ZACATECAS SILVER CORP.

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

TO BE HELD ON DECEMBER 4, 2025

AND

INFORMATION CIRCULAR

November 3, 2025

This document requires immediate attention. If you are in doubt as to how to deal with the documents or matters referred to in this Information Circular, you should immediately contact your advisor.

ZACATECAS SILVER CORP.
Suite 488 - 1090 West Georgia Street
Vancouver, BC V6E 3V7

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

TO THE SHAREHOLDERS:

NOTICE IS HEREBY GIVEN that the annual general meeting (the "Meeting") of the shareholders of Zacatecas Silver Corp. (the "Company") will be held at the Company's registered and records office: Suite 704, 595 Howe Street, Vancouver, BC, Canada V6C 2T5 on December 4, 2025 at 10:00 a.m. (Vancouver Time) for the following purposes:

1. to set the number of directors for the ensuing year at four (4);

2. to elect Eric Vanderleeuw, Christopher Wilson, Nancy La Couvee and Charles Hethey as directors for the ensuing year;

3. to appoint Davidson & Company LLP, Professional Chartered Accountants, as the auditors of the Company for the ensuing year and to authorize the directors of the Company to fix the remuneration to be paid to the auditors; and

4. to consider, and if thought fit, to pass an ordinary resolution approving and ratifying the Company's 10% rolling stock option plan as more particularly described in the accompanying Information Circular.

The accompanying Information Circular provides additional information relating to the matters to be dealt with at the Meeting and is supplemental to, and expressly made a part of, this Notice of Meeting.

The Company's Board of Directors has fixed October 22, 2025 as the record date for the determination of shareholders entitled to notice of and to vote at the Meeting and at any adjournment or postponement thereof. Each registered shareholder at the close of business on that date is entitled to such notice and to vote at the Meeting in the circumstances set out in the accompanying Information Circular.

If you are a registered shareholder of the Company and will not attend the Meeting, you will need complete, date and sign the accompanying form of proxy and deposit it with the Company's transfer agent, Odyssey Trust Company, 350 – 409 Granville St, Vancouver, BC V6C 1T2 by mail or fax, no later than forty eight (48) hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting, or adjournment thereof, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

If you are a non-registered shareholder of the Company and received this Notice of Meeting and accompanying materials through a broker, a financial institution, a participant, a trustee or administrator of a self-administered retirement savings plan, retirement income fund, education savings plan or other similar self-administered savings or investment plan registered under the *Income Tax Act* (Canada), or a nominee of any of the foregoing that holds your securities on your behalf (the "Intermediary"), please complete and return the materials in accordance with the instructions provided to you by your Intermediary.

DATED at Vancouver, British Columbia, this 3rd day of November, 2025.

ON BEHALF OF THE BOARD

"Eric Vanderleeuw"

Eric Vanderleeuw
Chief Executive Officer and Director

ZACATECAS SILVER CORP.
Suite 488 - 1090 West Georgia Street
Vancouver, BC V6E 3V7

INFORMATION CIRCULAR

November 3, 2025

INTRODUCTION

Zacatecas Silver Corp. (the "Company") is providing this Information Circular and a form of proxy in connection with management's solicitation of proxies for use at the annual general meeting (the "Meeting") of the Company to be held at 10:00 am (Vancouver Time), on Thursday, December 4, 2025 at Suite 704, 595 Howe Street, Vancouver, British Columbia, or at any adjournment or postponement thereof.

Date and Currency

The date of this Information Circular is November 3, 2025. Unless otherwise stated, all amounts herein are in Canadian dollars.

MANAGEMENT SOLICITATION OF PROXIES

The solicitation of proxies by management of the Company will be conducted by mail and may be supplemented by telephone or other personal contact to be made, without special compensation, by the directors, officers and employees of the Company. The Company does not reimburse shareholders, nominees or agents for costs incurred in obtaining from their principals authorization to execute forms of proxy, except that the Company has requested brokers and nominees who hold stock in their respective names to furnish this proxy material to their customers, and the Company may reimburse such brokers and nominees for their related out of pocket expenses. No solicitation will be made by specifically engaged employees or soliciting agents. The Company will bear the cost of the solicitation.

No person has been authorized to give any information or to make any representation other than as contained in this Information Circular in connection with the solicitation of proxies. If given or made, such information or representations must not be relied upon as having been authorized by the Company. The delivery of this Information Circular shall not create, under any circumstances, any implication that there has been no change in the information set forth herein since the date of this Information Circular. This Information Circular does not constitute the solicitation of a proxy by anyone in any jurisdiction in which such solicitation is not authorized, or in which the person making such solicitation is not qualified to do so, or to anyone to whom it is unlawful to make such an offer of solicitation.

APPOINTMENT AND REVOCATION OF PROXY

Appointment of Proxy

Registered shareholders are entitled to vote. A shareholder is entitled to one vote for each common share that such shareholder holds on the record date of October 22, 2025 on the resolutions to be voted upon at the Meeting, and any other matter to come before the Meeting. The persons named as proxyholders (the "Designated Persons") in the enclosed form of proxy are directors and/or officers of the Company.

A shareholder has the right to appoint a person or company (who need not be a shareholder) to attend and act for or on behalf of that shareholder at the meeting, other than the designated persons named in the enclosed form of proxy.

To exercise the right, the shareholder may do so by striking out the printed names and inserting the name of such other person and, if desired, an alternate to such person, in the blank space provided in the form of proxy. Such shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxy and should provide instruction to the nominee on how the shareholder's shares should be voted. The nominee should bring personal identification to the meeting.

A proxy may not be valid unless it is dated and signed by the shareholder who is giving it or by that shareholder's attorney-in-fact duly authorized by that shareholder in writing or, in the case of a corporation, dated and executed by a duly authorized officer or attorney-in-fact for the corporation. If a form of proxy is executed by an attorney-in-fact for an individual shareholder or joint shareholders, or by an officer or attorney-in-fact for a corporate shareholder, the instrument so empowering the officer or attorney-in-fact, as the case may be, or a notarial certified copy thereof, must accompany the form of proxy.

