

HAPPY CREEK MINERALS LTD.
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MANAGEMENT INFORMATION CIRCULAR
as at **July 21, 2021**

This Management Information Circular (the “Proxy Circular”) accompanies the Notice of Annual General Meeting given to the holders (the “Shareholders”) of common shares (the “Common Shares”) of Happy Creek Minerals Ltd. (“Happy Creek” or the “Company”) in respect of the annual general meeting (the “Meeting”) of Shareholders to be held on Tuesday, August 24, 2021 at #1500 – 885 West Georgia Street, Vancouver, British Columbia, Canada V6C 3E8, at the hour of 11:00 a.m. (PDT).

The contents and the sending of this Proxy Circular have been approved by the Directors of the Company.

Unless otherwise stated herein, all currency amounts indicated as “\$” in this Proxy Circular are expressed in Canadian Dollars, the Company’s reporting currency.

PROXIES AND VOTING RIGHTS

Solicitation of Proxies

The solicitation of proxies is being made on behalf of Management. Costs of the solicitation of proxies for the Meeting will be borne by the Company. It is expected that solicitations of proxies will be made primarily by mail but proxies may also be solicited by telephone or other personal contact by directors, officers and employees of the Company without special compensation. In addition to the use of mail, proxies may be solicited by personal interviews, personal delivery, telephone or any form of electronic communication or by directors, officers and employees of the Company who will not be directly compensated therefore. The Company has arranged for Intermediaries (as defined below) to forward Meeting Materials (as defined below) to Non-Registered Shareholders (as defined below) by those Intermediaries as the Registered Shareholders (as defined below) and the Company may reimburse the Intermediaries for their reasonable fees and disbursements in that regard.

Only a Shareholder whose name appears on the certificate(s) representing its Common Shares (a “Registered Shareholder”) or its duly appointed proxy nominee is permitted to vote at the Meeting. A Shareholder is a non-registered Shareholder (a “Non-Registered Shareholder”) if its Common Shares are registered in the name of an intermediary, such as an investment dealer, brokerage firm, bank, trust company, trustee, custodian, administrator or other nominee, or a clearing agency in which the intermediary participates (each, an “Intermediary”). Accordingly, most Shareholders of the Company are Non-Registered Shareholders because the Common Shares they own are not registered in their names but are instead registered in the name of the Intermediary through which they own the Common Shares.

More particularly, a person is a Non-Registered Shareholder in respect of Common Shares which are held on behalf of that person, but which are registered either: (a) in the name of an Intermediary that the Non-Registered Shareholder deals with in respect of the Common Shares; or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited (“CDS”)) of which the Intermediary is a participant. In Canada, the vast majority of securities are registered under the name of CDS, which acts as nominee for many Canadian brokerage firms. Common Shares so held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Non-Registered Shareholder. Without specific instructions, Intermediaries are prohibited from voting Common Shares held for Non-Registered Shareholders.

These proxy solicitation materials are being sent to both Registered Shareholders and Non-Registered Shareholders. If the Company or its agent has sent these materials directly to a Non-Registered Shareholder, such Non-Registered Shareholder’s name and address and information about its holdings of Common Shares have been obtained in accordance with the requirements under applicable securities laws from the Intermediary holding the Common Shares on such Non-Registered Shareholder’s behalf.

Non-Registered Shareholders who have not objected to their Intermediary disclosing certain information about them to the Company are referred to as non-objecting beneficial owners (“**NOBOs**”), whereas Non-Registered Shareholders who have objected to their Intermediary disclosing ownership information about them to the Company are referred to as objecting beneficial owners (“**OBOs**”). In accordance with National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), the Company has elected to send the Notice of Meeting, this Proxy Circular and

the related form of proxy or voting instruction form (collectively, the “**Meeting Materials**”) indirectly to the NOBOs and to the OBOs through their Intermediaries.

How to Vote

Due to the public health restrictions related to the Covid-19 virus and taking into account the health and safety of our employees, Shareholders, service providers and other stakeholders, the Meeting will only be open to Registered Shareholders and duly appointed proxy holders. The Company asks that anyone planning to attend the Meeting in person advise the Company at klove@happycreekminerals.com. Further restrictions with regard to the Meeting may be implemented by the Company as required in accordance with applicable law. Shareholders are encouraged to vote by proxy, by mail, by telephone or on the Internet, in advance of the deadline set forth in the Proxy Circular, rather than attend the Meeting. The Company is not aware of any items of business to be brought before the Meeting other than those described in the Proxy Circular and there will be no management presentation on the business and operations of the Company at the Meeting.

Registered Shareholders can vote their common shares by proxy, by mail, by telephone or on the Internet. If you vote your common shares by proxy by mail, completed forms of proxies must be received by the Company’s transfer agent, Computershare Trust Company of Canada Inc., Proxy Department, at 100 University Avenue, 8th Floor, Toronto, Ontario, Canada M5J 2Y1. Telephone and Internet voting can also be completed 24 hours a day, 7 days a week which is noted on your proxy form. If you vote by telephone, you cannot appoint anyone other than the appointees named on the proxy form as your proxyholder. For internet voting, go to www.investorvote.com and follow the instructions on the screen. For either telephone or internet voting, you will need your 15-digit control number which is noted on your proxy form. Duly completed forms of proxy or a vote using the telephone or over the Internet must be completed no later than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment thereof.

Non-Registered Shareholders will receive voting instructions from the Intermediary through which they hold their common shares. Please follow the instructions provided on your voting instruction form to vote your common shares.

Appointment of Proxies

Registered Shareholders

The persons named in the accompanying form of proxy are nominees of the Company’s Management. **A Shareholder has the right to appoint a person or company (who need not be a Shareholder) to attend and act for and on the Shareholder’s behalf at the Meeting other than the persons designated as proxyholders in the accompanying form of proxy. To exercise this right, the Shareholder must either:**

- (a) on the accompanying form of proxy, strike out the printed names of the individuals specified as proxyholders and insert the name of the Shareholder’s nominee in the blank space provided; or**
- (b) complete another proper form of proxy.**

In either case, to be valid, a proxy must be dated and signed by the Shareholder or by the Shareholder’s attorney authorized in writing. In the case of a company, the proxy must be signed by a duly authorized officer of, or attorney for, the company.

