Edwards (Chair) Alex Davidson Peter Hawley

## CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Except as stated below, no director or executive officer of the Company is, as at the date hereof, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company that:

- (i) was subject to an order that was issued while the director was acting in the capacity as director, chief executive officer or chief financial officer, or
- (ii) was subject to an order that was issued after the director or executive officer 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.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- (i) is, as at the date hereof, or has been, within 10 years before the date hereof, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets; or
- (ii) has, within 10 years before the date hereof, 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 director or executive officer.

Alan Edwards, a director of the Company, was Chairman of the Board of Oracle Mining Corp. ("Oracle") until his resignation effective February 15, 2015. On December 23, 2015, Oracle announced that the Superior Court of Arizona had granted the application of Oracle's lender to appoint a receiver and manager over the assets, undertaking and property of Oracle Ridge Mining LLC.

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

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company has been subject to:

- (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

## **CONFLICT OF INTEREST**

To the best of the Company's knowledge, there are no existing or potential conflicts of interest among the Company, its directors, officers or other insiders of the Company other than as described in the following paragraph.

Various officers, directors or other insiders of the Company may hold senior positions with entities involved in the mining industry or otherwise be involved in transactions within the mining industry and may develop or already have other interests outside the Company. In the event that any such conflict of interest arises, a director who is in such a conflict will be required to disclose the conflict to a meeting of the directors of the Company in accordance with the CBCA.

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

Due to the size, complexity and nature of the Company's operations, various legal and tax matters arise in the ordinary course of business. The Company accrues for such items when a liability is both probable and the amount can be reasonably estimated.

In November 2010, the Company received a reassessment from the Mexican tax authorities related to its Mexican subsidiary, Minera Cosalá, for the year ended December 31, 2007. The tax authorities disallowed the deduction of transactions with certain suppliers for an amount of approximately \$9.5 million (MXP 196.8 million), of which \$4.1 million (MXP 84.4 million) would be applied against available tax losses. The Company appealed this reassessment and the Mexican tax authorities subsequently reversed \$4.6 million (MXP 94.6 million) of their original reassessment. The remaining \$5.0 million (MXP 102.2 million) consists of \$4.1 million (MXP 84.4 million) related to transactions with certain suppliers and \$0.9 million (MXP 17.8 million) of value added taxes thereon. The Company appealed the remaining reassessment with the Mexican Tax Court in December 2011. The Company may be required to post a bond of approximately \$0.9 million (MXP 17.8 million) to secure the value added tax portion of the reassessment. The deductions of \$4.1 million (MXP 84.4 million), if denied, would be offset by available tax losses. No amount has been recognized in the consolidated financial statements as the Company believes it is not likely that the reassessment will be upheld by the Tax Court. The Company filed an amparo lawsuit against the resolution and it waits for final resolution by the tax authorities currently under motion for review.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Other than as described below or elsewhere in this AIF no director, executive officer or 10% shareholder of the Company or any associate or affiliate of any such person or company, has or had any material interest, direct or indirect, in any transaction that has materially affected or will materially affect the Company or any of its subsidiaries.

Insiders of the Company participated in private placements of the units of U.S. Silver in August 2013 and March 2014. In the August 2013 private placement, Darren Blasutti, Alex Davidson, Tom Ryley, Gordon Pridham and Alan Edwards, who were at the time directors or senior officers of U.S., Silver & Gold and therefore interested parties as such term is defined under Multilateral Instrument 61-101 - *Protection Of Minority Security Holders In Special Transactions* ("MI 61-101"), participated for 18,967, 11,083, 11,083, 5,583 and 3,333 post Share Consolidation units, respectively.

In the March 2014 private placement, Alex Davidson, Alan Edwards and Hugh Agro, who were at the time, directors of U.S. Silver and therefore interested parties as such term is defined under MI 61-101, participated for 3,592, 2,873 and 8,333 post Share Consolidation units, respectively.

In the March 2014 private placement, Sprott Asset Management LP participated for 267,242 units. At the time of the March 2014 private placement, Sprott Asset Management LP and its affiliated entities owned or exercised control or direction over in excess of 10% of the issued and outstanding common shares of U.S. Silver and was therefore considered an interested party as such term is defined under MI 61-101.

### **TRANSFER AGENT AND REGISTRAR**

The transfer agent and registrar of the Company is Computershare Investor Services Inc., ("Computershare"). Computershare's principal location for the common shares of the Company is located at 100 University Avenue, 8<sup>th</sup> Floor, Toronto, ON, M5J 2Y1.