Revocation of Proxies

A shareholder who has given a proxy may revoke it at any time before it is exercised by an instrument in writing: (a) executed by that shareholder or by that shareholder's attorney-in-fact authorized in writing or, where the shareholder is a corporation, by a duly authorized officer of, or attorney-in-fact for, the corporation; and (b) delivered either: (i) to the Company at the address set forth above, at any time up to and including the last business day preceding the day of the Meeting or, if adjourned or postponed, any reconvening thereof, or (ii) to the Chair of the Meeting prior to the vote on matters covered by the proxy on the day of the Meeting or, if adjourned or postponed, any reconvening thereof, or (iii) in any other manner provided by law.

Also, a proxy will automatically be revoked by either: (i) attendance at the Meeting and participation in a poll (ballot) by a shareholder, or (ii) submission of a subsequent proxy in accordance with the foregoing procedures. A revocation of a proxy does not affect any matter on which a vote has been taken prior to any such revocation.

VOTING BY PROXY

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Shares represented by a properly executed proxy will be voted or be withheld from voting on each matter referred to in the Notice of Meeting in accordance with the instructions of the shareholder on any ballot that may be called for and if the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly.

If a shareholder does not specify a choice and the shareholder has appointed one of the persons named in the form of proxy (the "Management Proxyholders") as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.

The enclosed form of proxy also gives discretionary authority to the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters which may properly come before the Meeting. At the date of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

COMPLETION AND RETURN OF PROXY

In order to be voted, the completed form of proxy must be received by the Company's transfer agent Odyssey Trust Company, (the "Transfer Agent") at their offices located at 350 – 409 Granville St, Vancouver, BC, V6C 1T2 by mail or fax not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting, unless the Chair of the Meeting elects to exercise their discretion to accept proxies received subsequently.

NON-REGISTERED HOLDERS

The information set out in this section is of significant importance to those shareholders who do not hold shares in their own name. Shareholders who do not hold their shares in their own name (referred to in this Information Circular as "Beneficial Shareholders") should note that only proxies deposited by shareholders whose names appear on the records of the Company as the registered holders of common shares can be recognized and acted upon at the Meeting. If common shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those common shares will not be registered in the shareholder's name on the records of the Company. Such common shares will more likely be registered under the names of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such common shares are registered under the name of CDS & Co., being the registration name for The Canadian Depository for Securities Limited (which acts as nominee for many Canadian brokerage firms), and in the United States, under the name Cede & Co., as nominee for the Depository Trust Company

(which acts as a brokerage depository for many U.S. firms and custodial banks). **Beneficial Shareholders should ensure that instructions respecting the voting of their common shares are communicated to the appropriate person well in advance of the Meeting.**

Regulatory polices require intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. Pursuant to National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer,* arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy solicitation material to the beneficial owners of the shares. Additionally, the Company intends to pay for the costs of an intermediary to deliver to objecting beneficial shareholders, the proxy-related materials.

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of the Meeting. Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders to ensure that their common shares are voted at the Meeting.

Beneficial Shareholders will receive from an intermediary either voting instruction forms ("VIF") or, less frequently, forms of proxy. The purpose of these forms is to permit Beneficial Shareholders to direct the voting of the common shares they beneficially own. Beneficial Shareholders should follow the procedures set out therein, depending on which type of form they receive.

In either case, the purpose of this procedure is to permit Beneficial Shareholders to direct the voting of the shares which they beneficially own.

A Beneficial Shareholder receiving these forms cannot use that form to vote common shares directly at the Meeting. Beneficial Shareholders should carefully follow the instructions set out in the applicable form including those regarding when and where the form is to be delivered. Should a Beneficial Shareholder wish to attend the Meeting or have someone else attend on their behalf, the Beneficial Shareholder will need to write their name (or their nominee's name) in the space provided in the VIF or form of proxy and return it in accordance with the instructions of the VIF or form of proxy.

Only registered shareholders have the right to revoke a proxy. A Beneficial Shareholder who wishes to change their vote must, arrange for their intermediary to revoke its VIF or form of proxy on its behalf.

The Company does not intend to pay for nominees to deliver the Meeting materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary* to objecting beneficial owners ("OBOs"). As a result, OBOs will not receive the Meeting materials unless their Nominee assumes the costs of delivery.

REVOCABILITY OF PROXY

In addition to revocation in any other manner permitted by law, a shareholder, his attorney authorized in writing or, if the shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of common shares without par value (the "shares"). As of October 22, 2025, 208,802,991 shares were issued and outstanding. Persons who are registered shareholders at the close of business on October 22, 2025 will be entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each share held.

To the knowledge of the directors and executive officers of the Company, no person beneficially owns, controls or directs, directly or indirectly, shares carrying 10% or more of the voting rights attached to all shares of the Company.

NUMBER OF DIRECTORS

At the Meeting, shareholders will be asked to pass an ordinary resolution to set the number of directors of the Company for the ensuing year at four (4). The number of directors will be approved if the affirmative vote of the majority of shares present or represented by proxy at the Meeting and entitled to vote are voted in favour to set the number of directors at four (4).

Management recommends the approval of the resolution to set the number of directors of the Company at four (4).

ELECTION OF DIRECTORS

The directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting or until their successors are appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed.