The completed proxy, together with the power of attorney or other authority, if any, under which the proxy was signed, or a notarially certified copy of the power of attorney or other authority, must be delivered to Computershare Trust Company of Canada Inc., Proxy Department, at 100 University Avenue, 8th Floor, Toronto, Ontario, Canada M5J 2Y1, or by telephone, internet or facsimile (in accordance with the instructions provided in the form of proxy delivered herewith), by 11:00 a.m. (PDT) on Friday, August 20, 2021 or at least 48 hours (excluding Saturdays, Sundays and holidays) before the time that the Meeting is to be reconvened after any adjournment of the Meeting. The deadline for the deposit of proxies may be waived or extended by the Chair of the Meeting at the Chair’s discretion without notice.

Non-Registered Shareholders

Only Registered Shareholders or duly appointed proxyholders for Registered Shareholders are permitted to vote at the Meeting. Non-Registered Shareholders (whether NOBOs or OBOs) are advised that only proxies from Shareholders of record can be recognized and voted at the Meeting.

The Intermediary holding Common Shares on behalf of a Non-Registered Shareholder is required to forward the Meeting Materials to such Non-Registered Shareholder (unless such Non-Registered Shareholder has waived its right to receive the

Meeting Materials) and to seek such Non-Registered Shareholder's instructions as how to vote its Common Shares in respect of each of the matters described in this Proxy Circular to be voted on at the Meeting. Each Intermediary has its own procedures which should be carefully followed by Non-Registered Shareholders to ensure that their Common Shares are voted by the Intermediary on their behalf at the Meeting. The instructions for voting will be set out in the form of proxy or voting instruction form provided by the Intermediary. Non-Registered Shareholders should contact their Intermediary and carefully follow the voting instructions provided by such Intermediary. Alternatively, Non-Registered Shareholders who wish to vote their Common Shares in person at the Meeting may do so by appointing themselves as the proxy nominee by writing their own name in the space provided on the form of proxy or voting instruction form provided to them by the Intermediary and following the Intermediary's instructions for return of the executed form of proxy or voting instruction form.

All references to Shareholders in this Proxy Circular and the accompanying Notice of Meeting and form of proxy are to Shareholders of record at the close of business on the Record Date (as defined below) unless specifically stated otherwise.

Revocation of Proxies

A Shareholder who has given a proxy may revoke it at any time before the proxy is exercised:

- (a) by an instrument in writing that is:
 - (i) signed by the Shareholder, the Shareholder's legal personal representative or trustee in bankruptcy or, where the Shareholder is a company, a duly authorized officer of, or attorney for, the company; and
 - (ii) delivered to Computershare Trust Company of Canada Inc., Proxy Department, at 100 University Avenue, 8th Floor, Toronto, Ontario, Canada M5J 2Y1 or to the registered office of the Company located at Suite 2600 – 595 Burrard Street, Vancouver, British Columbia, Canada V7X 1L3 at any time up to and including the last business day preceding the day of the Meeting or any adjournment of the Meeting;
- (b) by sending another proxy form with a later date to Computershare Trust Company of Canada Inc. before 11:00 a.m. (PDT) Friday, August 20, 2021, or at least 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned or postponed Meeting;
- (c) by attending the Meeting and notifying the Chair of the Meeting in writing prior to the commencement of the Meeting that the Shareholder has revoked its proxy; or
- (d) in any other manner provided by law.

A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

Voting and Exercise of Discretion by Proxyholders

A Shareholder may indicate the manner in which the persons named in the accompanying form of proxy are to vote with respect to a matter to be acted upon at the Meeting by marking the appropriate space. **The Common Shares represented by the proxy will be voted for, against, or withheld from voting in accordance with the instructions given by the Shareholder in the proxy on any ballot that may be called for.**

If the Shareholder specifies a choice in the proxy with respect to a matter to be acted upon, then the Common Shares represented thereby will be voted for, against, or withheld from the vote on that matter accordingly. If no choice is specified in the proxy with respect to a matter to be acted upon, it is intended that the proxyholder named by Management in the accompanying form of proxy will vote the Common Shares represented by the proxy in favour of each matter identified in the proxy and for the nominees for election to the Company's Board of Directors and auditor.

The accompanying form of proxy also confers discretionary authority upon the named proxyholder with respect to amendments or variations to the matters identified in the accompanying Notice of Meeting and with respect to any other matters which may properly come before the Meeting. **As of the date of this Proxy Circular, Management of the Company is not aware of any such amendments or variations, or any other matters that will be presented for action at the Meeting other than those referred to in the accompanying Notice of Meeting. If, however, other matters that are not now known to Management properly come before the Meeting, then the persons named in the accompanying form of proxy intend to vote on them in accordance with their best judgment.**

The Company is not relying on the notice-and-access delivery procedures outlined in NI 54-101 to distribute copies of Meeting Materials.

RECORD DATE, VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of Common Shares of which **122,661,955** are issued and outstanding as of the date hereof. Each Common Share is entitled to one vote. The Common Shares have been listed posted for trading on the TSX Venture Exchange (“**TSXV**”) under the stock symbol “**HPY**” since August 9, 2006.

In accordance with applicable laws, the board of directors of the Company (the “**Board**”) has fixed a record date as at July 15, 2021 (the “**Record Date**”) for the purposes of determining Shareholders entitled to receive notice of, and to vote at, the Meeting, and has obtained a list of all persons who are Registered Shareholders at the close of business on the Record Date and the number of Common Shares registered in the name of each Registered Shareholder on that date. Each Registered Shareholder as at the close of business on the Record Date will be entitled to receive notice of the Meeting and will be entitled to one vote at the Meeting for each Common Share registered in his or her name as it appears on the list.

To the knowledge of the directors and senior officers of the Corporation, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, Shares carrying more than 10% of the voting rights attached to the outstanding Shares of the Corporation.

Interest of Certain Persons in Matters to be Acted Upon

Except as may be disclosed herein, no director or executive officer of the Company, or any person who has held such a position since the beginning of the last completed financial year end of the Company, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting. Directors and executive officers may, however, be interested in the annual approval of the Company’s Amended 2006 Stock Option Plan (the “**Stock Option Plan**”) as detailed in “**Annual Approval of Stock Option Plan**”.