### **MATERIAL CONTRACTS**

Aside from contracts entered into in the ordinary course of business and not required to be filed under section 12.2 of National Instrument 51-102 – *Continuous Disclosure Obligations* ("NI 51-102"), the following are the only contracts regarded as material which were entered into by the Company within the most recently completed fiscal year or before the most recently completed fiscal year that are still in effect.

- The Credit Facility with Royal Capital Management Corporation dated August 7, 2013 as amended June 30, 2015 as described under "**General Development of the Business – Financing Arrangements**".
- The Collective Bargaining Agreement with the United Steel Workers Union that is in effect from June 29, 2014 to June 28, 2017 and covers all of the hourly employees at the Galena Complex as described under "**Other Developments**".
- The Pre-Payment Facility with Metagri S.A. de C.V., a subsidiary of Glencore PLC that is in effect from January 2017 as described under "**General Development of the Business – Financing Arrangements**".

### **INTEREST OF EXPERTS**

The following persons, firms and companies named below have prepared or certified a statement or report described or included in a filing, or referred to in a filing, made under NI 51-102 by the Company during, or relating to, the Company's most recently completed financial year and whose profession, or business gives rise to the report or statement or opinion made by the person or company:

The San Rafael Technical Report was prepared by Thomas L. Dyer, P.E., Edwin R. Peralta, P.E., Paul Tietz, C.P.G., and Randy Powell, Q.P.M., for Mine Development Associates, all of whom are Qualified Persons for the purposes of NI 43-101.

The Galena Technical Report was prepared by Mr. James R. Atkinson, P. Geo., Mr. Daniel H. Hussey, C.P.G. and Mr. Daren Dell, P. Eng., all of whom are Qualified Persons for the purposes of NI 43-101.

Mr. Daren Dell, Chief Operating Officer, Mr. Jim Atkinson, Vice President, Exploration, Mr. James Stonehouse, Vice President, Exploration Mexico and Mr. Dan Hussey, former Chief Geologist, Galena Complex are all Qualified Persons for the purposes of NI 43-101 and have reviewed and approved certain technical disclosure in this AIF.

PricewaterhouseCoopers LLP, is the auditor of the Company. PricewaterhouseCoopers LLP has confirmed to the Company that they are independent of the Company in accordance with the rules of professional conduct of the Institute of Chartered Accountants of Ontario.

To management's knowledge, none of the Qualified Persons held any securities of the Company or of any associate or affiliate of the Company when they prepared the reports referred to above or following the preparation of such reports and none of the Qualified Persons listed above received any direct or indirect interest in any securities of the Company or of any associate or affiliate of the Company in connection with the preparation of such reports. None of the aforementioned firms or persons, nor any directors, officers or employees of such firms, are currently expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

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## AUDIT COMMITTEE INFORMATION

The Audit Committee will be responsible for monitoring the Company’s accounting and financial reporting practices and procedures, the adequacy of internal accounting controls and procedures, the quality and integrity of financial statements and for directing the auditors’ examination of specific areas. The members of the Audit Committee are Brad Kipp (Chair), Lorie Waisberg and Gordon Pridham, all of whom are “independent” directors as defined in National Instrument 52-110 – *Audit Committees* (“NI 52-110”). Each member of the Audit Committee is considered to be “financially literate” within the meaning of NI 52-110, which includes the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the Combined Company’s financial statements.

### ***Audit Committee Charter***

A copy of the Company’s Audit Committee Charter, which was ratified on December 15, 2016, is attached to this document as **Appendix B**.

### ***Relevant Education and Experience***

The relevant education and experience of each of the proposed members of the Audit Committee is as follows:

Member	Relevant Education and Experience
Bradley R. Kipp (Chair)	<ul style="list-style-type: none"> <li>• Over 20 years’ experience in the mining sector specializing in operations, corporate finance and public reporting</li> <li>• Has been Chief Financial Officer and/or director of several public companies listed on both the Toronto and London AIM stock exchanges<sup>3</sup></li> </ul>
Lorie Waisberg	<ul style="list-style-type: none"> <li>• Corporate director who has served on the audit committees of several public companies</li> <li>• Former Executive Vice President, Finance and Administration of Co-Steel Inc.</li> </ul>
Gordon Pridham	<ul style="list-style-type: none"> <li>• More than 25 years’ experience in investment banking, capital markets and corporate finance</li> <li>• Has worked in New York, Calgary, Toronto and Hong Kong for global financial institutions and has financed and advised companies in the public and private markets</li> </ul>

### ***Pre-Approval Policies and Procedures***

The Audit Committee will pre-approve all audit and non-audit services not prohibited by law to be provided by the independent auditors of the Company.

