

**HAPPY CREEK  
MINERALS LTD.**



**DIVERSIFIED METALS EXPLORATION**

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING  
OF SHAREHOLDERS  
TO BE HELD ON  
THURSDAY, SEPTEMBER 8, 2022  
AND  
MANAGEMENT INFORMATION CIRCULAR**

**DATED: AUGUST 2, 2022**

***THIS DOCUMENT REQUIRES IMMEDIATE ATTENTION. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH THE DOCUMENTS OR MATTERS REFERRED TO IN THIS NOTICE AND MANAGEMENT INFORMATION CIRCULAR, YOU SHOULD IMMEDIATELY CONTACT YOUR INVESTMENT ADVISOR.***

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the annual general meeting (the “**Meeting**”) of the holders of Common Shares (the “**Shareholders**”) of Happy Creek Minerals Ltd. (“**Happy Creek**” or the “**Corporation**”) will be held at #300 – 1090 Homer Street, Vancouver, B.C. V6B 2W9, on Thursday, September 8, 2022 at 11:00 a.m. (Pacific Time) for the following purposes:

1. to receive the audited annual financial statements of the Corporation for the fiscal year ended January 31, 2022, together with the auditors’ report thereon;
2. to fix the number of directors at six;
3. to elect the six (6) nominees of the Corporation standing for election as directors of the Corporation to hold office until the next annual meeting of Shareholders or until his or her successor is duly elected or appointed;
4. to appoint the auditors for the Corporation for the ensuing year and to authorize the directors to fix their remuneration;
5. to consider and, if thought fit, to pass an ordinary resolution ratifying, confirming and approving certain amendments to the Corporation’s 2022 stock option plan, as more particularly described in the accompanying management information circular (the “**Information Circular**”); and
6. to transact such further or other business as may properly come before the Meeting and any adjournment or postponement thereof.

**Your vote is important. We recommend you vote your shares in advance of the Meeting. For various reasons, including the potential for government recommendations and/or orders for physical distancing and restrictions on group gatherings and non-essential travel, we believe it is in the best interests of our shareholders, directors and employees for shareholders to communicate their votes and their opinions with the Corporation in advance of, instead of at, the Meeting. Only registered shareholders and duly appointed proxyholders will be permitted access to the Meeting. The Corporation is not aware of any items of business to be brought before the Meeting other than those noted above and further described in the accompanying Information Circular. There will be no management presentation on the business or operations of the Corporation at the Meeting. The Information Circular accompanying this Notice of Meeting 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. Also accompanying this Notice of Meeting is either a form of proxy for registered shareholders or a voting instruction form for non-registered shareholders.**

The directors of the Corporation have fixed August 2, 2022, as the record date for the Meeting (the “**Record Date**”). Only Shareholders of record at the close of business on the Record Date are entitled to vote at the Meeting or any adjournment thereof.

Whether or not you expect to attend the Meeting, or any postponement or adjournment thereof, **PLEASE SIGN, DATE AND RETURN THE ENCLOSED PROXY PROMPTLY IN THE ENCLOSED ENVELOPE OR VOTE BY PROXY USING THE TELEPHONE OR INTERNET BY FOLLOWING THE INSTRUCTIONS PROVIDED IN THE ACCOMPANYING FORM OF PROXY.**

To be effective, proxies must be received by Computershare Trust Company of Canada, Proxy Department, at 100 University Avenue, 8th Floor, Toronto, Ontario, Canada M5J 2Y1 by 11:00 a.m. (Pacific time) on Tuesday, September 6, 2022 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. Late proxies may be accepted or rejected by the Chair of the Meeting in his or her discretion, and the Chair is under no obligation to accept or reject any particular late proxy.

If you are a registered shareholder, whether or not you are able to attend the Meeting in person, we ask you to complete, sign and return the enclosed proxy. Please note that registered shareholders of the Corporation may vote in person at the Meeting and any postponement or any adjournment thereof even if you have previously returned the proxy.

If you are a non-registered shareholder and receive these materials through your broker, institution, participant, trustee or administrator of a retirement savings plan, retirement income fund, education savings plan or other similar 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 the Intermediary. Failure to do so may result in your Common Shares not being eligible to be voted by proxy at the Meeting. Note that the deadlines set by your Intermediary for submitting your voting instruction form may be earlier than the dates described above.

Your promptness in returning the proxy will assist in the expeditious and orderly processing of proxies and will ensure that your Common Shares are represented.

If you have any questions about the procedures required to qualify to vote at the Meeting or about obtaining and depositing the required form of proxy, you should contact Computershare Trust Company of Canada by telephone at 1-888-453-0330 (toll free in North America) or by e-mail at [service@computershare.com](mailto:service@computershare.com).

**DATED** at Vancouver, British Columbia, this 2nd day of August, 2022.

**ON ORDER OF THE BOARD OF DIRECTORS**

“Peter Hughes”  
President and Chief Executive Officer

## HAPPY CREEK MINERALS LTD.

#460 – 789 West Pender Street  
Vancouver, B.C. V6C 1H2  
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www.happycreekminerals.com

### MANAGEMENT INFORMATION CIRCULAR as at August 2, 2022

**This Management Information Circular (the “Information Circular”) accompanies the Notice of Annual General and Special Meeting given to the holders (the “Shareholders”) of common shares (the “Common Shares”) of Happy Creek Minerals Ltd. (“Happy Creek” or the “Corporation”) in respect of the annual general and special meeting (the “Meeting”) of Shareholders to be held on Thursday, September 8, 2022 at #300 – 1090 Homer Street, Vancouver, British Columbia, Canada V6B 2W9, at the hour of 11:00 a.m. (Pacific Time).**

The contents and the sending of this Information Circular have been approved by the Directors of the Corporation.

Unless otherwise stated herein, all currency amounts indicated as “\$” in this Information Circular are expressed in Canadian Dollars, the Corporation’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 Corporation. 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 Corporation 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 Corporation who will not be directly compensated therefore. The Corporation 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 Corporation 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 Corporation 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 Corporation 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 Corporation 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 Corporation 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 Corporation has elected to send the Notice of Meeting, this Information

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**

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 Corporation’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](http://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 Corporation’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. (Pacific Time) on Tuesday, September 6, 2022 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 Information 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 Information 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 Corporation 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. (Pacific Time) Tuesday, September 6, 2022, 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 Corporation'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 Information Circular, Management of the Corporation 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 Corporation 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 Corporation is authorized to issue an unlimited number of Common Shares of which 124,641,955 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 Corporation (the “**Board**”) has fixed a record date as at August 2, 2022 (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.

## **BUSINESS OF THE MEETING**

The matters to be brought before the Shareholders at the Corporation’s Meeting are:

1. to receive the audited annual financial statements of the Corporation for the fiscal year ended January 31, 2022, together with the auditors’ report thereon;
2. to fix the number of directors at six;
3. to elect the directors of the Corporation for the ensuing year;
4. to appoint DeVisser Gray LLP, as auditors of the Corporation for the ensuing year and to authorize the directors to fix their remuneration to be paid to the auditor;
5. to consider and, if thought fit, to pass an ordinary resolution ratifying, confirming and approving certain amendments to the Corporation’s 2022 stock option plan, as more particularly described in this information circular; and
6. to transact such further or other business as may properly come before the Meeting and any adjournment or postponement thereof.