ANNUAL GENERAL BUSINESS OF THE MEETING

Receipt of Financial Statements

The audited consolidated annual financial statements of the Company for the year ended January 31, 2021 and accompanying auditor’s report, and the management’s discussion and analysis of the Company for the year ended January 31, 2021, which have been previously filed under the Company’s profile on SEDAR at www.sedar.com and are available on the Company’s website at www.happycreekminerals.com, will be presented at the Meeting. No vote by the Shareholders is required to be taken with respect to the Financial Statements for the year ended January 31, 2021.

Appointment and Remuneration of Auditors

Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted for the appointment of DeVisser Gray LLP, Chartered Accountants, of #401 – 905 West Pender Street, Vancouver, British Columbia Canada V6C 1L6 (“**DeVisser**”) as auditors of the Company to hold office until the close of the next annual meeting of the Company, at a remuneration to be fixed by the directors of the Company. **The Board recommends a vote “FOR” the appointment of DeVisser as the auditor of the Company to hold office until the close of the next annual meeting of Shareholders and to authorize the directors to fix the auditor’s remuneration.**

Election of Directors

The term of office of each of the present directors expires at the Meeting. The Board proposes to nominate the persons named in the table below for election as directors of the Company. The five nominees are all existing directors of the Company.

Each director elected will hold office until the next annual general meeting of the Company or until his or her successor is duly elected or appointed, unless the office is earlier vacated in accordance with the Articles of the Company or the *Business Corporations Act* (BC) (“**BCABC**”) or he or she becomes disqualified to act as a director.

Advance Notice Policy

The Company’s Articles include an advance notice policy (the “**ANP**”), which includes, among other things, a provision that requires advance notice be given to the Company in circumstances where nominations of persons for election to the Board are made by Shareholders of the Company. In the case of an annual meeting of Shareholders, notice to the Company must be made not later than 5:00 p.m. (Vancouver time), not less than 30 nor more than 65 days prior to the date of the

annual meeting of Shareholders, provided, however, that if the annual meeting of Shareholders is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the 10th day following the notice. In the case of a special meeting of Shareholders which is not also an annual meeting and is called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the 15th day following the first public announcement of the date of the meeting was made.

Additionally, the ANP sets forth the information that a Shareholder must include in the notice to the Company and establishes the form in which the Shareholder must submit the notice for that notice to be in proper written form. The Company's Articles also prescribe the proper written form for a Nominating Shareholder's notice. The Company's Articles, which contain the full text of the Advance Notice Policy, are available on the Company's website.

The chair of the Meeting shall have the power and duty to determine whether a nomination was made in accordance with the notice procedures set forth in the Articles and, if any proposed nomination is not in compliance with such provisions, the discretion to declare that such defective nomination will be disregarded.

The Company filed the Notice of Meeting and Record Date on SEDAR on June 18, 2021. As at the date hereof, no nominations for directors were received in accordance with the provisions of the ANP.

Director Nominees

The following table provides the name, residence, participation on the Company's Board and Board committees, number of Common Shares beneficially owned or controlled or directed as of the date of this Proxy Circular and principal occupation during the preceding five years of each of the nominated directors of the Company. The Company has been advised that each of the nominated directors is willing to serve on the Board for the ensuing year. Each director will hold office until the next annual meeting of Shareholders or until his or her successor is duly elected or appointed, unless the office is earlier vacated in accordance with the Articles of the Company or the BCABC or he or she becomes disqualified to act as a director. Each director has provided the information about the securities that he or she owns or over which he or she exercises control or direction.

The Board recommends a vote "FOR" the appointment of each of the following nominees as directors. In the absence of a contrary instruction, the person(s) designated by management of the Company in the enclosed form of proxy intend to vote FOR the election as directors of the proposed nominees whose names are set forth below, each of whom has been a director since the date indicated below opposite the proposed nominee's name.

Name and Jurisdiction of Residence	Current Occupation/Biography	Served as a Director Since	Number of Voting Securities of the Corporation Beneficially Owned or Controlled or Directed, Directly or Indirectly ⁽¹⁾
Michael Cathro British Columbia, Canada	Occupation: Interim President and Chief Executive Officer of the Corporation since March 23, 2021. Professional Geoscientist. Biography: Principal of Cathro Resource Corp., a private company which provides geological consulting and management services. Mr. Cathro previously served as VP Operations for Skeena Resources Ltd., and as the chair and director of Geoscience BC. Mr. Cathro holds a B.Sc. (Honours) from Queen's University and a M.Sc. from the Colorado School of Mines.	November 9, 2012	1,913,166 ⁽²⁾
David Blann British Columbia, Canada	Occupation: Professional Geological Engineer Biography: President of Standard Metals Exploration Ltd., a private company which provides geological and consulting services; from November 17, 2004 to March 23, 2021, President and from April 18, 2006 to March 23, 2021 Chief Executive Officer of the Corporation.	November 17, 2004	5,701,801 ⁽³⁾

Name and Jurisdiction of Residence	Current Occupation/Biography	Served as a Director Since	Number of Voting Securities of the Corporation Beneficially Owned or Controlled or Directed, Directly or Indirectly ⁽¹⁾
Rodger Gray Ontario, Canada	Occupation: Vice President of Pollitt & Co. Inc. Biography: Previously Mr. Gray was Vice President Wellington-Altus and prior thereto, Founder, President and Chief Executive Officer of Toll Cross Securities Inc.	October 6, 2014	1,094,702 ⁽⁴⁾
Walter Segsworth British Columbia, Canada	Occupation: Retired Mining Professional. Biography: Mr. Segsworth currently serves on the Board of Directors of Pan American Silver Corp. and Sabina Gold & Silver Corp.; Chairman of the Corporation from March 24, 2017 to July 7, 2020; Executive Chairman of the Corporation from July 7, 2020 to March 23, 2021; Non-Executive Chairman of the Corporation since March 23, 2021.	January 9, 2017	1,292,222 ⁽⁵⁾
Sarah Weber British Columbia, Canada	Occupation: President and Chief Executive Officer of C3 Alliance Corp., a private consulting company Biography: Ms. Weber is a Professional Geoscientist with over 20 years of diversified experience in the natural resource sector including extensive experience working with Indigenous Communities and government within BC. Ms. Weber holds a B.Sc. in Geology from the University of British Columbia and an Executive MBA from the Beedie School of Business, Simon Fraser University.	March 23, 2021	65,000 ⁽⁶⁾

⁽¹⁾ Securities beneficially owned, directly or indirectly, or over which control or direction is exercised, as at July 19, 2021, based upon information furnished to the Corporation by the individual nominees.