<sup>3</sup> Executive Vice-President and director of AR3 Capital Partners Inc. since August 2015; Chief Financial Officer and director of African Copper PLC (mining and exploration) from September 2004 to July 2015; Vice-President Finance of Summit Resource Management Limited (venture capital) since 1997; director of Equity Financial Holdings Inc. since June 2008; CFO and Director of Blackshire Capital Corp. since February 2017.

**External Auditor's Service Fees (By Category)**

The fees billed by the Company's external auditor in the last two fiscal years for audit fees are as follows:

<b>Financial Year</b>	<b>Audit Fees (C\$)</b>	<b>Audit Related Fees (C\$)</b>	<b>Tax Fees (C\$)</b>	<b>All Other Fees (C\$)</b>
2015	\$185,000	Nil	Nil	Nil
2016	\$412,000	Nil	\$18,685	Nil

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**APPENDIX A**  
**DEFINITIONS, TECHNICAL TERMS, ABBREVIATIONS AND CONVERSION**

**Technical Abbreviations**

Ag	silver
Au	gold
Cu	copper
g	grams
NI 43-101	National Instrument 43-101 Standards of Disclosure for Mineral Projects
km	kilometres
NSR	net smelter return
m	metres
oz	ounce(s)
Pb	lead
Zn	zinc

The following table lists Imperial measurements and their equivalent value under the Metric system:

Imperial	Converts to	Metric
1 in	=	2.54 cm
1 ft (12 in)	=	0.3048 m
1 yd (3ft)	=	0.9144 m
1 mile (1760 yd)	=	1.6093 km
1 square in (in <sup>2</sup> )	=	6.4516 cm <sup>2</sup>
1 square ft (ft <sup>2</sup> )	=	0.0929 m <sup>2</sup>
1 square yd (yd <sup>2</sup> )	=	0.8361 m <sup>2</sup>
1 acre (4840 yd <sup>2</sup> )	=	0.4047 ha
1 square mile (640 acres)	=	2.59 km <sup>2</sup>
short ton	=	0.907 metric tonnes

The following is a glossary of certain technical terms and abbreviations that appear in this AIF:

**AIF** means this Annual Information Form

**Assay** is an analysis to determine the quantity of one or more elemental components.

**Board** means the board of directors of Americas Silver.

**CERCLA** is the Comprehensive Environmental Response, Compensation and Liability Act.

**CIM** is the Canadian Institute of Mining Metallurgy and Petroleum

**Arrangement** means the transaction that occurred on December 23, 2014 where Scorpio Mining and U.S. Silver completed a merger of equals to combine their respective companies by way of a plan of arrangement of U.S. Silver pursuant to section 182 of the *Business Corporations Act* (Ontario).

**Caladay** refers to the Caladay property which began in the mid-1960s as a joint venture involving Callahan Mining, ASARCO, and Day Mines

**Common Shares** refers to the common shares in the capital of the Company.

**Company** means Americas Silver Corporation and its affiliates.

**Concentrate** is a product in which valuable minerals have been enriched (concentrated) through mineral processing.

**CWA** is the Clean Water Act.

**Diamond drilling** is drilling with the use of a type of rotary drill in which the cutting is done by abrasion rather than percussion. The cutting bit is set with diamonds and is attached to the end of long hollow rods through which water is pumped to the cutting face. The drill cuts a core of rock which is recovered in long cylindrical sections, generally three centimetres or more in diameter.

**Dilution** is the effect of grade reduction that occurs when material adjacent to a defined Mineral Resource and of significantly lower grade than the defined Mineral Resource is mined and sent to the mill along with material comprising the defined Mineral Resource.

**Dip** is the degree of inclination of a tilted bed or other 2-dimensional plane, taken perpendicular to its strike. Also refers to the angle of inclination of a drill hole.

**Discount** is an arbitrary rate selected to apply to a stream of costs and benefits for the calculation of Net Present Value. The discount rate allows for the time value of money to be factored into the calculation of net present value. Discount rates can also be used to make an assessment of projects of different risk levels by assigning a higher discount rate to projects of higher risk.

**Disseminated** is a mineral deposit, whereby the minerals (metals) occur as scattered particles in the rock, but in sufficient quantity to make the deposit a worthwhile ore.