### **Receipt of Financial Statements**

The audited consolidated annual financial statements of the Corporation for the year ended January 31, 2022 and accompanying auditor’s report, and the management’s discussion and analysis of the Corporation for the year ended January 31, 2022, which have been previously filed under the Corporation’s profile on SEDAR at [www.sedar.com](http://www.sedar.com) and are available on the Corporation’s website at [www.happycreekminerals.com](http://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, 2022.

### **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 Corporation to hold office until the close of the next annual meeting of the Corporation, at a remuneration to be fixed by the directors of the Corporation. **The Board recommends a vote “FOR” the appointment of DeVisser as the auditor of the Corporation 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 Corporation. The six (6) nominees are all existing directors of the Corporation.

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

### **Advance Notice Policy**

The Corporation’s Articles include an advance notice policy (the “**ANP**”), which includes, among other things, a provision that requires advance notice be given to the Corporation in circumstances where nominations of persons for election to the Board are made by Shareholders of the Corporation. In the case of an annual meeting of Shareholders, notice to the Corporation must be made not later than 5:00 p.m. (Pacific 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 Corporation and establishes the form in which the Shareholder must submit the notice for that notice to be in proper written form. The Corporation's Articles also prescribe the proper written form for a Nominating Shareholder's notice. The Corporation's Articles, which contain the full text of the Advance Notice Policy, are available on the Corporation'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 Corporation filed the Notice of Meeting and Record Date on SEDAR on July 7, 2022. 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 Corporation's Board and Board committees, number of Common Shares beneficially owned or controlled or directed as of the date of this Information Circular and principal occupation during the preceding five years of each of the nominated directors of the Corporation. The Corporation 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 Corporation 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 Corporation 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 <sup>(1)</sup>
Peter Hughes British Columbia, Canada	<p><b>Occupation:</b> Self-employed businessman</p> <p><b>Biography:</b> Since October 1, 2021, Mr. Hughes has served as President and CEO of the Corporation. Mr. Hughes has 35 years' business experience including senior-level executive and director positions in both private and public companies specializing in pharmaceuticals, alternative energy, mining, aquaculture and sports technology. Mr. Hughes has also worked with the National Research Council Canada providing alternative energy companies with market intelligence and strategic planning. Mr. Hughes is a graduate of the University of British Columbia with a Bachelors' degree in Science, Canadian Securities Course and Director's and Officer's Course. Mr. Hughes currently serves as President, CEO and Director of SIQ Mountain Industries Inc., CEO and Director of Gourmet Ocean Products Inc., Lead Director of Plantable Health Inc., Director of Kelso Technologies Inc. and a Director of Navion Capital Inc. all of which are publicly-traded companies.</p>	October 1, 2021	200,000 <sup>(2)</sup>

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 <sup>(1)</sup>
Michael Cathro British Columbia, Canada	<b>Occupation:</b> Retired Geoscientist. <b>Biography:</b> Principal of Cathro Resource Corp., a private company which provides 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. From March 23 to September 30, 2021, Mr. Cathro served as Interim President and CEO of the Corporation.	November 9, 2012	2,587,166 <sup>(3)</sup>
David Blann British Columbia, Canada	<b>Occupation:</b> Professional Geological Engineer <b>Biography:</b> 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 <sup>(4)</sup>
Rodger Gray Ontario, Canada	<b>Occupation:</b> Vice President of Pollitt & Co. Inc. <b>Biography:</b> 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	1,648,702 <sup>(5)</sup>
Walter Segsworth British Columbia, Canada	<b>Occupation:</b> Retired Mining Professional. <b>Biography:</b> 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	1,992,222 <sup>(6)</sup>
Sarah Weber British Columbia, Canada	<b>Occupation:</b> President and Chief Executive Officer of C3 Alliance Corp., a private consulting company <b>Biography:</b> 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 <sup>(7)</sup>

<sup>(1)</sup> Securities beneficially owned, directly or indirectly, or over which control or direction is exercised, as at July 15, 2022, based upon information furnished to the Corporation by the individual nominees.

<sup>(2)</sup> Mr. Hughes also holds incentive stock options entitling him to purchase up to 1,500,000 common shares of the Corporation.

<sup>(3)</sup> Mr. Cathro also holds 800,000 common shares of the Corporation in the name of Cathro Resource Corp., 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.

<sup>(4)</sup> Mr. Blann holds incentive stock options entitling him to purchase up to 1,350,000 common shares of the Corporation and 222,300 non-transferable share purchase warrants.

<sup>(5)</sup> 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.

<sup>(6)</sup> 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.

<sup>(7)</sup> 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:

<b>Audit Committee</b>	<b>Compensation Committee</b>
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 Corporation acting solely in such capacity.

To the knowledge of the Corporation, no proposed director of the Corporation is, or within the 10 years prior to the date of this Information 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 Corporation has, within the 10 years prior to the date of this Information 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 Corporation 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.

### **Approval of Amendments to Stock Option Plan**

The Corporation's current incentive stock option plan (the "**Amended 2016 Stock Option Plan**") governs the issuance of stock options to eligible persons (as defined therein). The Amended 2016 Stock Option Plan is a rolling stock option plan and is required to be approved by shareholders on a yearly basis in accordance with TSXV policies. At the Corporation's annual general and special meeting held on August 24, 2021, shareholders approved the continuation of the Amended 2016 Stock Option Plan and all unallocated options, rights or other entitlements issuable thereunder.

Effective November 24, 2021 the TSXV adopted Policy 4.4, Security Based Compensation ("**Policy 4.4**") which required that the 2016 Plan be amended to be compliant. On August 2, 2022, in advance of seeking shareholder approval at this Meeting, the Board approved a new 10% rolling stock option plan (the "**2022 Stock Option Plan**"), which incorporated the changes required by Policy 4.4.

The 2022 Stock Option Plan provides, among other things, that the number of Common Shares issuable under the 2022 Stock Option Plan, together with all of the Corporation's other previously established or proposed share compensation arrangements, may not exceed 10% of the total number of the Corporation's issued and outstanding Common Shares.

A copy of the 2022 Stock Option Plan is attached to this Information Circular as Schedule "A". A copy of the 2022 Stock Option Plan may also be inspected at the head office of the Corporation, Suite #460, 789 West Pender Street, Vancouver, British Columbia, V6C 1H2, during normal business hours and at the Meeting.

Additional information regarding the terms and conditions of the 2022 Stock Option Plan are set forth under "**Particulars of Other Matters to be Acted Upon**" below.

**STATEMENT OF EXECUTIVE COMPENSATION – FORM 51-102F6V**  
**for the fiscal year ended January 31, 2022**  
**dated July 28, 2022**

The disclosure required by Form 51-102F6V, Statement of Executive Compensation, was prepared and filed by the Corporation on July 29, 2022 and is available on the Corporation's profile on SEDAR at www.sedar.com. The disclosure contained in the Form 51-102F6V, Statement of Executive Compensation, filed by the Corporation is reproduced in its entirety below:

**Director and NEO compensation, excluding compensation securities**

For the purposes hereof, "Named Executive Officer" or "NEO" means: (a) each Chief Executive Officer ("CEO"), (b) each Chief Financial Officer ("CFO"), (c) each of the three most highly compensated executive officers of the Corporation, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, during any part of the most recently completed financial year whose total compensation was, individually, more than CDN\$150,000 for that financial year; and (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Corporation or its subsidiaries, nor acting in a similar capacity, at the end of that financial year. Unless otherwise noted, all dollar amounts are expressed in Canadian dollars and references to "\$" or "Cdn\$" are to Canadian dollars.