⁽²⁾ Mr. Cathro also holds 311,000 common shares of the Corporation in his RRSP, incentive stock options entitling him to purchase up to 1,700,000 common shares of the Corporation and 316,666 non-transferable share purchase warrants. In addition, Mr. Cathro's partner, Susan Tevendale, holds a total of 85,000 common shares and a further 173,500 common shares in her RRSP.

⁽³⁾ Mr. Blann holds incentive stock options entitling him to purchase up to 1,350,000 common shares of the Corporation and 247,300 non-transferable share purchase warrants.

⁽⁴⁾ Mr. Gray holds incentive stock options entitling him to purchase up to 1,350,000 common shares of the Corporation and 200,000 non-transferable share purchase warrants.

⁽⁵⁾ Mr. Segsworth also holds 851,867 common shares of the Corporation in the Walter Segsworth Family Trust, incentive stock options to purchase up to 1,350,000 common shares of the Corporation and 222,222 non-transferable share purchase warrants.

⁽⁶⁾ Ms. Weber holds incentive stock options entitling her to purchase up to 1,000,000 common shares of the Corporation and 50,000 non-transferable share purchase warrants.

There are presently two standing committees of the Board: the Audit Committee and the Compensation Committee. The following table sets out the members of such committees:

Audit Committee	Compensation Committee
Rodger Gray (Chair)	Walter Segsworth (Chair)
Sarah Weber	Rodger Gray
Mike Cathro	Sarah Weber

No proposed Director is to be elected under any arrangement or understanding between the proposed Director and any other person or company, except the Directors and executive officers of the Company acting solely in such capacity.

To the knowledge of the Company, no proposed director of the Company is, or within the 10 years prior to the date of this Proxy Circular, has been, a director or executive officer of any company that:

- (i) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued while that person was acting in that capacity;

- (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued after the proposed director ceased to act in that capacity, and which resulted from an event that occurred while that person was acting in that capacity; or
- (iii) 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.

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

No proposed director of the Company has been subject to 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 has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Annual Approval of Stock Option Plan

At the Meeting, Shareholders will be asked, if thought advisable, to approve the continuation of the Stock Option Plan. The purpose of the Stock Option Plan is to provide an incentive to directors, employees and consultants to acquire a proprietary interest in the Company, to continue their participation in the affairs of the Company and to increase their efforts on behalf of the Company.

The following summary of the Stock Option Plan does not purport to be complete and is qualified in its entirety by reference to the Stock Option Plan.

1. Eligible Participants. Stock options (“**Options**”) may be granted under the Stock Option Plan to directors or officers of the Company or individuals providing management services to the Company (collectively, the “**Directors**”), employees of the Company (collectively, the “**Employees**”) or consultants of the Company (collectively, the “**Consultants**”). The Board, in its discretion, determines which of the Directors, Employees or Consultants will be awarded Options under the Stock Option Plan.
2. Number of Shares Reserved. The number of Common Shares which may be issued pursuant to Options granted under the Stock Option Plan may not exceed 10% of the issued and outstanding Common Shares of the Company from time to time at the date of granting of Options (including all Options granted by the Company prior to the adoption of the Stock Option Plan and under the Stock Option Plan). Options which are cancelled or expire prior to exercise continue to be issuable under the Stock Option Plan.
3. Limitations. Under the Stock Option Plan, the aggregate number of Options granted to any one person in a 12-month period must not exceed 5% of the issued and outstanding shares of the Company, calculated on the date the option is granted. The aggregate number of Options granted to any one Consultant in a 12-month period must not exceed 2% of the issued and outstanding shares of the Company, calculated at the date the option is granted. The aggregate number of Options granted to all persons retained to provide investor relations services to the Company (including Consultants and Employees or Directors whose role and duties primarily consist of providing investor relations services) must not exceed 2% of the issued and outstanding shares of the Company in any 12-month period, calculated at the date an option is granted to any such person.
4. Term of Options. Subject to the termination and change of control provisions noted below, the terms of any option granted under the Stock Option Plan is determined by the Board and may not exceed ten years from the date of grant.
5. Exercise Price. The exercise price of Options granted under the Stock Option Plan is determined by the Board, provided that it is not less than the discounted market price, as that term is defined in the TSX Venture Exchange (the “**Exchange**”) Corporate Finance policy manual or such other minimum price as is permitted by the Exchange in accordance with the policies from time to time, or, if the Common Shares are no longer listed on the Exchange, then such other exchange or quotation system on which the Common Shares are listed or quoted for trading. The exercise price of Options granted to insiders may not be decreased without disinterested shareholder approval at the time of the proposed amendment.
6. Vesting. All Options granted pursuant to the Stock Option Plan will be subject to such vesting requirements as may be prescribed by the Exchange, if applicable, or as may be imposed by the Board.

7. Termination. Any Options granted pursuant to the Stock Option Plan will terminate upon the earliest of:
- (a) such date as the Board has fixed when the option is granted, provided that the date is no more than one year from the date on which the holder ceases to be eligible (the “**Cessation Date**”) to hold the option;
 - (b) the end of the term of the option;
 - (c) if the Cessation Date is as a result of dismissal for cause or regulatory sanction, then immediately on the Cessation Date; or
 - (d) if the Cessation Date is as a result of death or disability, then the date that is one year from the date of such death or disability.

Disinterested shareholder approval will be sought in respect of any material amendment to the Stock Option Plan.

Shareholder Approval

Shareholders will be asked at the Meeting to approve with or without variation the following ordinary resolution:

“BE IT RESOLVED THAT:

- (a) the Company’s Amended 2006 Stock Option Stock Option Plan be confirmed, ratified and approved, and that in connection therewith a maximum of 10% of the Company’s issued and outstanding Common Shares at the time of each grant be approved for granting as Options; and
- (b) any director or officer of the Company be authorized and directed to do all acts and things and to execute and deliver all documents required, as in the opinion of such director or officer may be necessary or appropriate in order to give effect to this resolution.”

The Board recommends a vote “FOR” the approval of the Company’s Amended 2006 Stock Option Stock Option Plan. In the absence of a contrary instruction, the persons designated by management of the Company in the enclosed form of proxy intend to vote FOR the approval of the Company’s Amended 2006 Stock Option Stock Option Plan.

A copy of the Stock Option Plan is made available at the records office of the Company located at #1200 – 750 West Pender Street, Vancouver, British Columbia, Canada, until the business day immediately preceding the date of the Meeting, and a copy will also be made available at the Meeting.