Management of the Company proposes to nominate each of the following persons for election as a director. Information concerning such persons, as furnished by the individual nominees, is as follows:

Name and Position	Director or Officer Since	Principal Occupation, Business or Employment for the Last 5 Years	Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly[1]
Eric Vanderleeuw Chief Executive Officer and Director	January 20, 2025	CEO of the Company since January 2025; director of Zoglos Food Corp.; and director of Discovery Harbour Resources Corp.	1,800,000[3] (Indirectly)
Dr. Christopher Wilson[2] Chief Geologist, Director and former Chief Operating Officer	August 17, 2020	Chief Geologist of the Company since May 2025; Chief Operating Officer of the Company from September 2020 to May 2025; Former Chairman and director of First Andes Silver Ltd.; President of Exploration Alliance; and Registered Geologist.	500,000 (Directly)
Nancy La Couvee[2] Director	March 15, 2022	Corporate Secretary of K92 Mining Inc. since January 2017.	Nil
Charles Hethey[2] Director	August 17, 2020	Senior Partner at O'Neill Law LLP; Director of the Company; director of Great Pacific Gold Corp.; and director of First Andes Silver Ltd.	895,000[3] (Directly & Indirectly)

Notes:

(1) Shares beneficially owned, directly or indirectly, or over which control or direction is exercised as of October 22, 2025.
(2) A member of the audit committee.
(3) Mr. Vanderleeuw holds 1,800,000 shares indirectly through 2683679 Ontario Limited, a company controlled by Mr. Vanderleeuw.
(4) Mr. Hethey holds 775,000 shares directly and 120,000 Shares indirectly through Charles C. Hethey Law Corp., a company controlled by Mr. Hethey.

No proposed director is being elected under any arrangement or understanding between the proposed director and any other person or company.

Management recommends the approval of each of the nominees listed above for election as directors of the Company until the next annual general meeting.

Management does not contemplate that any of its nominees will be unable to serve as directors. If any vacancies occur in the slate of nominees listed above before the Meeting, then the Designated Persons intend to exercise discretionary authority to vote the common shares represented by proxy for the election of any other persons as directors.

Cease Trade Orders

To the knowledge of management of the Company, no director or executive officer of the Company, is or has been, within the ten years preceding the date of this Information Circular, a director, chief executive officer, chief financial officer of any company that:

(a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) 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.

For the purposes of this Information Circular, an "order" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to an exemption under securities legislation, and such order was in effect for a period of more than 30 consecutive days.

Bankruptcies

To the knowledge of management of the Company, no director or executive officer of the Company, or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, is or has been, with the ten years preceding the date of this Information Circular:

(a) a director or an executive officer of any company that, while the person was acting in that capacity, or within a year of that person ceasing to act in the 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 made a proposal under any legislation relating to bankruptcies or insolvency; or

(b) become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been 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 individual.

Penalties or Sanctions

To the knowledge of management of the Company, no director or officer of the Company, or any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company has:

(a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

Personal Bankruptcies

To the knowledge of management of the Company, no director or officer of the Company, or any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company or a personal holding company of any such persons has, within the ten years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been 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 a director or officer.

APPOINTMENT OF AUDITOR

Auditor

Davidson & Company LLP, Chartered Professional Accountants of Vancouver, British Columbia are the auditors of the Company. Unless instructed, the proxies given pursuant to this solicitation will be voted for the appointment of Davidson & Company LLP as auditors of the Company to hold office for the ensuing year at a remuneration to be fixed by the directors.

Management recommends shareholders to vote for ratification of the appointment of Davidson & Company LLP, Chartered Professional Accountants, as the Company's auditors until the next annual general meeting at a remuneration to be fixed by the Company's board of directors.

STATEMENT OF EXECUTIVE COMPENSATION

General

The following information, dated as of October 22, 2025, is provided as required under Form 51-102F6V for venture issuers (the "**Form**"), as such term is defined in National Instrument 51-102 – *Continuous Disclosure*.

For the purposes of this Form:

"CEO" means an individual who acted as chief executive officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

"CFO" means an individual who acted as chief financial officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

"company" includes other types of business organizations such as partnerships, trusts and other unincorporated business entities;

"compensation securities" includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the company or any of its subsidiaries;

"external management company" includes a subsidiary, affiliate or associate of the external management company;

"**named executive officer**" or "**NEO**" means each of the following individuals:

(a) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer;

(b) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer;

(c) in respect of the company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than $150,000, as determined in accordance with subsection 1.3(5) of the Form, for that financial year;

(d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the company, and was not acting in a similar capacity, at the end of that financial year;

"plan" includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, compensation securities or any other property may be received, whether for one or more persons;

"**underlying securities**" means any securities issuable on conversion, exchange or exercise of compensation securities.

During the financial year ended December 31, 2024, the Company had three NEOs, namely (i) Bryan Slusarchuk, the former Chief Executive Officer; (ii) Jonathan Richards, the former Chief Financial Officer; and (iii) Christopher Wilson, the former Chief Operating Officer.

Subsequent to the financial year ended December 31, 2024, the Company appointed NEOs, Eric Vanderleeuw as the Chief Executive Officer and Alastair Brownlow as Chief Financial Officer.

Director and NEO Compensation, Excluding Options and Compensation Securities

The following table (presented in accordance with the Form) excluding options and compensation securities, provides a summary of the compensation paid or accrued by the Company to each NEO and director of the Company for the completed financial year ended December 31, 2024. Options and compensation securities are disclosed under the heading "*Stock Options and Other Compensation Securities and Instruments*" below.

Table of compensation excluding compensation securities							
Name and position	**Year**	**Salary, consulting fee, retainer or commission ($)**	**Bonus ($)**	**Committee or meeting fees ($)**	**Value of perquisites ($)**	**Value of all other compensation ($)**	**Total compensation ($)**
Eric Vanderleeuw(1) CEO and Director	2024 2023	N/A N/A	N/A N/A	N/A N/A	N/A N/A	N/A N/A	N/A N/A
Alastair Brownlow(2) CFO	2024 2023	N/A N/A	N/A N/A	N/A N/A	N/A N/A	N/A N/A	N/A N/A
Christopher Wilson(3) Chief Geologist, Director and former Chief Operating Officer	2024 2023	259,800 257,293	- -	- -	- -	- -	259,800 257,293
Charles Hethey(4) Director	2024 2023	- -	- -	- -	- -	6,131 85,345	6,131 85,345
Nancy La Couvee(5) Director	2024 2023	36,000 36,000	- -	- -	- -	- -	36,000 36,000
John Lewins(6) Former Director	2024 2023	36,000 45,000	- -	- -	- -	- -	36,000 45,000
Bryan Slusarchuk(7) Former CEO and Director	2024 2023	350,182 346,899	- -	- -	- -	- -	350,182 346,899
Jonathan Richards(8) Former CFO and Director	2024 2023	154,560 157,649	- -	- -	- -	- -	154,560 157,649
Luis Chavez(9) Former Director	2024 2023	- 36,000	- -	- -	- -	- -	- 36,000

Notes:

(1) Mr. Vanderleeuw was appointed as Chief Executive Officer and a director on January 20, 2025.