During the year ended January 31, 2022, the Corporation had three (3) NEOs; namely, Messrs. Peter Hughes, the current President and CEO of the Corporation, M.S. (Mike) Cathro, who served as Interim President and CEO during the period March 23, 2021 to September 30, 2021 and Richard Lee, the Corporation's CFO. The following table sets forth all direct and indirect compensation for, or in connection with, services provided to the Corporation and its subsidiaries for the last two financial years.

The following table also sets forth, for the years ended January 31, 2021, and 2022, all compensation (other than stock options and other compensation securities) paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the Corporation, or a subsidiary of the Corporation, to each NEO and director, in any capacity.

Table of compensation excluding compensation securities							
Name and position	Year Ended	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$) <sup>(1)(2)</sup>	Value of all other compensation (\$)	Total compensation (\$)
<b>Peter Hughes</b> <sup>(3)</sup> President/CEO and Director	2022	40,000	Nil	Nil	Nil	Nil	40,000
	2021	Nil	Nil	Nil	Nil	Nil	Nil
<b>M.S. (Mike) Cathro</b> <sup>(4)</sup> Interim President/CEO and Director	2022	108,131	Nil	Nil	Nil	Nil	108,131
	2021	Nil	Nil	Nil	Nil	Nil	Nil
<b>Richard Lee</b> <sup>(5)</sup> CFO	2022	36,000	Nil	Nil	Nil	Nil	36,000
	2021	37,000	Nil	Nil	Nil	Nil	37,000
<b>David E. Blann</b> <sup>(6)</sup>	2022	106,930	Nil	Nil	Nil	Nil	106,930
	2021	63,960	Nil	Nil	Nil	8,439	72,399
<b>Rodger Gray</b> Director	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil
<b>Walter Segsworth</b> Director	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sarah Weber</b> <sup>(7)</sup> Director	2022	30,129	Nil	Nil	Nil	Nil	30,129
	2021	Nil	Nil	Nil	Nil	Nil	Nil

**Notes:**

- (1) Includes perquisites provided to an NEO or director that are not generally available to all employees. An item is generally a perquisite if it is not integrally and directly related to the performance of the director's or NEO's duties. If something is necessary for a person to do his or her job, it is integrally and directly related to the job and is not a perquisite, even if it also provides some amount of personal benefit. For the purposes of the table, perquisites are valued based on the aggregate incremental cost to the Corporation and its subsidiaries.
- (2) NEOs and directors whose total salary for the applicable financial year was \$150,000 or less did not receive perquisites that, in aggregate, were greater than \$15,000. NEOs and directors whose total salary for the applicable financial year was greater than \$150,000 but less than \$500,000 did not receive perquisites that, in aggregate, were greater than 10% of the NEO's or director's salary for the applicable financial year.
- (3) Mr. Hughes was elected to the Board and appointed President and CEO of the Corporation on October 1, 2021. Mr. Hughes is paid a consulting fee of \$10,000/month pursuant to the terms of an Independent Consulting Agreement between the Corporation and Mr. Hughes made effective October 1, 2021.
- (4) Paid pursuant to an agreement between the Corporation and Mr. Cathro dated March 23, 2021, which agreement was terminated effective September 30, 2021. Mr. Cathro served as Interim President and CEO of the Corporation during the period March 23, 2021 to September 30, 2021.

- (5) On July 12, 2012, the Corporation entered into a professional services agreement with Mr. Richard Lee (the "Lee Agreement") pursuant to which the Corporation agreed to pay Mr. Lee a monthly fee to provide accounting and administrative services to the Corporation and to act as the Corporation's CFO. The Lee Agreement was amended on June 1, 2014 and again on September 1, 2016 and on January 31, 2022 was terminated and replaced by a Professional Services Agreement between the Corporation and Kitchener Holdings Corp. ("Kitchener") made effective February 1, 2022. Kitchener is a private company controlled by Mr. Lee.
- (6) Paid pursuant to an agreement between the Corporation and Standard Metals Exploration Ltd. ("Standard"), a private company controlled by Mr. Blann. Standard provides professional geological exploration and management services to the Corporation. Mr. Blann resigned as President and CEO of the Corporation effective March 23, 2021.
- (7) Ms. Weber was appointed a director of the Corporation on March 23, 2021.

### External management companies

None of the NEOs or directors of the Corporation have been retained or employed by an external management company which has entered into an understanding, arrangement or agreement with the Corporation to provide executive management services to the Corporation, director or indirectly, other than as set out below under the heading *Employment/Consulting and Management Agreements*.

### Stock options and other compensation securities

For the purposes of this section, "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 Corporation or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the Corporation or any of its subsidiaries.

There were no Compensation Securities granted or issued to any director or NEO by the Corporation or one of its subsidiaries in the year ended January 31, 2022, for services provided or to be provided, directly or indirectly, to the Corporation or any of its subsidiaries nor were any Compensation Securities re-priced, cancelled and replaced or were otherwise materially modified.

No Compensation Securities were exercised by the directors or NEOs of the Corporation during the most recently completed financial year.

The following table discloses all Compensation Securities granted or issued to each director and NEO by the Corporation or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the Corporation or any of its subsidiaries, and outstanding as at January 31, 2022:

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
<b>Peter Hughes</b> President, CEO and Director	Stock Option	1,500,000	Oct 21, 2021	0.07	0.05	0.04	Oct. 21, 2026
<b>Michael Cathro</b> Director	Stock Option	400,000	Oct 27, 2017	0.24	0.20	0.11	Oct 26, 2022
	Stock Option	600,000	Oct 17, 2019	0.17	0.10	0.11	Oct 17, 2024
	Stock Option	700,000	March 23, 2021	0.10	0.09	0.04	Mar 23, 2026
<b>David E. Blann</b> Director	Stock Option	450,000	Oct 27, 2017	0.24	0.20	0.11	Oct 26, 2022
	Stock Option	550,000	Oct 17, 2019	0.17	0.10	0.11	Oct 17, 2024
	Stock Option	350,000	March 23, 2021	0.10	0.09	0.04	Mar 23, 2026
<b>Richard Lee</b> CFO	Stock Option	100,000	Oct 27, 2017	0.24	0.20	0.11	Oct 26, 2022
	Stock Option	400,000	Oct 17, 2019	0.17	0.10	0.11	Oct 17, 2024
	Stock Option	350,000	March 23, 2021	0.10	0.09	0.04	Mar 23, 2026
<b>Sarah Weber</b> Director	Stock Option	1,000,000	March 23, 2021	0.10	0.09	0.04	Mar 23, 2026
<b>Rodger Gray</b> Director	Stock Option	500,000	Oct 27, 2017	0.24	0.20	0.11	Oct 26, 2022
	Stock Option	500,000	Oct 17, 2019	0.17	0.10	0.11	Oct 17, 2024
	Stock Option	350,000	Mar 23, 2021	0.10	0.09	0.04	Mar 23, 2026

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
Walter Segsworth Director	Stock Option	250,000	Oct 27, 2017	0.24	0.20	0.11	Oct 26, 2022
	Stock Option	750,000	Jan 16, 2020	0.17	0.08	0.11	Jan 16, 2025
	Stock Option	350,000	March 23, 2021	0.10	0.09	0.04	Mar 23, 2026

### Stock option plans and other incentive plans

Other than the Corporation's Amended 2006 Stock Option Plan (the "Plan"), the Corporation does not have any stock option plan, or stock option agreement made outside of a stock option plan, providing for the grant of stock appreciation rights, deferred share units or restricted stock units or any other incentive plan or portion of a plan under which awards are granted.