OTHER BUSINESS

Management of the Corporation knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. However, if any other matters that are not known to management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.

STATEMENT OF EXECUTIVE COMPENSATION

The disclosure required by Form 51-102F6, Statement of Executive Compensation, was prepared and filed by the Company on July 16, 2021 and is available on the Company’s profile on SEDAR at www.sedar.com. The disclosure contained in the Form 51-102F6, Statement of Executive Compensation, filed by the Company is incorporated by reference into this Proxy Circular.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out information as of the end of the Company’s most recently completed financial year with respect to compensation plans under which equity securities of the Company are authorized for issuance.

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 issuances under equity compensation plan (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders (2016 Stock Option Plan)	9,150,000	\$0.17	3,116,195
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Non-Transferrable Share Purchase Warrants	17,590,743 ⁽¹⁾⁽²⁾		N/A
Finder's Warrants (Non-Transferable)	1,384,393 ⁽²⁾		N/A
Total			3,116,195

Notes:

- (1) On September 24, 2019, the Company completed a non-brokered private placement, issuing 6,793,572 flow-through common shares (each a "FT Share") at a price of \$0.14 per FT Share for gross proceeds of \$951,100 and 4,779,664 non-flow-through shares (each a "NFT Share") at a price of \$0.12 for gross proceeds of \$573,560, for combined proceeds of \$1,524,660. Cash finders' fees of \$109,189 were paid and 618,000 finders' warrants were issued as part of the financing. Each warrant entitles the holder to purchase one additional common share for a two-year period to and until September 17, 2021, at a price of \$0.17.
- (2) On November 19, 2020, the Company completed a non-brokered private placement, issuing 14,195,000 flow-through common shares (each a "FT Share") at a price of \$0.10 per FT Share for gross proceeds of \$1,419,500 and 2,777,743 non-flow-through shares (each a "NFT Share") at a price of \$0.09 for gross proceeds of \$249,997, for combined proceeds of \$1,669,497. Cash finders' fees of \$97,694 were paid, and 500,000 common shares and 1,384,393 finders' warrants were issued as part of the financing. Each warrant entitles the holder to purchase one additional common share for a three-year period to and until November 19, 2023, at a price of \$0.12.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Company, no proposed nominee for election as a Director of the Company and no associate of such persons:

- (a) is or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or its subsidiaries; or
- (b) is indebted to another entity, which indebtedness is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or its subsidiaries; or
- (c) is indebted in relation to a securities purchase program or any other related program.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than the election of Directors, no person who has been a Director or executive officer of the Company at any time since the beginning of the Company's last financial year, no proposed nominee of management of the Company for election as a Director of the Company and no associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting, except that the Directors and executive officers of the Company may have an interest in the resolution regarding the annual approval of the Company's 2016 Stock Option Plan as described under "Annual Approval of Stock Option Plan", as such persons are eligible to participate in such plan.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the best of the Corporation's knowledge, no informed person of the Corporation, proposed nominees for election as directors, or any associate or affiliate of any informed person or proposed nominee, has or has had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or will materially affect the Corporation or any of its subsidiaries.

MANAGEMENT CONTRACTS

Management functions of the Company are not to any substantial degree performed by anyone other than by the directors or executive officers of the Company.

STATEMENT OF CORPORATE GOVERNANCE

The Company is listed on the TSXV and discloses its corporate governance practices using the disclosure requirements in National Instrument 58-101F2, *Disclosure of Corporate Governance Practices* ("NI 58-101F2") that apply to issuers listed on the TSXV. The Company's statement of corporate governance practices is made with reference to National Policy 58-201, *Corporate Governance Guidelines* and NI 58-101F2 (collectively the "**Governance Guidelines**") which are initiatives of the Canadian Securities Administrators. The corporate governance practices of the Company also conform to the TSXV corporate governance guidelines, which have essentially been supplanted by the Governance Guidelines. NI 58-101F2 mandates disclosure of corporate governance practices which disclosure is set out below.

While the Corporation does not have a formal Corporate Governance Committee, the Corporation recognizes that good governance is a business imperative and the Corporation's approach to governance has been tailored to its size and stage of development.

Independence of Members of Board

The composition of the Board currently consists of five members: David E. Blann, Michael Cathro, Rodger Gray, Walter Segsworth and Sarah Weber. It is proposed that all five of these individuals be nominated for re-election at the Meeting.

Mr. Rodger Gray and Ms. Sarah Weber qualify as independent directors. For this purpose, a director is independent if they have no direct or indirect "material relationship" with the Company. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of the director's independent judgment. Of the proposed nominees, Michael Cathro, who is Interim President and CEO, is considered not to be independent for purposes of membership on the Board. Messrs. David E. Blann and Walter Segsworth, former President and CEO and Executive Chair, respectively, may also not be considered independent for purposes of membership on the Board since they held executive positions with the Corporation within the last three fiscal years.

The independent directors exercise their responsibilities for independent oversight of management and are provided with leadership through their position on the Board and ability to meet independently of management whenever deemed necessary.

Participation of Directors in Other Reporting Issuers

The following table sets forth the directors of the Company who are directors of other reporting issuers:

<i>Name</i>	<i>Name of other reporting issuer</i>
Walter Segsworth	Pan American Silver Corp. Sabina Gold & Silver Corp.
Sarah Weber	Snowline Gold Corp. Germinate Capital Ltd.

Orientation and Continuing Education

Orientation of new members of the Board is conducted informally by management and members of the Board. The Company has not adopted formal policies respecting continuing education for Board members.

The measures that the Board of Directors takes in connection with orienting new Board members regarding the role of the Board, its directors, the committees of the Board and the nature and operation of the Company's business include providing each new member with information concerning the role and responsibilities of a public company director and discussing with new members the Company's operations. New directors also have the opportunity to meet with management, technical experts and consultants of the Company. As each director has a different set of skills and professional background, the Board seeks to tailor orientation of new members according to the particular needs and experience of each new director.

The Board encourages continued education for its directors and ensures that all directors are kept apprised of changes in the Company's operations and business and changes in the regulatory environment affecting the Company's day to day business. At regular intervals, management provides updates and briefings to directors with respect to the business and operations of the Company. The Company's outside legal counsel also provides directors and senior officers with summary updates of any developments relating to the duties and responsibilities of directors and officers and corporate governance matters. Board members may also attend external education seminars that they determine necessary to keep themselves up-to-date with current issues relevant to their services as directors of the Company.