**EPA** is the Environmental Protection Agency.

**Exchange** is the Toronto Stock Exchange.

**Fault** is a fracture in a rock across which there has been displacement.

**Feasibility study** means a comprehensive study of a mineral deposit during which all of the geological, engineering, operating, environmental and economic factors are considered in sufficient detail that it could reasonably serve as the basis for a final decision by a financial institution to finance the development of the project for mineral production. The feasibility study considers defined Mineral Resources, mining methods, potential production profile, and economic assumptions including metals prices and recoveries. The feasibility study also considers the environmental, permitting, and sociological issues associated with the development of the mine. The study is usually completed by an independent engineering firm and has cost estimates defined to +/-15% or better.

**Fracture** is a break in a rock, usually along flat surfaces.

**g/t** means grams per tonne.

**Galena** is lead sulphide (PbS) and the principal primary economic lead mineral.

**Galena Complex** means the 100% U.S. Silver owned property in the Coeur d'Alene Mining District of northern Idaho.

**Galena Technical Report** means the "Technical Report on the Galena Complex, Shoshone County, Idaho, USA" dated December 23, 2016, and prepared in accordance with NI 43-101 by and under the supervision of James R. Atkinson, P. Geo, Daniel H. Hussey, CPG and Daren Dell, P.Eng.

**Glencore** means Glencore PLC

**Grade** is the concentration of a valuable metal in a rock sample, given either as weight percent for base metals (e.g., Pb, Zn, Cu) or in g/t or ounces per short ton for precious metals (e.g., Ag, Au, Pt).

**Ha** means hectare

**Hoist** means the machine used for raising and lowering the cage or other conveyance in a mine shaft.

**Intrusive** is a rock mass formed below the earth's surface from molten magma which was intruded into a pre-existing rock mass and cooled to a solid.

**Lbs** means pounds.

**LOMP** means Life Of Mine Plan.

**MIA** means environmental impact statement in Mexico.

**Mill (or concentrator)** is an industrial installation assembled to allow separation and recovery of mineral particles of interest from bulk mineralization and waste material. Typically includes equipment for crushing and grinding, selective particle recovery and production of a concentrate from which the contained metals can be refined to marketable purity.

**Mineral** means a naturally occurring inorganic substance typically with a crystalline structure.

**Mineralization** means minerals of value occurring in rocks.

**MSHA** means the U.S. Department of Labor's Mine Safety and Health Administration.

**NI 43-101** means National Instrument 43-101 and is a regulation with the force of law prepared by the Canadian Securities Administrators and governing the standards of disclosure for mineral projects.

**NI 51-102** means National Instrument 51-102 and is a regulation with the force of law prepared by the Canadian Securities Administrators and governing the standards of Continuous Disclosure Obligations.

**Net present value** or "NPV" is a future stream of benefits and costs converted into equivalent values today. This is done by assigning monetary values to the benefits and costs discounting future benefits and costs using an appropriate discount rate and subtracting a sum total of discounted costs from the total of discounted benefits.

**NSR** means Net Smelter Return and means the gross revenue from a resource extraction operation, less a proportionate share of transportation, insurance, and processing costs.

**Operating costs** (OPEX) are the costs of operating a mine, usually including all onsite costs of mining, milling, environmental compliance, tailings disposal, storing concentrate, and administration. Typically quoted in US dollars/tonne. Major sustaining capital items such as mill expansion, large underground development or high-value items of fixed or mobile mining or milling equipment during the life of a project are excluded.

**Ore** is a natural occurrence of one or more minerals that may be mined and sold at a profit, or from which some part may be profitably separated. The word ore should only be used to refer to defined Mineral Reserves, preferably related to a mine in the development or production phase or to a historical mineral deposit that was economically exploited.

**Opt** is ounces per ton

**Outcrop** refers to an exposure of rock at the earth's surface.

**RCRA** is the Resource Conservation and Recovery Act.

**PRG** means Platte River Gold Inc.

**Recovery** is the percentage of valuable minerals that are recovered during milling and/or other forms of processing and captured for potential payment after shipment to the smelter.

**RX Gold** means RX Gold & Silver Inc.

**San Rafael Technical Report** means the "Technical Report and Preliminary Feasibility Study for the San Rafael Property, Sinaloa, Mexico", dated April 29, 2016 and prepared in accordance with NI 43-101 by and under the supervision Thomas L. Dyer, P.E., Edwin R. Peralta, P.E., Paul Tietz, C.P.G. and Randy Powell, Q.P.M. of Mine Development Associates, Inc.

**SEC** is the U.S. Securities and Exchange Commission.

**SEDAR** means the System for Electronic Document Analysis and Retrieval.

**SEMARNAT** means Secretary of Environment and Natural Resources in Mexico.

**Shaft** or "mine shaft" is a vertical or inclined excavation in rock or consolidated material for the purpose of providing access to a mineral deposit.