(2) Mr. Brownlow was appointed as Chief Financial Officer on January 20, 2025.

(3) Dr. Wilson was appointed as a director on August 17, 2020. Penguin Resources Ltd., a Company controlled by Dr. Wilson was paid US$15,000 per month effective from September 1, 2020 until May 5, 2025.
(4) Mr. Hethey was appointed as a director on August 17, 2020. O'Neill Law LLP, a firm in which Mr. Hethey is a senior partner, was paid $6,131 for legal services during the financial year ended December 31, 2024 and $85,345 for legal services during the financial year ended December 31, 2023.
(5) Nancy La Couvee was appointed as a director on March 15, 2022.
(6) Mr. Lewins was appointed as a director on August 17, 2020, and he resigned on November 30, 2024.
(7) Mr. Slusarchuk was appointed as Chief Executive Officer and a director on July 22, 2020, and he resigned on January 20, 2025.
(8) Mr. Richards was appointed as Chief Financial Officer on August 25, 2022, and he resigned on January 20, 2025.
(9) Mr. Chavez was appointed as a director on July 15, 2022 and he resigned on October 7, 2024.

Stock Options and Other Compensation Securities and Instruments

No compensation securities were granted or issued by the Company to any NEO or director of the Company for the fiscal year ended December 31, 2024, for services provided, directly or indirectly, to the Company.

Exercise of Compensation Securities by Directors and NEOs

During the fiscal year ended December 31, 2024, no NEO or director of the Company exercised their compensation securities.

Employment, Consulting and Management Agreements

The Company entered into a management consulting agreement dated January 20, 2025 with 2683679 Ontario Limited, a company controlled by Mr. Vanderleeuw, ("2683679") whereby the Company agreed to engage the services of Mr. Vanderleeuw as Chief Executive Officer. Under the terms of the agreement, 2683679 is paid $10,000 per month. In the event that there is a change of control of the Company, 2683679 will be entitled to receive a severance payment equal to twelve months of consulting fees.

The Company entered into an amended and restated management consulting agreement dated May 5, 2025 with Penguin Resources Ltd. ("Penguin") whereby Penguin agreed to provide the services of Dr. Wilson as Chief Geologist of the Company and, in consideration of which, the Company agreed to pay it US $5,400 per month to Dr. Wilson for his services on on a part-time basis or US $10,400 per month for his services on a full-time basis. In the event that there is a change of control of the Company, Penguin will be entitled to receive a severance payment equal to twenty-four months of consulting fees.

Except for the severance payments set out in the management consulting agreements noted above, there are no management or consulting agreements with any directors or officers of the Company that provide for payments to an officer or director, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the company or a change in a director's or officer's responsibilities.

Oversight and Description of Director and NEO Compensation

The Company does not currently have a Compensation Committee. The Board of Directors as a whole is responsible for reviewing and approving the adequacy and the form of compensation to executive officers and directors of the Company, including granting of stock options to directors, officers and other employees and consultants of the Company, and monitoring the performance of the Company's executive officers. Employment, consulting or other compensation arrangements between the Company and any director or senior officer of the Company are considered and approved by independent Directors.

Executive compensation awarded to the named executive officers consists of two components: (i) management fees and (ii) stock options. Other than the Stock Option Plan, the Company does not presently have a long-term incentive plan for its named executive officers. There is no policy or target regarding allocation between cash and non-cash elements of the Company's compensation program.

In setting compensation rates for NEOs, the Company compares the amounts paid to them with the amounts paid to executives in comparable positions at other comparable companies. The Company's compensation payable to the

NEOs is based upon, among other things, the responsibility, skills and experience required to carry out the functions of each position held by each NEO and varies with the amount of time spent by each NEO in carrying out his or her functions on behalf of the Company. The grant of stock options, as a key component of the executive compensation package, enables the Company to attract and retain qualified executives. Stock option grants are based on the total of stock options available under the Stock Option Plan. In granting stock options, the Board of Directors reviews the total of stock options available under the Stock Option Plan and recommends grants to newly retained executive officers at the time of their appointment and considers recommending further grants to executive officers from time to time thereafter. The amount and terms of outstanding options held by an executive are considered when determining whether and how new option grants should be made to the executive. The exercise periods are to be set at the date of grant. The stock option grants may contain vesting provisions in accordance to the Stock Option Plan.

Due to the Company being a junior mining issuer and having limited financial resources, compensation is not tied to specific performance criteria or goals. The Company is unaware of any significant events that have significantly affected compensation of its management team and directors. The Company did not make any changes to its compensation polices during or after the fiscal year ended December 31, 2024.

Pension

The Company does not provide any pension benefits for directors or executive officers.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets out those securities of the Company which have been authorized for issuance under equity compensation plans, for the financial year ended December 31, 2024:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by the security holders	5,817,500	$0.59	5,755,099
Equity compensation plans not approved by the security holders	Nil	Nil	Nil
Total	**5,817,500**	**-**	**5,755,099**

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the current or former directors, executive officers, employees of the Company, the proposed nominees for election to the Board, or their respective associates or affiliates, are or have been indebted to the Company since the beginning of the most recently completed financial year of the Company.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

No director or executive officer of the Company or any proposed nominee of management of the Company for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, since the beginning of the Company's last financial year in matters to be acted upon at the Meeting, other than the election of directors, the appointment of auditors and the confirmation of the Stock Option Plan.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

None of the persons who were directors or executive officers of the Company or a subsidiary at any time during the Company's last completed financial year, the proposed nominees for election to the Board, any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding common shares of the Company, nor the associates or affiliates of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction or proposed transaction which has materially affected or would materially affect the Company.