Ethical Business Conduct

The Company is committed to conducting its business in compliance with the law and the highest ethical standards. Accordingly, the Company has adopted a written Code of Business Conduct and Ethics, as amended (the "**Code**") applicable to directors, officers and all employees of the Company. Directors, officers or employees who have concerns or questions about violations of laws, rules or regulations, or of the Code, are required to report them to the Company's legal counsel. Following the receipt of any complaints submitted hereunder, the Company's legal counsel will investigate each matter so reported and report to the Board which will take corrective disciplinary actions, if appropriate, up to and including termination of employment. The Company encourages all directors, officers, and employees to report promptly any suspected violation of the Code to the Company's legal counsel. The Company does not tolerate any retaliation for reports or complaints regarding suspected violations of the Code that were made in good faith. There has been no departure from the Code during the Company's most recently completed financial year.

All directors, officers and employees have an obligation to act in the best interest of the Company. Any situation that presents an actual or potential conflict between a director, officer or employee's, personal interests and the interests of the Company are to be reported to the Company's legal counsel.

The Code is available on the Company's website at www.happycreekminerals.com, and is available under the Company's profile on SEDAR at www.sedar.com.

Internal Employee Alert Policy

The Company has adopted a written Internal Employee Alert to encourage the Company's officers, directors and employees to raise concerns regarding accounting, internal controls or auditing matters, on a confidential basis free from discrimination, retaliation or harassment. The Whistleblower Policy is administered by the Audit Committee, a copy of which is posted on the Company's website at www.happycreekminerals.com.

In addition, the Company has adopted a Blackout Period Policy for its directors, executive officers and senior management of the Company to raise the general level of awareness of the trading and confidential obligations of directors, executive officers and senior management. All directors, executive officers and senior management are expected to comply with the Blackout Period Policy.

Nomination of Directors

The Board has not established a nominating committee and this function is currently performed by the Board as a whole.

The Board considers its size each year when it considers the number of directors to recommend to the Shareholders for election at the annual general meeting. The Board takes into account the number of directors required to carry out the Board's duties effectively and to maintain diversity of views and experience. The Board considers the competencies and skills that the Board as a whole, should possess, the competencies and skills of existing Board members and the competencies and skills of proposed new Board members. The Board utilizes its extensive knowledge of the industry and personal contacts to identify potential nominees that possess the desired skills and competencies.

During the recently-completed financial year, the Board recruited Ms. Sarah Weber, P.Geo., MBA, as a director to enhance the Board's diversity and strengthen its skills and areas of expertise. Ms. Weber is a Professional Geoscientist with over 20 years of diversified experience in the natural resource sector including extensive experience working with Indigenous Communities and government within BC. Ms. Weber is currently President and Chief Executive Officer of C3 Alliance Corp., a private consulting company that works closely with Indigenous peoples, the resource sector, governments and communities. Ms. Weber provides leadership in building positive relationships between industry, Chambers of Commerce, municipal governments, Provincial governments, Indigenous communities and NGOs.

Compensation

For information regarding the steps taken to determine compensation for the directors and the CEO, reference is made to the disclosure contained in the Corporation's Form 51-102F6, Statement of Executive Compensation, dated July 16, 2021 and available on the Company's profile on SEDAR at www.sedar.com. The disclosure contained in the Form 51-102F6, Statement of Executive Compensation, filed by the Company is incorporated by reference into this Proxy Circular.

Other Board Committees

In addition to the Audit Committee, the Board has, subsequent to its recently-completed financial year end, established a Compensation Committee.

Compensation Committee

The principal purpose of the Compensation Committee is to implement and oversee compensation policies approved by the Board. The duties and responsibilities of the Compensation Committee include, without limitation, the following:

- (a) to recommend to the Board compensation policies and guidelines for the Company; and
- (b) to review and approve corporate goals and objectives relevant to the compensation of the CEO and, in light of those goals and objectives, to recommend to the Board the annual salary, bonus and other benefits, direct and indirect, of the CEO and to approve compensation for all other designated officers of the Company, after considering the recommendations of the CEO, all within the human resources and compensation policies and guidelines approved by the Board.

The members of the Corporation's Compensation Committee members are Walter Segsworth (Chair), Rodger Gray and Sarah Weber. All of the members of the Compensation Committee are independent, except for Mr. Segsworth who is currently non-executive Chair, but who was Executive Chairman of the Corporation during the past three years.

All members of the Compensation Committee have direct experience that is relevant to their responsibilities as Compensation Committee members. All of the members of the Compensation Committee have acted as Directors and/or Officers for a public company, and therefore have a good understanding of how compensation works and how to motivate staff. All of the members have good financial understanding, which allows them to assess the costs versus benefits of compensation plans. The members combined experience in the resource sector provides them with the understandings of the Company's success factors and risks which is very important when determining the metrics for measuring success. The Company did not retain any compensation consultants or advisors during or since the year ended January 31, 2021.

The Board appoints the members of the Compensation Committee for the ensuing year at its organizational meeting held in conjunction with each annual general meeting of the Company's Shareholders. The Board may at any time remove or replace any member of the Compensation Committee and may fill any vacancy in the Compensation Committee.

The Compensation Committee meets at least once annually on such dates and at such locations as the Chair of the Compensation Committee determines. The Compensation Committee has access to such officers and employees of the Company and to such information respecting the Company and may engage independent counsel or advisors at the expense of the Company, all as it considers to be necessary or advisable in order to perform its duties and responsibilities.

Assessments

The Board annually, and at such other times as it deems appropriate, reviews the performance and effectiveness of the Board, the directors and its committees to determine whether changes in size, personnel or responsibilities are warranted. To assist in its review, the Board conducts informal surveys of its directors and receives reports from each committee respecting its own effectiveness.

AUDIT COMMITTEE

National Instrument 52-110 of the Canadian Securities Administrators ("NI 52-110") requires the Company, as a venture issuer, to disclose annually in its Proxy Circular certain information concerning the constitution of its audit committee (the "Audit Committee") and its relationship with its independent auditor, as set forth in the following.

Audit Committee Disclosure

Pursuant to Section 224(1) of the British Columbia *Business Corporations Act* and NI 52-110 the Company is required to have an 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.