**Skarn** refers to an alteration assemblage dominated by calcium and magnesium silicate minerals (dominantly garnets, pyroxenes and amphiboles). Skarns form by reaction between silica-bearing fluids and carbonate rocks, converting original carbonate minerals to silicate minerals. Mineralized Skarns contain economically attractive amounts of certain metals and are classified on the basis of the dominant metal (cf. Copper skarn or Lead-Zinc skarn). Skarns typically form in close proximity to intrusive bodies and may have massive sulphide replacement mineralization on their distal sides.

**Smelter** is an industrial installation where sulphide minerals are reduced to metals through roasting at high temperature.

**Strike** is horizontal level direction or bearing of an inclined rock bed, structure, vein or stratum surface. The direction is perpendicular to the direction of dip.

**Stpd** means tonnes per day.

**Tailings** are the waste products resulting from the processing of mineralized material.

**Tetrahedrite** is a copper antimony sulfosalt mineral ((Cu,Fe)<sub>12</sub>Sb<sub>4</sub>S<sub>13</sub>) and the principal economic copper mineral.

**U.S. Silver** means U.S. Silver & Gold Inc.

**U.S. Silver Warrants** means the common share purchase warrants of U.S. Silver outstanding which are exercisable for Common Shares.

**Vein** is a fissure, fault or crack in a rock filled by minerals that have traveled upwards from some deep source.

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### ***Certain CIM Standards Definitions***

***“Feasibility Study”*** A Feasibility Study is a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate, at the time of reporting, that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre-Feasibility Study.

***“Indicated Mineral Resource”*** An Indicated Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation.

***“Inferred Mineral Resource”*** An Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity.

***“Measured Mineral Resource”*** A Measured Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation.

***“Mineral Reserve”*** A Mineral Reserve is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified.

***“Mineral Resource”*** A Mineral Resource is a concentration or occurrence of solid material of economic interest in or on the Earth’s crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Material of economic interest refers to diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals.

***“Modifying Factors”*** Modifying Factors are considerations used to convert Mineral Resources to Mineral Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.

**“Pre-Feasibility Study”** The CIM Definition Standards requires the completion of a Pre-Feasibility Study as the minimum prerequisite for the conversion of Mineral Resources to Mineral Reserves. A Pre-Feasibility Study is a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors which are sufficient for a Qualified Person, acting reasonably, to determine if all or part of the Mineral Resource may be converted to a Mineral Reserve at the time of reporting. A Pre-Feasibility Study is at a lower confidence level than a Feasibility Study.

**“Probable Mineral Reserve”** A Probable Mineral Reserve is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Mineral Reserve is lower than that applying to a Proven Mineral Reserve.

**“Proven Mineral Reserve”** A Proven Mineral Reserve is the economically mineable part of a Measured Mineral Resource. A Proven Mineral Reserve implies a high degree of confidence in the Modifying Factors.

**“Qualified Person”** Mineral Resource and Mineral Reserve estimates and any supporting Technical Reports must be prepared by or under the direction of a Qualified Person, as that term is defined in NI 43-101. The Qualified Person(s) should be clearly satisfied that they could face their peers and demonstrate competence and relevant experience in the commodity, type of deposit and situation under consideration. If doubt exists, the person must either seek or obtain opinions from other colleagues or demonstrate that he or she has obtained assistance from experts in areas where he or she lacked the necessary expertise.

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**APPENDIX B**  
**AUDIT COMMITTEE CHARTER**  
See attached

**AUDIT COMMITTEE CHARTER**  
**AMERICAS SILVER CORPORATION**

**1. Role of the Audit Committee**

- (a) The role of the Audit Committee is to assist the Board of Directors (the “Board”) in its oversight and evaluation of the following matters in respect of Americas Silver Corporation and its subsidiaries (the “Company”):
- (i) The quality and integrity of the financial statements of the Company;
  - (ii) The compliance by the Company with legal and regulatory requirements in respect of financial disclosure;
  - (iii) The Company’s internal control over financial reporting;
  - (iv) The qualification, independence and performance of the Company’s independent auditor;
  - (v) The assessment, monitoring and management of the financial risks of the Company’s business;
  - (vi) The performance of the Company’s Chief Financial Officer (the “CFO”); and
  - (vii) Such other matters as assigned to it by the Board from time-to-time.
- (b) In addition, the Audit Committee provides an avenue for communication between the independent auditor, the Company’s CFO and other senior management, other employees and the Board concerning accounting, auditing and financial risk management matters.
- (c) The Audit Committee is directly responsible for the recommendation of the appointment and retention (and termination) and for the compensation and the oversight of the work of the independent auditor for the purpose of preparing audit reports or performing other audit, review or attest services for the Company.
- (d) The Audit Committee is not responsible for:
- (i) Planning or conducting audits, or
  - (ii) Certifying or determining the completeness or accuracy of the Company's financial statements or that those financial statements are in accordance with generally accepted accounting principles (“GAAP”).
- (e) Each member of the Audit Committee shall be entitled to rely in good faith upon:
- (i) Financial statements of the Company represented to him or her by senior management of the Company or in a written report of the independent auditor to present fairly the financial position of the Company in accordance with GAAP; and