MANAGEMENT CONTRACTS

No management functions of the Company are to any substantial degree performed by a person or company other than the directors or NEOs of the Company.

AUDIT COMMITTEE

The Company is required to have an audit committee (the "**Audit Committee**") comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company.

Audit Committee Charter

The text of the Audit Committee's charter is attached as Schedule "A" to this Circular.

Composition of Audit Committee and Independence

The following persons are members of our audit committee:

Christopher Wilson	Non-Independent	Financially Literate
Nancy La Couvee	Independent	Financially Literate
Charles Hethey	Non-Independent	Financially Literate

Relevant Education and Experience

All members of the Audit Committee have the ability to read, analyze and understand the complexities surrounding the issuance 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 issues that can reasonably be expected to be raised by the Company's financial statements, and understand internal controls.

In addition to each member's general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his/her responsibilities as an Audit Committee member is as follows:

Christopher Wilson – Dr. Wilson is a Geologist with over 30 years of global experience in mineral exploration and mining. He has been involved in resource to mine to production reconciliation studies, project valuation and fatal flaw analysis. Dr. Wilson has extensive project review and target generation experience, with ability to rapidly identify and test high value targets, using complex multi-disciplinary datasets. He was the former Chairman and a director of First Andes Silver Ltd. Accordingly, Dr. Wilson has the ability to understand financial statements relating to junior resource companies.

Nancy La Couvee – Ms. La Couvee is currently Corporate Secretary of K92 Mining Inc., and is a governance professional with comprehensive senior level experience in the public resource sector. Ms. La Couvee is strongly attuned to corporate governance and statutory compliance frameworks and has significant mining industry experience with a wide range of corporate and financial transactions. Accordingly, Ms. La Couvee has the ability to understand financial statements relating to junior resource companies.

Charles Hethey – Mr. Hethey is a lawyer who has represented numerous mineral exploration companies and advised them on their securities compliance obligations over the last 10 years. Further, Mr. Hethey has previously been a director and member of the audit committee for other junior public companies and is a director and member of the audit committee of Great Pacific Gold Corp., a company listed on the TSX Venture Exchange, and a director of First

Andes Silver Ltd., a company listed on the TSX Venture Exchange. Accordingly, Mr. Hethey has the ability to understand financial statements relating to junior resource companies.

Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, the Audit Committee of the Company has not made any recommendations to nominate or compensate an external auditor which were not adopted by the Board.

Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, the Company has not relied on:

(a) the exemption in section 2.4 (De Minimis Non-audit Services) of National Instrument NI 52-110 – *Audit Committees* ("NI 52-110"); or
(b) an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions).

Pre-Approval Policies and Procedures

The Audit Committee has not adopted any specific policies and procedures for the engagement of non-audit services.

Audit Fees

The aggregate fees billed by the Company's external auditor in the fiscal year ended December 31, 2024 by category, are as follows:

Financial Year Ended December 31	Audit Fees ($)[1]	Audit Related Fees ($)[2]	Tax Fees ($)[3]	All Other Fees ($)[4]
2024	44,572	-	-	-
2023	68,500	-	-	-

Notes:
(1) "Audit fees" include aggregate fees billed by the Company's external auditor in each of the last two fiscal years for audit fees.
(2) "Audited related fees" include the aggregate fees billed in each of the last two fiscal years for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit fees" above.
(3) "Tax fees" include the aggregate fees billed in each of the last two fiscal years for professional services rendered by the Company's external auditor for tax compliance, tax advice and tax planning.
(4) "All other fees" include the aggregate fees billed in each of the last two fiscal years for products and services provided by the Company's external auditor, other than "Audit fees", "Audit related fees" and "Tax fees" above.

Exemption in Section 6.1

The Company is a "venture issuer" as defined in NI 52-110 and is relying on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (Composition of Audit Committee) and 5 (Reporting Obligations).

CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-101, Disclosure of Corporate Governance Practices, requires all reporting issuers to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines (the "**Guidelines**") adopted in National Policy 58-201. These Guidelines are not prescriptive but have been used by the Company in adopting its corporate governance practices. The Board and management consider good corporate governance to be an integral part of the effective and efficient operation of Canadian corporations. The Company's approach to corporate governance is set out below.

Board of Directors

Management is nominating four individuals to the Board, all of whom are current directors of the Company.

The Guidelines suggest that the board of directors of every reporting issuer should be constituted with a majority of individuals who qualify as "independent" directors under NI 52-110, which provides that a director is independent if he or she has no direct or indirect "material relationship" with the Company. The "material relationship" is defined as a relationship which could, in the view of the Company's Board, reasonably interfere with the exercise of a director's independent judgement. Eric Vanderleeuw, who is the Chief Executive Officer of the Company, Christopher Wilson, who is Chief Geologist of the Company, and Charles Hethey, who is a partner of O'Neill Law LLP, which provides legal services to the Company, are not independent directors under NI 52-110. Accordingly, the sole independent director is Nancy La Couvee.

The Board has a stewardship responsibility to supervise the management of and oversee the conduct of the business of the Company, provide leadership and direction to management, evaluate management, set policies appropriate for the business of the Company and approve corporate strategies and goals. The day-to-day management of the business and affairs of the Company is delegated by the Board to the CEO. The Board will give direction and guidance through the CEO to management and will keep Management informed of its evaluation of the senior officers in achieving and complying with goals and policies established by the Board.

The Board recommends nominees to the shareholders for election as directors, and immediately following each annual general meeting appoints an Audit Committee and the Audit Committee chairperson. The Board establishes and periodically reviews and updates the committee mandates, duties and responsibilities, elects a chairperson of the Board and establishes his or her duties and responsibilities, appoints the CEO and CFO of the Company and establishes the duties and responsibilities of those positions and on the recommendation of the CEO, appoints the senior officers of the Company and approves the senior management structure of the Company.