The primary function of the Audit Committee is to assist the Board in fulfilling its financial oversight responsibilities by: (a) reviewing the financial reports and other financial information provided by the Company to regulatory authorities and Shareholders; (b) reviewing the systems for internal corporate controls which have been established by the Board and management; and (c) overseeing the Company's financial reporting processes generally. In meeting these responsibilities, the Audit Committee monitors the financial reporting process and internal control system; reviews and appraises the work of external auditors and provides an avenue of communication between the external auditors, senior management and the Board. The Audit Committee is also mandated to review and approve all material related party transactions.

The Audit Committee's Charter

The Company has adopted a Charter of the Audit Committee of the Board of Directors, a copy of which is attached as Schedule "A".

Composition of the Audit Committee

The Audit Committee is comprised of the following members: Michael Cathro, Rodger Gray and Sarah Weber. Rodger Gray and Sarah Weber are considered independent. Michael Cathro is the Interim President and CEO of the Company. Each member of the Audit Committee is considered to be financially literate as defined by NI 52-110 in that he has 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 issues that can presumably be expected to be raised by the Company's financial statements.

The members of the Audit Committee are elected by the Board at its first meeting following the annual Shareholders' meeting. Unless a Chair is elected by the full Board, the members of the Audit Committee designate a Chair by a majority vote of the full Audit Committee membership.

Relevant Education and Experience

Michael Cathro – Mr. Cathro is a professional geoscientist whose career includes work with major and junior mining companies in Canada and overseas, and 17 years with the B.C. Ministry of Energy, Mines and Petroleum Resources in technical and management roles. Mr. Cathro previously served as VP Operations for Skeena Resources Ltd., as an officer or director of several TSX Venture Exchange-listed exploration companies, and as the chair and director of Geoscience BC. Through his work as a director and senior officer of public companies, Mr. Cathro has gained an understanding of financial reporting requirements respecting financial statements of junior resource exploration companies sufficient to enable him to discharge his duties as an audit committee member. Mr. Cathro holds a B.Sc. (Honours) from Queen's University and a M.Sc. from the Colorado School of Mines.

Rodger Gray – Mr. Gray has over 23 years of experience as a stockbroker and officer of an IDA member firm. Mr. Gray is currently Vice President of Pollitt & Co. Inc. Previously, Vice President Wellington-Altus and prior thereto, Founder, President and Chief Executive Officer of Toll Cross Securities Inc., a Toronto-based, full-service broker dealer specializing in the junior resource sector. Mr. Gray has previously acted as a director and vice-president investment banking, institutional equities, with First Associates Investments Inc. and prior thereto as president of St. James Securities Inc. Mr. Gray is a graduate of Laurentian University.

Sarah Weber – Ms. Weber is the President & CEO of C3 Alliance Corp – a strategic advisory and consulting firm providing project consulting in the mineral exploration and mining sector. Ms. Weber holds a B.Sc. in Geology from the University of British Columbia and an Executive MBA from the Beedie School of Business, Simon Fraser University. Ms. Weber currently sits as an independent Director on the Boards of Snowline Gold Corp. and Germinate Capital Ltd.

Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, the Board has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

Reliance on Certain Exemptions

Since the effective date of NI 52-110, the Company has not relied on the exemptions contained in Section 2.4, 6.1.1(4), 6.1.1(5), 6.1.1(6), or Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Board, and where applicable the Audit Committee, on a case-by-case basis.

External Auditor Service Fees

In the following table, “audit fees” are fees billed by the Company’s external auditor for services provided in auditing the Company’s annual financial statements for the subject year. “Audit-related fees” are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company’s financial statements. “Tax fees” are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. “All other fees” are fees billed by the auditor for products and services not included in the foregoing categories.

The fees paid by the Company to its auditor in each of the last two fiscal years, by category, are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
January 31, 2021	19,425	Nil	1,200	Nil
January 31, 2020	\$19,700	Nil	1,200	Nil

Exemption

The Company is relying on the exemption provided by section 6.1 of NI 52-110 which provides that the Company, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on the SEDAR website under the Corporation’s profile at www.sedar.com. Financial information related to the Corporation is contained in the Corporation’s audited consolidated financial statements and related management’s discussion and analysis for the year ended January 31, 2021. Copies of the Corporation’s audited consolidated financial statements, related management’s discussion and analysis and Statement of Executive Compensation prepared for its fiscal year ended January 31, 2021 may be accessed on the Corporation’s website at www.happycreekminerals.com or under the Corporation’s profile on the SEDAR website at www.sedar.com. The Corporation will provide, at no charge to the shareholder, a copy of its latest Financial Statements and MD&A for the year ended January 31, 2021, interim quarterly reports for subsequent periods, and a copy of this Proxy Circular upon request to the to the Corporation as follows:

- (i) e-mail: klove@happycreekminerals.com
- (ii) telephone: 1 (604) 512-2959
- (iii) mail: Happy Creek Minerals Ltd.
#460 – 789 West Pender Street
Vancouver, B.C. Canada V6C 1H2
Attn: Corporate Secretary

DATED at Vancouver, British Columbia, this 21st day of July 2021.

BY ORDER OF THE BOARD OF DIRECTORS

“Michael Cathro”

Michael Cathro
Interim President and Chief Executive Officer

Schedule “A”

MANDATE OF AUDIT COMMITTEE

As restated in its entirety and adopted by the Board of Directors December 3, 2020.

1. MANDATE

The Audit Committee (the “Committee”) will assist the Board of Directors (the “Board”) of Happy Creek Minerals Ltd. (the “Corporation”) in fulfilling its financial oversight responsibilities. The Committee will review and consider, in consultation with the Corporation’s external auditors, the financial reporting process, the system of internal control over financial reporting and the audit process. In performing its duties, the Committee will maintain effective working relationships with the Board, management and the external auditors. To effectively perform his or her role, each Committee member must obtain an understanding of the principal responsibilities of Committee membership as well as the Corporation’s business, operations and risks.

2. COMPOSITION

The Board will appoint, from among their membership, a Committee after each annual meeting of the shareholders of the Corporation. The Committee will consist of a minimum of three directors.

2.1 Independence

A majority of the members of the Committee should be “independent” (as defined in Sec. 1.4 of National Instrument 52-110 (Audit Committees)) (“NI 52-110”).

2.2 Expertise of Committee Members

A majority of the members of the Committee must be “financially literate” (as defined in Sec. 1.6 of NI 52-110) or must become financially literate within a reasonable period of time after his or her appointment to the Committee. At least one member of the Committee must have accounting or related financial management expertise.