- (ii) Any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

“**Good faith reliance**” means that the Audit Committee member has considered the relevant issues, questioned the information provided and assumptions used, and assessed whether the analysis provided by senior management or the expert is reasonable. Generally, good faith reliance does not require that the member question the honesty, competence and integrity of senior management or the expert unless there is a reason to doubt their honesty, competence and integrity.

The fundamental function of the Audit Committee is oversight. The responsibility for the Company’s financial statements and disclosure rests with senior management. It is not the duty of the Audit Committee to conduct investigations or to assure compliance with applicable legal and regulatory requirements. The Company’s independent auditor is responsible of the audit and review, as applicable, of the Company’s financial statements in accordance with applicable standards, laws and regulations.

In discharging its obligations under this Charter, the Audit Committee shall act in accordance with its fiduciary duties. Nothing contained in this mandate is intended to expand applicable standards of conduct under statutory or regulatory requirements for the directors of the Company or the members of the Audit Committee. This Charter is intended to comply with Section 803 of the NYSE MKT Company Guide (the “Company Guide”) and Rule 10A-3 of the United States Securities Exchange Act of 1934, as amended (“Rule 10A-3”).

## 2. **Membership**

- (a) Members of the Audit Committee shall be appointed by the Board, on the recommendation of the Compensation and Corporate Governance Committee, and shall be made up of at least three (3) members of the Board.
- (b) The appointment of members of the Audit Committee shall take place annually at the first meeting of the Board after a meeting of shareholders at which directors are elected, provided that if the appointment of members of the Audit Committee is not so made, the directors who are then serving as members of the Audit Committee shall continue as members of the Audit Committee until their successors are appointed. The Board may appoint a member to fill a vacancy that occurs in the Audit Committee between annual elections of directors.
- (c) Any member of the Audit Committee may be removed from the Audit Committee by a resolution of the Board.
- (d) The Board shall appoint a Chair of the Audit Committee who shall be an independent non-executive director. In the absence of the Chair and/or an appointed deputy, the remaining members present shall elect one (1) of the members present to chair the meeting.
- (e) Each of the members of the Audit Committee shall (i) meet the standards of Director “independence” and (ii) shall be “financially literate”, in accordance with applicable legislation and stock exchange requirements, including Section 803 of the Company Guide and Rule 10A-3.

- (f) At least one member of the Audit Committee shall be considered “financial sophisticated” as such term is used in the Company Guide and shall meet the requirements of an “Audit Committee Financial Expert” as defined by the United States Securities and Exchange Commission (the “SEC”).
- (g) No member of the Audit Committee shall:
  - (i) Accept (directly or indirectly) any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries (other than remuneration for acting in his or her capacity as a director or Committee member) or be an “affiliated person” of the Company or any of its subsidiaries; or
  - (ii) Concurrently serve on the audit committee of more than three (3) other public companies without the prior approval of the Audit Committee, the Compensation and Corporate Governance Committee and the Board and their determination that such simultaneous service would not impair the ability of the member to effectively serve on the Audit Committee (which determination shall be disclosed in the Company’s annual management information circular).

### **3. Meetings and Procedure**

- (a) The General Counsel/Corporate Secretary or such other appropriate designee shall act as the Secretary of the Audit Committee.
- (b) The quorum necessary for the transaction of business at any meeting of the Audit Committee shall be a majority of the number of members of the Audit Committee or such greater number as the Audit Committee shall by resolution determine.
- (c) The powers of the Audit Committee may be exercised at a duly convened meeting at which a quorum of the Audit Committee is present in person or by telephone or other electronic means or by a resolution signed by all members entitled to vote on that resolution at a meeting of the Audit Committee.
- (d) Each member (including the Chair) is entitled to one (but only one) vote in Audit Committee proceedings.
- (e) The Audit Committee shall meet at least quarterly and more frequently as circumstances require at such times and places as the Chair of the Audit Committee may determine.
- (f) The Audit Committee shall meet separately, periodically, with senior management and the independent auditor and may request any member of the Company's senior management or the Company's independent auditor or outside counsel to attend meetings of the Audit Committee or with any members of, or advisors to, the Audit Committee. The Audit Committee will also meet in camera at each of its regularly scheduled meetings.
- (g) Meetings of the Audit Committee shall be summoned by the Secretary of the Audit Committee at the request of any of its members.