The Board exercises its independent supervision over management by its policies that (a) periodic meetings of the Board be held to obtain an update on significant corporate activities and plans; and (b) all material transactions of the Company are subject to prior approval of the Board. The Board shall meet not less than three times during each year and will endeavour to hold at least one meeting in each fiscal quarter. The Board will also meet at any other time at the call of the President, or subject to the Articles of the Company, of any director.

The mandate of the Board, as prescribed by the *Business Corporations Act* (British Columbia) (the "Act"), is to manage or supervise management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company's affairs directly and through its audit committee.

Directorships

The following directors of the Company hold directorships in other reporting issuers as set out as below:

Name of Director	Name of Reporting Issuer	Exchange
Eric Vanderleeuw	Discovery Harbour Resources Corp.	TSX Venture Exchange
	Zoglos Food Corp.	Canadian Securities Exchange
Charles Hethey	First Andes Silver Ltd.	TSX Venture Exchange
	Great Pacific Gold Corp.	TSX Venture Exchange

Orientation and Continuing Education

The Board's practice is to recruit for the Board only persons with extensive experience in identifying and targeting junior businesses for transactions and in public company matters. Prospective new board members are provided a reasonably detailed level of background information, verbal and documentary, on the Company's affairs and plans prior to obtaining their consent to act as a director.

The Board provides training courses to the directors as needed, to ensure that the Board is complying with current legislative and business requirements.

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Under the corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and disclose to the board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction. The director must then abstain from voting on the contract or transaction unless the contract or transaction (i) relates primarily to their remuneration as a director, officer, employee or agent of the Company or an affiliate of the Company, (ii) is for indemnity or insurance for the benefit of the director in connection with the Company, or (iii) is with an affiliate of the Company. If the director abstains from voting after disclosure of their interest, the directors approve the contract or transaction and the contract or transaction was reasonable and fair to the Company at the time it was entered into, the contract or transaction is not invalid, and the director is not accountable to the Company for any profit realized from the contract or transaction. Otherwise, the director must have acted honestly and in good faith, the contract or transaction must have been reasonable and fair to the Company and the contract or transaction be approved by the shareholders by a special resolution after receiving full disclosure of its terms in order for the director to avoid such liability or the contract or transaction being invalid.

Nomination of Directors

The Board identifies new candidates for board nomination by an informal process of discussion and consensus-building on the need for additional directors, the specific attributes being sought, likely prospects, and timing. Prospective directors are not approached until consensus is reached. This process takes place among the Chairman and a majority of the non-executive directors.

Assessments

The Board regularly reviews its own performance and effectiveness as well as the effectiveness and performance of its committees. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of individual directors are informally monitored by other Board members, bearing to mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

The Board monitors the adequacy of information given to directors, communication between Board and management and the strategic direction and processes of the Board and its committees.

The Board believes its corporate governance practices are appropriate and effective for the Company, given its size and operations. The Company's corporate governance practices allow the Company to operate efficiently, with checks and balances that control and monitor management and corporate functions without excessive administration burden.

PARTICULARS OF MATTERS TO BE ACTED UPON

1. Confirming Stock Option Plan

Pursuant to Policy 4.4 of the TSX Venture Exchange ("TSX-V"), all TSX-V listed companies are required to adopt a stock option plan prior to granting incentive stock options. The purpose of the Stock Option Plan is to attract and motivate directors, senior officers, employees, consultants, and others providing services to the Company and its subsidiaries, and thereby advance the Company's interests, by affording such persons with an opportunity to acquire an equity interest in the Company through the issuance of stock options. The Company is currently listed on Tier 2 of the TSX-V and has adopted a "rolling" stock option plan reserving a maximum of 10% of the issued shares of the Company at the time of the stock option grant. As of the date of this Information Circular, the Company was eligible to grant up to 20,880,299 options under the Stock Option Plan. There are presently 11,975,000 options granted and outstanding, and 8,905,299 Options available for grant under the Stock Option Plan.

The disinterested shareholders are being asked to approve the Stock Option Plan at the Meeting. As a "rolling" stock option plan, the Stock Option Plan will be required to be re-approved by disinterested shareholders each year at the Company's annual general meeting.

Summary of the Stock Option Plan

The following information is intended as a brief description of the Company's Stock Option Plan and is qualified in its entirety by the full text of the Stock Option Plan, which will be available for review at the Meeting. Capitalized terms are as defined in the Stock Option Plan.

1. The aggregate number of Common Shares that may be reserved for issuance pursuant to Options shall not exceed 10% of the outstanding Common Shares at the time of the granting of an Option, less the aggregate number of Common Shares then reserved for issuance pursuant to any other share compensation arrangement. For greater certainty, if an Option is surrendered, terminated or expires without being exercised, the Common Shares reserved for issuance pursuant to such Option shall be available for new Options granted under the Stock Option Plan.

2. The exercise price per Common Share for an Option shall be determined by the Directors or their delegates if any, but will in no event be less than the permitted discount to the Market Price for the Common Shares (as defined by the policies of the TSX-V at the date of grant). The Company must obtain disinterested shareholder approval of any decrease in the exercise price of, or an extension to stock options granted to individuals that are Insiders at the time of the proposed amendment.

3. If Options are granted within ninety days of a Distribution by the Company by prospectus, then the exercise price per Common Share for such Option shall not be less than the greater of the minimum exercise price calculated pursuant to subsection 5.1(a) herein and the price per Common Share paid by the public investors for Common Shares acquired pursuant to such Distribution. Such ninety-day period shall begin:

   (a) on the date the final receipt is issued for the final prospectus in respect of such Distribution; or

   (b) in the case of an initial public offering, on the date of listing.

4. The number of Common Shares reserved for issuance in any 12-month period under the Stock Option Plan and any other share compensation arrangement to (a) any one Person, shall not exceed 5% of the outstanding Common Shares at the time of the grant (unless the Company has obtained disinterested shareholder approval to exceed such limit); (b) any one Consultant or Person employed to provide Investor Relations Activities, shall not exceed 2% of the outstanding Common Shares at the time of the grant; and (c) to Insiders, shall not exceed 10% of the outstanding Common Shares at any point in time.