3. MEETINGS

The Committee shall meet in accordance with a schedule established each year by the Board, and at other times that the Committee may determine. The Committee shall meet at least annually with the Corporation’s Chief Financial Officer and external auditors in separate executive sessions.

4. ROLES AND RESPONSIBILITIES

The Committee shall fulfill the following roles and discharge the following responsibilities:

4.1 External Audit

The Committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor’s report, or performing other audit, review or attestation services, including the resolution of disagreements between management and the external auditors regarding financial reporting. In carrying out this duty, the Committee shall:

- (a) recommend to the Board that the external auditor to be nominated for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attestation services for the Corporation;
- (b) review (by discussion and enquiry) the external auditors’ proposed audit scope and approach;
- (c) review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;
- (d) review and recommend to the Board the compensation to be paid to the external auditors;
- (e) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors’ assertion of their independence in accordance with professional standards; and
- (f) review and approve the Corporation’s hiring policies regarding partners and employees, and former partners and employees, of the present and former external auditor of the Corporation.

4.2 Internal Control

The Committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Corporation. In carrying out this duty, the Committee shall:

- (a) evaluate the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Corporation; and
- (b) ensure that the external auditors discuss with the Committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.

4.3 Financial Reporting

The Committee shall review the financial statements and financial information of the Corporation prior to their release to the public. In carrying out this duty, the Committee shall:

General

- (a) review significant accounting and financial reporting issues, especially complex, unusual and related party transactions; and
- (b) review and ensure that the accounting principles selected by management in preparing financial statements are appropriate.

Annual Financial Statements

- (a) review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;
- (b) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered; and
- (c) review management's discussion & analysis respecting the annual reporting period prior to its release to the public.

Interim Financial Statements

- (a) review and approve the interim financial statements prior to their release to the public; and
- (b) review management's discussion & analysis respecting the interim reporting period prior to its release to the public.

Release of Financial Information

- (a) where reasonably possible, review and approve all public disclosure containing financial information, including news releases, prior to release to the public. The Committee must be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, and must periodically assess the adequacy of those procedures.

4.4 Non-Audit Services

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Corporation or any subsidiary of the Corporation shall be subject to the prior approval of the Committee.

Delegation of Authority

- (a) The Committee may delegate to one or more independent members of the Committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the Committee at its next scheduled meeting.

De-Minimis Non-Audit Services

- (a) The Committee may satisfy the requirement for the pre-approval of non-audit services if:
 - (i) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Corporation and its subsidiaries to the external auditor during the fiscal year in which the services are provided; or
 - (ii) the services are brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated.

Pre-Approval Policies and Procedures

- (a) The Committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:
 - (i) the pre-approval policies and procedures are detailed as to the particular service;

- (ii) the Committee is informed of each non-audit service; and
- (iii) the procedures do not include delegation of the Committee's responsibilities to management.

4.5 Other Responsibilities

The Committee shall:

- (a) establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters;
- (b) establish procedures for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
- (c) ensure that significant findings and recommendations made by management and the external auditor are received and discussed on a timely basis;
- (d) review the policies and procedures in effect for considering officers' expenses and perquisites;
- (e) perform other oversight functions as requested by the Board; and
- (f) review and update this Mandate and receive approval of changes to this Mandate from the Board.

4.6 Reporting Responsibilities

The Committee shall regularly update the Board about Committee activities and make appropriate recommendations.

5. RESOURCES AND AUTHORITY OF THE AUDIT COMMITTEE

The Committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the Committee; and
- (c) communicate directly with the internal and external auditors.

6. GUIDANCE – ROLES & RESPONSIBILITIES

The Committee should consider undertaking the actions described in the following guidance, which is intended to provide the Committee members with additional guidance on fulfilment of their roles and responsibilities on the Committee:

6.1 Internal Control

- (a) evaluate whether management is setting the goal of high standards by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities,
- (b) focus on the extent to which external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of an IT systems breakdown, and
- (c) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.

6.2 Financial Reporting

General

- (a) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements;
- (b) ask management and the external auditors about significant risks and exposures and the plans to minimize such risks; and
- (c) understand industry best practices and the Corporation's adoption of them.

Annual Financial Statements

- (a) review the annual financial statements and determine whether they are complete and consistent with the information known to Committee members, and assess whether the financial statements reflect appropriate accounting principles in light of the jurisdictions in which the Corporation reports or trades its shares;
- (b) pay attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;

- (c) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses; warranty, professional liability; litigation reserves; and other commitments and contingencies;
- (d) consider management's handling of proposed audit adjustments identified by the external auditors; and
- (e) ensure that the external auditors communicate all required matters to the Committee.

Interim Financial Statements

- (a) be briefed on how management develops and summarizes interim financial information, the extent to which the external auditors review interim financial information;
- (b) meet with management and the auditors, either telephonically or in person, to review the interim financial statements;
- (c) to gain insight into the fairness of the interim statements and disclosures, obtain explanations from management on whether:
 - (i) actual financial results for the quarter or interim period varied significantly from budgeted or projected results;
 - (ii) changes in financial ratios and relationships of various balance sheet and operating statement figures in the interim financials statements are consistent with changes in the Corporation's operations and financing practices;
 - (iii) generally accepted accounting principles have been consistently applied;
 - (iv) there are any actual or proposed changes in accounting or financial reporting practices;
 - (v) there are any significant or unusual events or transactions;
 - (vi) the Corporation's financial and operating controls are functioning effectively;
 - (vii) the Corporation has complied with the terms of loan agreements, security indentures or other financial position or results dependent agreement; and
 - (viii) the interim financial statements contain adequate and appropriate disclosures.

6.3 Compliance with Laws and Regulations

- (a) periodically obtain updates from management regarding compliance with this policy and industry "best practices";
- (b) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements;
- (c) review the findings of any examinations by securities regulatory authorities and stock exchanges; and
- (d) be satisfied that the Corporation has adequate policies, procedures and practices for the maintenance of the books, records and accounts by the Corporation with respect to third party payments in compliance with applicable laws, including, without limitation, the *Corruption of Foreign Public Officials Act* (Canada).

6.4 Other Responsibilities

- (a) review with the Corporation's counsel, any legal matters that could have a significant impact on the Corporation's financial statements.