Pursuant to the policies of the TSXV, the Corporation is required to adopt stock option plan prior to granting incentive stock options. At the Corporation's annual general and special meeting held on August 24, 2021, shareholders approved the continuation of the Plan and all unallocated options, rights or other entitlements issuable thereunder. The Plan must be re-approved by the Corporation's shareholders on an annual basis.

The purpose of the Plan is to provide an incentive to directors, employees and consultants to acquire a proprietary interest in the Corporation, to continue their participation in the affairs of the Corporation and to increase their efforts on behalf of the Corporation. The Corporation does not provide any financial assistance to participants to facilitate the purchase of shares under the Plan. The following summary of the Plan does not purport to be complete and is qualified in its entirety by reference to the Plan.

1. **Eligible Participants.** Stock options ("Options") may be granted under the Plan to directors or officers of the Corporation or individuals providing management services to the Corporation (collectively, the "Directors"), employees of the Corporation (collectively, the "Employees") or consultants of the Corporation (collectively, the "Consultants"). The Board, in its discretion, determines which of the Directors, Employees or Consultants will be awarded Options under the Plan.
2. **Number of Shares Reserved.** The number of Common Shares which may be issued pursuant to Options granted under the Plan may not exceed 10% of the issued and outstanding Common Shares of the Corporation from time to time at the date of granting of Options (including all Options granted by the Corporation prior to the adoption of the Plan and under the Plan). Options which are cancelled or expire prior to exercise continue to be issuable under the Plan.
3. **Limitations.** While the Common Shares are listed on the TSXV and subject to the policies of the TSXV, the following restrictions on the granting of Options are applicable under the Plan:
  - (a.) **Individuals.** The aggregate number of Optioned Shares that may be reserved for issuance pursuant to Options granted to any one individual under the Plan, within a 12-month period, must not exceed 5% of the issued Common Shares of the Company, calculated at the date the Option was granted, unless Disinterested Shareholder Approval is obtained.
  - (b.) **Optionees Performing Investor Relations Activities.** The aggregate number of Optioned Shares that may be reserved for issuance pursuant to Options granted to persons employed to provide Investor Relations Activities under the Plan, within a 12-month period, must not exceed 2% of the issued Common Shares, calculated at the date the Option was granted.
  - (c.) **Consultants.** The aggregate number of Optioned Shares that may be reserved for issuance pursuant to Options granted to any one Consultant under the Plan, within a 12-month period, must not exceed 2% of the issued Common Shares of the Company, calculated at the date the Option was granted.
  - (d.) **Insiders.** The aggregate number of Optioned Shares that may be reserved for issuance pursuant to Options granted to Insiders (as a group), within any 12-month period and at any point in time, must not exceed 10% of

the issued Common Shares of the Company, calculated at the date the Option was granted, unless Disinterested Shareholder Approval is obtained.

- (e.) Maximum Number of Optioned Shares. The number of Optioned Shares granted under the Plan cannot exceed the number of Plan Shares.
4. Term of Options. Subject to the termination and change of control provisions noted below, the terms of any option granted under the 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 Plan is determined by the Board, provided that it is not less than the discounted market price, as that term is defined in the TSXV's Corporate Finance policy manual or such other minimum price as is permitted by the TSXV in accordance with the policies from time to time, or, if the Common Shares are no longer listed on the TSXV, 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. Manner of Exercise. An Optionee who wishes to exercise his Option, in its entirety or any portion thereof, may do so by:
- (a.) delivering a written notice, in the form attached hereto as Schedule "B", to the Company specifying the number of Optioned Shares being acquired pursuant to the Option, accompanied by cash, a certified cheque or a bank draft payable to the Company; or
  - (b.) by "cashless exercise" as defined by and in accordance with TSXV Policy 4.4 section 4.8 (d) (i); or
  - (c.) by "net exercise" as defined by and in accordance with TSXV Policy 4.4 section 4.8 (d) (ii),
- except that, in respect of (b) and (c) above, such exercise procedures may be completed at the sole discretion and with consent of the Company.
7. Vesting. All Options granted pursuant to the 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.
8. Termination. Any Options granted pursuant to the 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.

At the Corporation's annual general and special meeting of shareholders scheduled for September 8, 2022, shareholders will be asked to approve certain amendments to the Corporation's current incentive stock option plan to comply with changes to security-based compensation policy 4.4 adopted by the TSXV in November 2021.

#### **Employment, consulting and management agreements**

Effective October 1, 2021, the Corporation entered into an Independent Consulting Agreement with Mr. Peter Hughes concurrent with his appointment as President and CEO of the Corporation (the "Hughes Agreement"), Mr. Hughes replaced Mr. Cathro who served as Interim President and CEO's resignation during the period March 23, 2021 to September 30, 2021. Pursuant to the Hughes Agreement, the Corporation will pay Mr. Hughes a monthly fee of \$10,000 for management and administration services and for acting as the Corporation's President and CEO (the "Consulting Fee"). The Hughes Agreement has an initial term of 12 months and will automatically renew for further 12-month terms until terminated. The Corporation may terminate the Hughes Agreement prior to the expiration of any term for any reason by providing written notice and making a one-time payment equal to six (6) months of the Consulting Fee provided such termination is not for cause. If, within sixty (60) days following a change of control (as defined), the Corporation terminates the Hughes Agreement or Mr. Hughes elects to terminate the Hughes Agreement, the Corporation will pay Mr. Hughes an amount equal to six (6) months of the Consulting Fee and any equity-based compensation granted to Mr. Hughes and outstanding as at such date shall immediately vest, if not already vested, and shall be exercisable by Mr. Hughes in accordance with the terms thereof.

On July 12, 2012, the Corporation entered into a professional services agreement with Mr. Richard Lee (the "Lee Agreement") pursuant to which the Corporation agreed to pay Mr. Lee a monthly fee to provide accounting and administrative services to the

Corporation and to act as the Corporation's CFO. The Lee Agreement was amended on June 1, 2014 and again on September 1, 2016 and on January 31, 2022 was terminated and replaced by a Professional Services Agreement (the "Kitchener Agreement") between the Corporation and Kitchener Holdings Corp. ("Kitchener") made effective February 1, 2022. Kitchener is a private company wholly owned by Mr. Lee. The Kitchener Agreement has a term of three years, i.e., to and until January 31, 2025 (the "Term"). Pursuant to the terms of the Kitchener Agreement, the Corporation will pay Kitchener a base fee of \$3,000 per month (the "Consulting Fee"), plus GST and will reimburse Kitchener for all business expenses incurred on behalf of the Corporation. In the event the Corporation or Kitchener terminates the Agreement for any reason, including but not limited to, any form of re-organization, change of control, amalgamation or takeover bid, the Corporation will pay to Kitchener an amount equal to 6 months base salary at that time. In the event the Kitchener Agreement is terminated by the Corporation without cause, all vested options held by Kitchener are exercisable for a period of ninety days prior to cancellation and unvested options, if any, shall be immediately cancelled. If Kitchener elects to terminate the Kitchener Agreement due to a change of control all unvested options would be immediately vested and all vested options would be exercisable for a period of ninety days prior to cancellation.