5. Unless the Company has received disinterested shareholder approval to do so, the number of Common Shares issued to any Person within a 12-month period pursuant to the exercise of Options granted under the Stock Option Plan and any other share compensation arrangement shall not exceed 5% of the outstanding Common Shares at the time of the grant.

6. Upon expiry of an option, or in the event an option is otherwise terminated for any reason, the number of shares in respect of the expired or terminated option shall again be available for the purposes of the Stock Option Plan. All options granted under the Stock Option Plan, unless sooner terminated, have a term not exceeding and shall therefore expire no later than 10 years after the date of the grant.

7. If a Participant who is an Officer, Employee or Consultant is terminated for cause, each Option held by such Participant shall terminate and shall therefore cease to be exercisable upon the date of such termination for cause

   If a Participant dies or suffers a disability prior to otherwise ceasing to be an Eligible Person, each Option held by such Participant shall terminate and shall therefore cease to be exercisable no later than the earlier of the Expiry Date and the date which is 12 months after the date of the Participant's death or disability.

   Unless an option agreement specifies otherwise, if a Participant ceases to be an Eligible Person for any reason other than death or disability, each Option held by the Participant other than a Participant who is involved in Investor Relations Activities will cease to be exercisable 90 days after the Termination Date or for a "reasonable period" after the Participant ceases to serve in such capacity, as determined by the Board. For Participants involved in Investor Relations Activities, Options shall cease to be exercisable 30 days after the Termination Date or for a "reasonable period" after the Participant ceases to serve in such capacity, as determined by the Board.

   For greater certainty, if a Participant dies, each Option held by such Participant shall be exercisable by the legal representative of such Participant until such Option terminates and therefore ceases to be exercisable pursuant to the terms of this Section.

   If any portion of an Option is not vested at the time a Participant ceases, for any reason whatsoever, to be an Eligible Person, such unvested portion of the Option may not be thereafter exercised by the Participant or its legal representative, as the case may be, always provided that the Board may, in its discretion and in the case of Options relating to Investor Relations, subject to the approval of the TSX-V, thereafter permit the Participant or its legal representative, as the case may be, to exercise all or any part of such unvested portion of the Option that would have vested prior to the time such Option otherwise terminates and therefore ceases to be exercisable pursuant to the terms of this Section. For greater certainty, and without limitation, this provision will apply regardless of whether the Participant ceased to be an Eligible Person voluntarily or involuntarily, was dismissed with or without cause, and regardless of whether the Participant received compensation in respect of dismissal or was entitled to a notice of termination for a period which would otherwise have permitted a greater portion of an Option to vest.

The Board retains the discretion to impose vesting periods on any options granted. In accordance with the policies of the TSX-V, stock options granted to consultants performing Investor Relations Activities must vest in stages over a minimum of 12 months with no more than one-quarter of the Options vesting in any three-month period.

Under Policy 4.4 of the TSX-V, all such rolling stock option plans which set the number of common shares issuable under a Stock Option Plan at a maximum of 10% of the issued and outstanding common shares must be approved and ratified by disinterested shareholders on an annual basis. Therefore, at the Meeting, disinterested shareholders will be asked to pass an ordinary resolution in the following form:

RESOLVED that:

(1) the Company approve and ratify, subject to regulatory approval, the Stock Option Plan pursuant to which the directors may, from time to time, authorize the issuance of options to directors, officers, employees and consultants of the Company and its subsidiaries to a maximum of 10% of the issued and outstanding common shares of the Company at the time of grant, with a maximum of 5% of the Company’s issued and outstanding common shares being reserved to any one person on a yearly basis; and

(2) any one officer or director of the Company is hereby authorized to execute and deliver all such documents and do all such acts and things as may be deemed advisable in such individual's discretion for the purpose of giving effect to this resolution.

Management recommends the ratification and approval of the Company's Stock Option Plan.

GENERAL MATTERS

It is not known whether any other matters will come before the Meeting other than those set forth above and in the Notice of Meeting, but if any other matters do arise, the person named in the Proxy intends to vote on any poll, in accordance with his or her best judgement, exercising discretionary authority with respect to amendments or variations of matters set forth in the Notice of Meeting and other matters which may properly come before the Meeting or any adjournment of the Meeting.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR+ at www.sedarplus.ca. Financial information about the Company is provided in the Company's comparative consolidated annual financial statements dated December 31, 2024, a copy of which, together with Management's Discussion and Analysis thereon, can be found on the Company's SEDAR+ profile at www.sedarplus.ca.

BOARD APPROVAL

The contents of this Circular have been approved and its mailing authorized by the directors of the Company.

DATED at Vancouver, British Columbia, the 3rd day of November, 2025.

ON BEHALF OF THE BOARD

"Eric Vanderleeuw"

Eric Vanderleeuw
Chief Executive Officer and Director

SCHEDULE "A"

ZACATECAS SILVER CORP.

AUDIT COMMITTEE CHARTER

(Implemented pursuant to National Instrument 52-110 – *Audit Committees*)

National Instrument 52-110 – *Audit Committees* (the "**Instrument**") relating to the composition and function of audit committees was implemented for reporting issuers and, accordingly, applies to every TSX Venture Exchange listed company, including Zacatecas Silver Corp. ("Zacatecas" or the "Company"). The Instrument requires all affected issuers to have a written audit committee charter which must be disclosed, as stipulated by Form 52-110F2, in the management information circular of the Company wherein management solicits proxies from the security holders of the Company for the purpose of electing directors to the board of directors. The Company, as a TSX Venture Exchange-listed company is, however, exempt from certain requirements of the Instrument.

This Charter has been adopted by the board of directors in order to comply with the Instrument and to more properly define the role of the Committee in the oversight of the financial reporting process of Zacatecas. Nothing in this Charter is intended to restrict the ability of the board of directors or Committee to alter or vary procedures in order to comply more fully with the Instrument, as amended from time to time.