- (h) Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda shall be forwarded to each member of the Audit Committee, the independent auditor and any other person requested or required to attend, no fewer than three (3) working days prior to the meeting, or such period as may be reasonably necessary in the circumstances as determined by the Chair. Supporting materials shall be sent to the members of the Audit Committee and to other attendees as appropriate, at the same time or at such time as is practicable to enable appropriate review.
- (i) The Secretary of the Audit Committee or appropriate designee shall minute the proceedings and resolutions of all Audit Committee meetings. Minutes of the Audit Committee meetings shall be circulated to all members of the Audit Committee for their approval in due course.
- (j) Except as otherwise provided in this Charter, the Audit Committee may form and delegate authority to individual members and subcommittees of the Audit Committee where the Audit Committee determines it is appropriate to do so.

#### **4. Responsibilities**

##### **4.1 Independent Auditor** – The Audit Committee shall:

- (a) Recommend the appointment and the compensation of, and, if appropriate, the termination of the independent auditor, subject to such Board and shareholder approval as is required under applicable legislation and stock exchange requirements.
- (b) Obtain confirmation from the independent auditor that it ultimately is accountable, and will report directly, to the Audit Committee.
- (c) Pre-approve all audit and non-audit services (including any internal control-related services) provided by the independent auditor (subject to any restrictions on such non-audit services imposed by applicable legislation, regulatory requirements and applicable policies of securities administrators) and adopt policies as it determines appropriate for the pre-approval of such services including procedures for the delegation of authority to provide such approval to one or more members of the Audit Committee.
- (d) Review the experience and qualifications of the senior members of the independent auditor's team.
- (e) Oversee the work of the independent auditor, including the resolution of any disagreements between senior management and the independent auditor regarding financial reporting.
- (f) Review with the independent auditor:
  - (i) The quality, as well as the acceptability of the accounting principles that have been applied;

- (ii) Any problems or difficulties the independent auditor may have encountered during the provision of its audit services, including any restrictions on the scope of activities or access to requested information and any significant disagreements with senior management, any management letter provided by the independent auditor or other material communication (including any schedules of unadjusted differences) to senior management and the Company's response to that letter or communication; and
  - (iii) Any changes to the Company's significant auditing and accounting principles and practices suggested by the independent auditor or other members of senior management.
- (g) Obtain and review an annual report from the independent auditor regarding the independent auditor's internal quality-control procedures outlining:
  - (i) Any material issues raised by the most recent internal quality-control review, or peer review, of the auditor, or by any inquiry or investigation by governmental or professional authorities within the preceding five (5) years respecting one or more independent audits carried out by the firm;
  - (ii) Any steps taken to deal with any such issues; and
  - (iii) All relationships between the independent auditor and the Company.
- (h) Evaluate, annually, the qualifications, performance and independence of the independent auditor, including considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence.
- (i) Confirm with the independent auditor that it is in compliance with applicable legal, regulatory and professional standards relating to auditor independence.
- (j) Confirm with the independent auditor that it is a participating audit firm of the Canadian Public Accountability Board in compliance with all restrictions or sanctions imposed on it (if any).
- (k) Approve all engagements for accounting advice prepared to be provided by an accounting firm other than the independent auditor and review reports from senior management on tax advisory or other services provided by accounting firms other than the independent auditor.
- (l) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer.