The Corporation entered into a consulting agreement with Standard Metals Exploration Ltd. ("Standard") dated April 1, 2021 (the "Standard Agreement"), pursuant to which the Corporation pays a gross monthly fee equal to the greater of \$5,000 or the number of days of services provided by Standard multiplied by a per diem rate of \$1,000 (the "Consulting Fee"). The Standard Agreement has an initial term of six months (the "Initial Term") and automatically renews for an indefinite term (the "Extended Term"). The Corporation may terminate the Standard Agreement during the Extended Term upon 90 days written notice or a one-time payment equivalent to the Consulting Fee then payable under the terms of the Standard Agreement for a period of 90 days. Standard is a private company wholly owned by Mr. David E. Blann.

The Corporation entered into a consulting agreement dated March 23, 2021, with Mr. M.S. (Mike) Cathro pursuant to which Mr. Cathro was compensated for his services as Interim President and CEO of the Corporation (the "Cathro Agreement") at an hourly rate of \$100 for up to 40 hours a week (the "Consulting Fee"), paid monthly. The Corporation terminated the Cathro Agreement effective October 1, 2021. No fees were owing or paid upon termination of the Cathro Agreement.

Other than disclosed herein, the Corporation does not have any agreement or arrangement under which compensation was provided during the most recently completed financial year or is payable in respect of services provided to the Corporation or any of its subsidiaries that were performed by a director or a NEO or performed by any other party but are services typically provided to a director or a NEO.

### **Oversight and description of director and named executive officer compensation**

On July 15, 2021, the Board established a Compensation Committee and adopted a Mandate of the Compensation Committee to assist the Board in setting director and senior officer compensation and to develop and submit to the Board recommendations with respect to such other employee benefits as considered advisable, pursuant to the following principles: (a) to offer competitive compensation to attract, retain and motivate qualified executives in order for the Corporation to achieve the strategic plan and budget approved by the Board from time to time; and (b) to act in the best interests of the Corporation and its shareholders by being fiscally responsible. Prior to July 2021, the Corporation did not have a Compensation Committee and all compensation matters were dealt with by the Board, as a whole, with NEOs and/or directors abstaining from voting on any matters related to their respective compensation or equity awards.

### **Role of management in determining compensation**

The accountability for decisions on executive remuneration is clearly within the mandate of the Compensation Committee but Management has a key role in helping support the Compensation Committee in fulfilling its obligations. For example, the CEO makes recommendations to the Compensation Committee regarding executive officer base salary adjustments, equity plan allotments and discretionary bonuses, if any, other than with respect to the CEO's own remuneration. The Compensation Committee reviews the basis for these recommendations and can exercise its discretion in modifying any of the recommendations prior to making its recommendations to the Board. The Board can also exercise discretion to increase or decrease amounts prior to making its final determination. The CEO does not make a recommendation to the Compensation Committee with respect to his own remuneration package, which is determined by the Compensation Committee for recommendation and approval by the Board.

### **NEO Compensation**

The objective of the Corporation's compensation program is to compensate the executive officers for their services to the Corporation at a level that is both in line with the Corporation's fiscal resources and competitive with companies at a similar stage of development.

The Corporation compensates its executive officers based on their skill and experience levels and the existing stage of development of the Corporation. Executive officers are rewarded on the basis of the skill and level of responsibility involved in

their position, the individual's experience and qualifications, the Corporation's resources, industry practice, and regulatory guidelines regarding executive compensation levels.

The Board has implemented three levels of compensation to align the interests of the executive officers with those of the Shareholders. First, executive officers may be paid a monthly consulting fee or salary. Second, the Board may award executive officers long term incentives in the form of stock options. Finally, and only in special circumstances, the Board may award cash or share bonuses for exceptional performance that results in a significant increase in shareholder value. The Corporation does not provide medical, dental, pension or other benefits to the executive officers.

The base compensation of the executive officers is reviewed and set annually by the Board. The CEO has substantial input in setting annual compensation levels. The CEO is directly responsible for the financial resources and operations of the Corporation. In addition, the CEO and Board from time to time determine the stock option grants to be made pursuant to the Corporation's Stock Option Plan. Previous grants of stock options are taken into account when considering new grants. The Board awards bonuses at its sole discretion. The Board does not have pre-existing performance criteria or objectives.

Executive officer compensation for the most recently completed financial year should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to and dependent on the Corporation's financial resources and prospects.

### **Directors Compensation**

Non-executive directors do not currently receive directors' fees or fees for participation on Board committees. Directors may be reimbursed for out-of-pocket expenses incurred in attending meetings of the Board or its committees or otherwise if incurred acting on Corporation business.

Long-term incentives in the form of stock options are granted to non-executive directors from time to time, based on an existing complement of long-term incentives, corporate performance and to be competitive with other companies of similar size and scope.

Other than as set forth in the foregoing, no director of the Corporation who is not an NEO has received, during the most recently completed financial year, compensation pursuant to:

- (a) any standard arrangement for the compensation of directors for their services in their capacity as directors, including any additional amounts payable for committee participation or special assignments;
- (b) any other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of directors in their capacity as directors; or
- (c) any arrangement for the compensation of directors for services as consultants or expert.

### **Benefits and Perquisites**

Benefits do not form a significant part of the remuneration package of any of the NEOs. In most cases, employment benefits, health care and life insurance are provided in a manner which is in keeping with industry standards. During the year ended January 31, 1011, none of the NEOs received any perquisites which in the aggregate were greater than \$50,000 or 10% of the respective NEO's salary.

### **Risks Associated with the Corporation's Compensation Policies and Practices**

Given the current stage of development of the Corporation, neither the Board nor the Compensation Committee has proceeded to a formal evaluation of the implications of the risks associated with the Corporation's compensation policies and practices; however, risk management is a consideration of the Board generally when implementing its compensation program. The Board and the Compensation Committee do not believe that the Corporation's compensation program results in unnecessary or inappropriate risk taking, and the Board and the Compensation Committee have not identified any risks arising from the compensation policies and practices that are reasonably likely to have a material adverse effect on the Corporation.

The Corporation's NEOs and directors are not permitted to purchase financial instruments, including for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

### **Pension Plan Benefits**

The Corporation does not have a pension plan that provides for payments or benefits to the directors at, following, or in connection with retirement.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out information as of the end of the Corporation's most recently completed financial year with respect to compensation plans under which equity securities of the Corporation 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)	10,650,000	\$0.14	1,784,195
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Non-Transferrable Share Purchase Warrants	16,972,743 <sup>(1)(2)</sup>	0.12	N/A
Finder's Warrants (Non-Transferable)	1,384,393 <sup>(2)</sup> 12,000 <sup>(3)</sup>	0.12 0.06	N/A
<b>Total</b>			

Notes:

- (1) On September 24, 2019, the Corporation 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 Corporation 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.
- (3) October 21, 2021, the Corporation completed a non-brokered private placement pursuant to which a total of 1,680,000 common shares were issued at a price of \$0.05 per share. Cash finder's fees of \$600.00 were paid and 12,000 finder's warrants were issued as part of the financing. Each finder's warrant is exercisable into one common share of the Corporation at an exercise price of \$0.06 per share up to close of business on October 20, 2024.

### 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 Corporation, no proposed nominee for election as a Director of the Corporation 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 Corporation 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 Corporation 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 Corporation at any time since the beginning of the Corporation's last financial year, no proposed nominee of management of the Corporation for election as a Director of the Corporation 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 Corporation have an interest in the resolution approving amendments to the Corporation's 2016 Stock Option Plan as described under "Particulars of Other Matters to be Acted Upon".

## 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 Corporation are not to any substantial degree performed by anyone other than by the directors or executive officers of the Corporation.