I. MANDATE

The Audit Committee (the "Committee") of the Board of Directors (the "Board") of Zacatecas shall assist the Board in fulfilling its financial oversight responsibilities. The Committee's primary duties and responsibilities under this mandate are to serve as an independent and objective party to monitor:

1. The quality and integrity of Zacatecas's financial statements and other financial information;

2. The compliance of such statements and information with legal and regulatory requirements;

3. The qualifications and independence of Zacatecas's independent external auditor (the "Auditor"); and

4. The performance of Zacatecas's internal accounting procedures and Auditor.

II. STRUCTURE AND OPERATIONS

A. Composition

The Committee shall be comprised of three or more members.

B. Qualifications

Each member of the Committee must be a member of the Board.

Each member of the Committee must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement.

C. Appointment and Removal

In accordance with the Articles of Zacatecas, the members of the Committee shall be appointed by the Board and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. Any member of the Committee may be removed, with or without cause, by a majority vote of the Board.

D. Chair

Unless the Board shall select a Chair, the members of the Committee shall designate a Chair by the majority vote of all of the members of the Committee. The Chair shall call, set the agendas for and chair all meetings of the Committee.

E. Meetings

1. The Committee shall meet as frequently as circumstances dictate. The Auditor shall be given reasonable notice of, and be entitled to attend and speak at, each meeting of the Committee concerning the Company's annual financial statements and, if the Committee feels it is necessary or appropriate, at every other meeting. On request by the Auditor, the Chair shall call a meeting of the Committee to consider any matter that the Auditor believes should be brought to the attention of the Committee, the Board or the shareholders of the Company.

2. At each meeting, a quorum shall consist of a majority of members that are not officers or employees of the Company or of an affiliate of the Company.

As part of its goal to foster open communication, the Committee may periodically meet separately with each of management and the Auditor to discuss any matters that the Committee or any of these groups believes would be appropriate to discuss privately. In addition, the Committee should meet with the Auditor and management annually to review the Company's financial statements in a manner consistent with Section III of this Charter.

The Committee may invite to its meetings any director, any manager of the Company, and any other person whom it deems appropriate to consult in order to carry out its responsibilities. The Committee may also exclude from its meetings any person it deems appropriate to exclude in order to carry out its responsibilities.

III. DUTIES

A. Introduction

The following functions shall be the common recurring duties of the Committee in carrying out its purposes outlined in Section I of this Charter. These duties should serve as a guide with the understanding that the Committee may fulfill additional duties and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee outlined in Section I of this Charter.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern which the Committee in its sole discretion deems appropriate for study or investigation by the Committee.

The Committee shall be given full access to Zacatecas's internal accounting staff, managers, other staff and Auditor as necessary to carry out these duties. While acting within the scope of its stated purpose, the Committee shall have all the authority of, but shall remain subject to, the Board.

B. Powers and Responsibilities

The Committee will have the following responsibilities and, in order to perform and discharge these responsibilities, will be vested with the powers and authorities set forth below, namely, the Committee shall:

Independence of Auditor

1. Review and discuss with the Auditor any disclosed relationships or services that may impact the objectivity and independence of the Auditor and, if necessary, obtain a formal written statement from the Auditor setting forth all relationships between the Auditor and Zacatecas.

2. Take, or recommend that the Board take, appropriate action to oversee the independence of the Auditor.

3. Require the Auditor to report directly to the Committee.

4. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the Auditor and former independent external auditor of the Company.

Performance & Completion by Auditor of its Work

1. Be directly responsible for the oversight of the work by the Auditor (including resolution of disagreements between management and the Auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, including resolution of disagreements between management and the Auditor regarding financial reporting.

2. Review annually the performance of the Auditor and recommend the appointment by the Board of a new, or re-election by the Company's shareholders of the existing, Auditor for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for Zacatecas.

3. Recommend to the Board the compensation of the Auditor.

4. Pre-approve all non-audit services, including the fees and terms thereof, to be performed for the Company by the Auditor.

Internal Financial Controls & Operations of the Company

1. Establish procedures for:

   (a) the receipt, retention and treatment of complaints received by Zacatecas regarding accounting, internal accounting controls, or auditing matters; and

   (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Preparation of Financial Statements

1. Discuss with management and the Auditor significant financial reporting issues and judgments made in connection with the preparation of Zacatecas's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.

2. Discuss with management and the 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.

3. Discuss with management and the Auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.

4. Discuss with management Zacatecas's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.

5. Discuss with the Auditor the matters required to be discussed relating to the conduct of any audit, in particular:

   (a) The adoption of, or changes to, Zacatecas's significant auditing and accounting principles and practices as suggested by the Auditor, internal auditor or management.

   (b) The management inquiry letter provided by the Auditor and the Company's response to that letter.

(c) Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

Public Disclosure by the Company

1. Review Zacatecas's annual and interim financial statements, management discussion and analysis (MD&A) and earnings press releases before the Board approves and the Company publicly discloses this information.

2. Review Zacatecas's financial reporting procedures and internal controls to be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph, and periodically assessing the adequacy of those procedures.

3. Review disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process of the Company's financial statements about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

Manner of Carrying Out its Mandate

1. Consult, to the extent it deems necessary or appropriate, with the Auditor, but without the presence of management, about the quality of Zacatecas's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.

2. Request any officer or employee of Zacatecas or the Company's outside counsel or Auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

3. Meet, to the extent it deems necessary or appropriate, with management, any internal auditor and the Auditor in separate executive sessions.

4. Have the authority, to the extent it deems necessary or appropriate, to retain special independent legal, accounting or other consultants to advise the Committee advisors.

5. Make regular reports to the Board.

6. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

7. Annually review the Committee's own performance.

8. Provide an open avenue of communication among the Auditor, the Company's financial and senior management and the Board.

9. Not delegate these responsibilities.

C. Limitation of Audit Committee's Role

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that Zacatecas's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the Auditor.