**4.2 Audit Process, Financial Statements and Related Disclosure and Internal Controls – The Audit Committee shall:**

- (a) Meet with senior management and/or the independent auditor to review and discuss:
  - (i) The planning and staffing of the audit by the independent auditor;
  - (ii) Before public disclosure, the Company's annual audited financial statements and quarterly financial statements, the Company's accompanying disclosure of Management's Discussion and Analysis, earnings and related press releases, the Company's annual report to be filed with the SEC, the Company's annual information form, management information circular, and any prospectus or registration statement and make recommendations to the Board as to their approval and dissemination of those statements and disclosure;
  - (iii) Financial information and earnings guidance provided to analysts and rating agencies: this review need not be done on a case by case basis but may be done generally (consisting of a discussion of the types of information disclosed and the types of presentations made) and need not take place in advance of the disclosure;
  - (iv) Any significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the selection or application of accounting principles, any major issues regarding auditing principles and practices, and the adequacy of internal controls that could significantly affect the Company's financial statements;
  - (v) All critical accounting policies and practices used;
  - (vi) All alternative treatments of financial information within GAAP that have been discussed with senior management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor;
  - (vii) The use of "*pro forma*" or "adjusted" non-GAAP information, - the effect of new regulatory and accounting pronouncements;
  - (viii) The effect of any material off-balance sheet structures, transactions, arrangements and obligations (contingent or otherwise) on the Company's financial statements;
  - (ix) Any disclosures concerning any weaknesses or any deficiencies in the design or operation of internal controls or disclosure controls made to the Audit Committee in connection with certification of forms by the CEO and/or the CFO for filing with applicable securities regulators;

- (x) The adequacy of the Company's internal accounting controls and management information systems and its financial, auditing and accounting organizations and personnel (including any fraud involving an individual with a significant role in internal controls or management information systems) and any special steps adopted in light of any material control deficiencies; and
- (xi) The adequacy of the Company's procedures for the disclosure of any financial information extracted or derived from the Company's financial statements.

**4.3 Financial Risks** – The Audit Committee shall:

Review with senior management the Company's tolerance for financial risk and senior management's assessment of the significant financial risks facing the Company as well as the guidelines and policies utilized by senior management with respect to financial risk assessment and management, and the procedures to monitor and control such exposures.

**4.4 Compliance** – The Audit Committee shall:

- (a) Review with senior management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports, which raise material issues regarding the Company's financial statements or accounting policies.
- (b) Review with the Company's CFO and General Counsel legal matters that may have a material impact on the financial statements, the Company's compliance policies and any material reports or inquiries received from regulators or governmental agencies.
- (c) Review for fairness to the Company proposed transactions, contracts and other arrangements between the Company and its subsidiaries and any insider, related party or affiliate ("Related Party Transactions"), and make recommendations to the Board whether any such transactions, contracts and other arrangements should be approved or continued.<sup>4</sup> The foregoing shall not include any compensation payable pursuant to any plan, program, contract or arrangement subject to the authority of the Company's Compensation and Corporate Governance Committee. To avoid any confusion, the Audit Committee responsibilities identified in this subsection are the sole responsibility of the Audit Committee and may not be allocated by the Board to a different committee without revisions to this Charter.
- (d) Establish procedures for:
  - (i) the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters; and
  - (ii) the confidential, anonymous submission by employees of the Company with

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<sup>4</sup> As used herein the term "**related party**" means any officer or director of the Company or any subsidiary, or any shareholder holding a greater than 10% direct or indirect financial or voting interest in the Company, and the term "**affiliate**" means any person, whether acting alone or in concert with others, that has the power to exercise a controlling influence over the Company and its subsidiaries.

concerns regarding any accounting or auditing matters.

## 5. Reporting

- (a) The Audit Committee shall report to the Board on a regular basis. The reports of the Audit Committee shall include any issues of which the Audit Committee is aware with respect to the quality or integrity of the Company's financial statements, its compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditor and changes in financial risks.
- (b) The Audit Committee also shall prepare, as required by applicable law, any audit committee report required for inclusion in the Company's publicly filed documents.

## 6. Access to Management and Independent Advisors

In accordance with the *Board Mandate*, the Audit Committee shall have the power to retain (at the Company's expense) and receive advice from special financial, legal, accounting or other independent advisors as the Audit Committee determines to be necessary to permit it to carry out its duties. The Audit Committee may also seek any information it requires directly from employees. Any meetings or contacts that an Audit Committee member wishes to initiate should normally be arranged through the CEO, the CFO or the General Counsel. The Audit Committee members will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company. The directors are normally expected to provide a copy or otherwise inform senior management as applicable of communications with employees of the Company.

## 7. Annual Evaluation

Annually the Audit Committee shall, in a manner it determines to be appropriate:

- (a) Conduct a review and evaluation of the performance of the Audit Committee and its members, including the compliance of the Audit Committee with this Charter.
- (b) Review and assess the adequacy of this Charter and any position description for its committee Chair and recommend to the Board any improvements to this Charter or the position description that the Audit Committee determines to be appropriate, except for minor technical amendments to this Charter, authority for which is delegated to the General Counsel/Corporate Secretary, who will report any such amendments to the Board at its next regular meeting.

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***Ratified by the Board of Directors on December 15, 2016***