## STATEMENT OF CORPORATE GOVERNANCE

The Corporation 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 Corporation'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 Corporation 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 six members: Peter Hughes, David E. Blann, Michael Cathro, Rodger Gray, Walter Segsworth and Sarah Weber. It is proposed that all six 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 Corporation. 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, Messrs. Peter Hughes, who is President and CEO of the Corporation, and Michael Cathro, who served as Interim President and CEO during the period March 23, 2021 to September 30, 2021, are not 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 Corporation 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.
Peter Hughes	Kelso Technologies Inc. SIQ Mountain Industries Inc. Gourmet Ocean Products Inc. Navion Capital Inc. Plantable Health Inc.
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 Corporation 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 Corporation'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 Corporation's operations. New directors also have the opportunity to meet with management, technical experts and consultants of the Corporation. 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 Corporation's operations and business and changes in the regulatory environment affecting the Corporation's day-to-day business. At regular intervals, management provides updates and briefings to directors with respect to the business and operations of the Corporation. The Corporation'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 Corporation.

## **Ethical Business Conduct**

The Corporation is committed to conducting its business in compliance with the law and the highest ethical standards. Accordingly, the Corporation has adopted a written Code of Business Conduct and Ethics, as amended (the "**Code**") applicable to directors, officers and all employees of the Corporation. 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 Corporation's legal counsel. Following the receipt of any complaints submitted hereunder, the Corporation'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 Corporation encourages all directors, officers, and employees to report promptly any suspected violation of the Code to the Corporation's legal counsel. The Corporation 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 Corporation's most recently completed financial year.

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

The Code is available on the Corporation's website at [www.happycreekminerals.com](http://www.happycreekminerals.com), and is available under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Internal Employee Alert Policy**

The Corporation has adopted a written Internal Employee Alert to encourage the Corporation'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 Corporation's website at [www.happycreekminerals.com](http://www.happycreekminerals.com).

In addition, the Corporation has adopted a Blackout Period Policy for its directors, executive officers and senior management of the Corporation 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 Mr. Peter Hughes as a director to strengthen its skills and areas of expertise. Mr. Hughes has 35 years' business experience including senior-level executive and Director positions in both private and public companies specializing in pharmaceuticals, alternative energy, transportation, mining, aquaculture and sports technology. Areas of experience include corporate structuring, private and public equity financings and public company management. To further benefit from Mr. Hughes expertise and experience, he was appointed President and CEO of the Corporation on October 1, 2021.

## **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 51-102F6V, Statement of Executive Compensation, dated July 28, 2022 and available on the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com). The disclosure contained in the Form 51-102F6V, Statement of Executive Compensation, filed by the Corporation is reproduced in its entirety in this Information Circular.

## **Other Board Committees**

On July 15, 2021, the Board established a Compensation Committee. The members of the Compensation Committee are Walter Segsworth (Chair), Rodger Gray and Sarah Weber. All 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.

### 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 Corporation; 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 Corporation, after considering the recommendations of the CEO, all within the human resources and compensation policies and guidelines approved by the Board.

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 Corporation's success factors and risks which is very important when determining the metrics for measuring success. The Corporation did not retain any compensation consultants or advisors during or since the year ended January 31, 2022.

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 Corporation'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 Corporation and to such information respecting the Corporation and may engage independent counsel or advisors at the expense of the Corporation, 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 Corporation, as a venture issuer, to disclose annually in its Information 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 Corporation 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 Corporation or an affiliate of the Corporation.

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 Corporation 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 Corporation’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 Corporation has adopted a Charter of the Audit Committee of the Board of Directors, a copy of which is attached as Schedule “B”.

### **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 not considered independent as he served as Interim President and CEO of the Corporation during the period March 23, 2021 to September 30, 2021. 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 Corporation’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 TSXV-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 Corporation'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 Corporation 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 Corporation's external auditor for services provided in auditing the Corporation'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 Corporation'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 Corporation 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, 2022	17,450	Nil	1,500	Nil
January 31, 2021	19,425	Nil	1,200	Nil

## Exemption

The Corporation is relying on the exemption provided by section 6.1 of NI 52-110 which provides that the Corporation, 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.

## PARTICULARS OF OTHER MATTERS TO BE ACTED UPON AT THE MEETING

### Approval of 2022 Stock Option Plan

As noted above under "**Approval of Amendments to Stock Option Plan**", the Corporation's current incentive stock option plan (the "**Amended 2016 Stock Option Plan**") governs the issuance of stock options to eligible persons (as defined therein). The Amended 2016 Stock Option Plan was approved by Shareholders at the Annual General and Special Meeting of Shareholders held on August 24, 2021.

Effective November 24, 2021 the Exchange adopted Policy 4.4, Security Based Compensation ("**Policy 4.4**"). On August 2, 2022, the Board approved a new 10% rolling stock option plan (the "**2022 Stock Option Plan**"), which incorporates changes to the Plan in order to be in compliance with Policy 4.4 in advance of seeking approval by the Shareholders at the Meeting.

The 2022 Stock Option Plan provides that the Board may, from time to time, in its discretion, grant Options to directors, officers, employees, consultants and other personnel of the Corporation and its subsidiaries or affiliates. The 2022 Stock Option Plan is a "rolling" stock option plan, whereby the aggregate number of Shares reserved for issuance, together with all of the Corporation's other previously established or proposed share compensation arrangements, may not exceed 10% of the total number of the Corporation's issued and outstanding Common Shares at the time an Option is granted. If approved, there would have been a total of 1,814,195 Options available for grant under the 2022 Stock Option Plan as of the date of this Information Circular.

The purpose of the 2022 Stock Option Plan is to allow directors, officers and other Eligible Persons, as additional compensation, the opportunity to participate in the profitability of the Corporation by granting to such persons Options to buy shares of the Corporation at market price prevailing on the date the Option is granted.

A copy of the 2022 Stock Option Plan containing the proposed amendments is also attached to this Information Circular as Schedule "A" and filed together with the Meeting proxy materials under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com). A copy of the 2022 Stock Option Plan may also be inspected at the head office of the Corporation, Suite 460, 789 West Pender Street, Vancouver, British Columbia, V6C 1H2 during normal business hours and at the Meeting.

The following information is intended as a brief description of the 2022 Stock Option Plan and is qualified in its entirety by the full text of the 2022 Stock Option Plan:

- a) Persons who are eligible persons a director, senior officer, employee, management company employee, consultant or company consultant, and also includes a company, 100% of the share capital of which is beneficially owned by one or more eligible persons (the "Service Providers"), including Investor Relations Service Providers as defined by the TSXV Corporate Finance Manual in effect from time to time, of the Corporation, or its affiliates, or who are providing services to the Corporation or its affiliates, are eligible to receive grants of Options under the 2022 Stock Option Plan;
- b) Options granted pursuant to the 2022 Stock Option Plan are non-assignable, and non-transferable for a period of up to 10 years;
- c) for Options granted to Service Providers, the Corporation must ensure that the proposed optionee is a bona fide director, officer, employee, management company employee, or consultant, and also includes a company, 100% of the share capital of which is beneficially owned by one or more Service Providers;
- d) An Option granted to any Service Provider will expire 90 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the optionee at any time prior to expiry of the Option), after the date the optionee ceases to be employed by or provide services to the Corporation, but only to the extent that such Option was vested at the date the optionee ceased to be so employed by, or to provide services to, the Corporation;
- e) If an optionee dies, any vested Option held by him or her at the date of death will become exercisable by the optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such optionee and the date of expiration of the term otherwise applicable to such Option;
- f) In the case of an optionee being dismissed from employment or service for cause, such optionee's Options, whether or not vested at the date of dismissal, will immediately terminate without right to exercise same;
- g) The exercise price of each Option will be set by the Board on the effective date of grant of the Option and will not be less than the Discounted Market Price, as defined below;
- h) Vesting of Options shall be at the discretion of the Board, excluding Investor Relations Service Providers, and, with respect to any particular Options granted under the 2022 Option, in the absence of a vesting schedule being specified at the time of grant, all such Options shall vest immediately. Where applicable, vesting of Options will generally be subject to: (i) the Service Provider remaining employed by or continuing to provide services to the Corporation or any of its affiliates, as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Corporation or any of its affiliates during the vesting period; or (ii) the Service Provider remaining as a director of the Corporation or any of its affiliates during the vesting period;
- i) Options granted to any Investor Relations Service Provider shall vest in stages over a period of not less than one year with (i) no more than 25% of the Options vest no sooner than three months after the Options were granted; (ii) no more than another 25% of the Options vest no sooner than six months after the Options were granted; (iii) no more than another 25% of the Options vest no sooner than nine months after the Options were granted; and (iv) the remainder of the Options vest no sooner than 12 months after the Options were granted.
- j) Options will be exercisable over periods of up to 10 years as determined by the Board, except in the event that any Option expires during, or within 48 hours after, a self-imposed blackout period on trading securities of the Corporation, such expiry date will become the 10<sup>th</sup> day following the end of such blackout period; and
- k) The Board reserves the right in its absolute discretion to amend, suspend, terminate or discontinue the 2022 Stock Option Plan with respect to all Common Shares in respect of Options, which have not yet been granted under the 2022 Stock Option Plan. Any amendment to any provision of the 2022 Stock Option Plan will be subject to regulatory approvals, as necessary, unless the effect of such amendment is intended to reduce (but not to increase) the benefits of the 2022 Stock Option Plan to Service Providers.

The Board has determined that, in order to reasonably protect the rights of participants, as a matter of administration, it is necessary to clarify when amendments to the 2022 Stock Option Plan may be made by the Board without further shareholder approval. Accordingly, the 2022 Stock Option Plan also provides that the Board may, without shareholder approval, subject to prior written approval of the TSXV, as applicable:

- a) amending typographical, clerical and grammatical errors;
- b) reflecting changes to applicable securities laws (including but not limited to TSXV policies);

- c) ensuring that the Options granted under the Plan will comply with any provisions respecting income tax and other laws in force in any country or jurisdiction of which an Optionee may from time to time be resident or a citizen; and
- d) make such amendments as may otherwise be permitted by the TSXV policies, as applicable.

Amendments to the Option Plan requiring approval by Disinterested Shareholders Approval, as defined below, are:

- a) Any amendments to the 2022 Stock Option Plan that, together with all other share compensation arrangements, could result at any time in: (i) the aggregate number of Common Shares reserved for issuance under Options granted to Insiders, as defined below, together with any equity compensation awarded pursuant to all other share compensation arrangements of the Corporation, exceeding 10% of the outstanding Common Shares; (ii) the number of Shares issued to Insiders, as a group, pursuant to the exercise of Options within any 12-month period, together with any equity compensation awarded pursuant to all other share compensation arrangements of the Corporation, exceeding 10% of the outstanding Common Shares; (iii) the issuance to any one optionee, within any 12-month period, of a number of Common Shares, together with any equity compensation awarded pursuant to all other share compensation arrangements of the Corporation, exceeding 5% of the outstanding Common Shares;
- b) any reduction in the exercise price of an Option previously granted to an Insider; or
- c) the extension to the term of an outstanding Option, held by an Insider.

For the purposes of this disclosure:

"**Discounted Market Price**" has the meaning ascribed to it in the TSXV Corporate Finance Manual in effect from time to time.

A "**Disinterested Shareholder**" means a Shareholder that is not an Insider, nor are they an associate of any such Insider.

An "**Insider**" has the meaning ascribed to it in the TSXV Corporate Finance Manual in effect from time to time;

The 2022 Stock Option Plan provides that other terms and conditions may be attached to a particular Option at the discretion of the Board.

Accordingly, at the Meeting the Shareholders will be asked to pass an ordinary resolution to ratify, confirm and approve the adoption of the 2022 Stock Option Plan, pursuant to TSXV Policies. To be effective, the resolution must be passed by a simple majority of the votes cast thereon by Shareholders present in person or represented by proxy at the Meeting.

**“BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:**

1. the 2022 Stock Option Plan of the Corporation, as amended by the board of directors (the “**Board**”) and substantially in the form presented to the shareholders (the “**Shareholders**”) of the Corporation is hereby approved;
2. the Board be authorized on behalf of the Corporation to make any further amendments to the 2022 Stock Option Plan as may be required by regulatory authorities, without further approval of the Shareholders, in order to ensure adoption of the 2022 Stock Option Plan; and
3. the approval of the 2022 Stock Option Plan by the Board is hereby ratified and confirmed and any one director or officer of the Corporation is hereby authorized and directed on behalf of the Corporation to execute all documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable to give effect to the foregoing provisions of this resolution.”

The form of the resolution in respect of the 2022 Stock Option Plan set forth above (the “**2022 Option Plan Resolution**”) is subject to such amendments as management may propose at the Meeting, but which do not materially affect the substance of the 2022 Option Plan Resolution.

**The Board believes that the passing of the 2022 Option Plan Resolution is in the best interests of the Corporation and recommend that Shareholders vote in favor of the 2022 Option Plan Resolution.**

**The persons named as proxies in the enclosed Proxy intend to cast the votes represented by proxy in favor of the 2022 Option Plan Resolution unless the holder of Common Shares who has given such proxy has directed that the votes be otherwise cast.**

#### ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on the SEDAR website under the Corporation’s profile at [www.sedar.com](http://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](http://www.happycreekminerals.com) or under the Corporation's profile on the SEDAR website at [www.sedar.com](http://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, 2022, interim quarterly reports for subsequent periods, and a copy of this Information Circular upon request to the to the Corporation as follows:

- (i) e-mail: [klove@happycreekminerals.com](mailto: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 2<sup>nd</sup> day of August 2022.

**BY ORDER OF THE BOARD OF DIRECTORS**

*“Peter Hughes”*

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Peter Hughes  
President and Chief Executive Officer

**Schedule "A"**  
**2022 STOCK OPTION PLAN**



**HAPPY CREEK MINERALS LTD.**  
(the “Company”)

**2022 STOCK OPTION PLAN**  
(Adopted by the Board on August 2, 2022)

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**1. PURPOSE**

- 1.1 The purpose of this Plan is to advance the interests of the Company by (i) providing Eligible Persons (as defined below) with additional incentive; (ii) encouraging stock ownership by Eligible Persons; (iii) increasing the proprietary interest of Eligible Persons in the success of the Company; (iv) encouraging Eligible Persons to remain with the Company or its Affiliates (as defined below); and (v) attracting Employees (as defined below), Officers (as defined below), Directors (as defined below) and Consultants (as defined below) to the Company or its Affiliates.

**2. INTERPRETATION**

- 2.1 Definitions. For the purposes of this Plan, the following terms have the respective meanings set forth below:

- (a) “**Affiliate**” means an affiliate of the Company within the meaning of Section 1.3 of National Instrument 45-106 – Prospectus Exemptions, as may be amended or replaced from time to time;
- (b) “**Associate**” has the same meaning as ascribed to that term as set out in the policies of the TSX Venture Exchange, as amended from time to time;
- (c) “**Board**” means the board of directors of the Company or any committee thereof duly empowered or authorized to grant options under this Plan;
- (d) “**Change of Control**” means the occurrence of any one or more of the following events:
- (i) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Company or any of its Affiliates and another corporation or other entity, as a result of which the holders of Shares prior to the completion of the transaction hold less than 50% of the outstanding shares of the successor corporation after completion of the transaction;
  - (ii) the sale, lease, exchange or other disposition, in a single transaction or a series of related transactions, of assets, rights or properties of the Company and/or any of its subsidiaries which have an aggregate book value greater than 50% of the book value of the assets, rights and properties of the Company and its subsidiaries on a consolidated basis to any other person or entity, other than a disposition to a majority-owned subsidiary of the Company in the course of a reorganization of the assets of the Company and its subsidiaries;
  - (iii) a resolution is adopted to wind-up, dissolve or liquidate the Company;
  - (iv) any person, entity or group of persons or entities acting jointly or in concert (an “Acquiror”) acquires or acquires control (including, without limitation, the right to vote or direct the voting) of Voting Securities of the Company which, when

added to the Voting Securities owned of record or beneficially by the Acquiror or which the Acquiror has the right to vote or in respect of which the Acquiror has the right to direct the voting, would entitle the Acquiror and/or associates and/or affiliates of the Acquiror (as such terms are defined in the Securities Act (British Columbia)) to cast or to direct the casting of 40% or more of the votes attached to all of the Company's outstanding Voting Securities which may be cast to elect Directors of the Company or the successor corporation (regardless of whether a meeting has been called to elect Directors), unless a majority of the Board as constituted immediately prior to the time that such person, entity or group of persons or entities acting jointly or in concert becomes the Acquiror determines that the circumstances are such that a Change of Control should be deemed to not have occurred and any such determination shall be binding and conclusive for all purposes of the Plan;

- (v) as a result of or in connection with: (A) a contested election of Directors; or (B) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisitions involving the Company or any of its affiliates and another corporation or other entity, the nominees named in the most recent management information circular of the Company for election to the Board shall not constitute a majority of the Board; or
- (vi) the Board adopts a resolution to the effect that a Change of Control as defined herein has occurred or is imminent.

For the purposes of the foregoing, "**Voting Securities**" means Shares and any other shares entitled to vote for the election of Directors and shall include any security, whether or not issued by the Company, which are not shares entitled to vote for the election of Directors but are convertible into or exchangeable for shares which are entitled to vote for the election of Directors including any options or rights to purchase such shares or securities;

- (e.) "**Common Shares**" means the common shares without par value in the capital of the Company as constituted on the Grant Date, provided that, in the event of any adjustment pursuant to subsection 4.9, "Common Shares" shall thereafter mean the shares or other property resulting from the events giving rise to the adjustment;
- (f.) "**Company**" means Happy Creek Minerals Ltd. and includes, unless the context otherwise requires, all of its subsidiaries or affiliates and successors according to law;
- (g.) "**Consultant**" has the meaning ascribed to it in the TSXV Corporate Finance Manual in effect from time to time;
- (h.) "**Disability**" means any disability with respect to an Optionee which the Board in its sole and unfettered discretion, considers likely to prevent permanently the Optionee from:
  - (i) being employed or engaged by the Company, its subsidiaries or another employer, in a position the same as or similar to that in which he was last employed or engaged by the Company or its subsidiaries; or
  - (ii) acting as a director or officer of the Company or its subsidiaries;
- (i.) "**Disinterested Shareholder Approval**" means approval by a majority of the votes cast by all the Company's shareholders at a duly constituted shareholders' meeting, excluding votes attached to shares beneficially owned by Insiders to whom Options may be granted under this Plan and their Associates and Affiliates;
- (j.) "**Distribution**" generally, means the sale of securities from the treasury of a company, the sale of securities by a purchaser who acquired securities under an exemption from the prospectus requirements of applicable securities laws, other than in accordance with the

applicable resale restrictions or the sale of securities by a control person other than in accordance with the applicable resale restrictions;

- (k.) “**Eligible Person**” means a Person who is a *bona fide* director, senior officer, Employee, Management Company Employee, Consultant or Company Consultant, and also includes a company, 100% of the share capital of which is beneficially owned by one or more Eligible Persons (a “Holding Company”).
- (l.) “**Employee**” has the meaning ascribed to it in the TSXV Corporate Finance Manual in effect from time to time;
- (m.) “**Exchanges**” means the stock exchanges that the Company’s Common Shares are listed on from time to time, including the TSX Venture Exchange (the “TSXV”);
- (n.) “**Exercise Price**” means the amount payable per Common Share on the exercise of an Option, as determined in accordance with the terms hereof;
- (o.) “**Expiry Date**” means 5:00 p.m. (Pacific Time) on the day on which an Option lapses as specified in the Option Agreement therefor or in accordance with the terms of this Plan;
- (p.) “**Grant Date**” for an Option means the date of grant thereof by the Board, whether or not the grant is subject to any Regulatory Approval;
- (q.) “**Insider**” has the meaning ascribed to it in the TSXV Corporate Finance Manual in effect from time to time;
- (r.) “**Investor Relations Activities**” has the meaning ascribed to it in the TSXV Corporate Finance Manual in effect from time to time;
- (s.) “**Management Company Employee**” has the meaning ascribed to it in the TSXV Corporate Finance Manual in effect from time to time;
- (t.) “**Option**” means a right granted to an Eligible Person to purchase Shares pursuant to the terms of this Plan;
- (u.) “**Option Agreement**” means the notice of grant of an Option delivered by the Company hereunder to an Eligible Person and substantially in the form of Schedule “A” hereto;
- (v.) “**Optioned Shares**” means Common Shares that may be issued in the future to an Eligible Person upon the exercise of an Option;
- (w.) “**Optionee**” shall mean a Participant to whom an Option has been granted under the terms of the Plan or who holds an Option that is otherwise subject to the terms of the Plan;
- (x.) “**Participant**” means Eligible Persons to whom an Option has been granted;
- (y.) “**Person**” means a corporation or an individual;
- (z.) “**Plan**” means this Amended and Restated Stock Option Plan, the terms of which are set out herein or as may be amended and/or restated from time to time;
- (aa.) “**Plan Shares**” means the total number of Common Shares which may be reserved for issuance as Optioned Shares under the Plan as provided in subsection 4.2;
- (bb.) “**Regulatory Approval**” means the approval of the TSXV, if the Company’s shares are listed on the TSXV, and any other securities regulatory authority that may have lawful jurisdiction over the Plan and any Options issued hereunder; and
- (cc.) “**Security Based Compensation**” has the same meaning ascribed to that term as set out in the policies of the TSXV, as amended from time to time.

2.2 Currency. Unless otherwise indicated, all dollar amounts referred to in this Plan are in Canadian funds.

2.3 Gender. As used in this Plan, words importing the masculine gender shall include the feminine and neuter genders and words importing the singular shall include the plural and vice versa, unless the context otherwise requires.

2.4 Interpretation. This Plan will be governed and construed in accordance with the laws of the Province of British Columbia.

### 3. STOCK OPTION PLAN

3.1 Establishment of Plan. This Plan is hereby established to recognize contributions made by Eligible Persons and to create an incentive for their continuing assistance to the Company and its Affiliates.

3.2 Rolling Maximum Number of Plan Shares and Evergreen Plan. The aggregate number of Plan Shares reserved for issuance under the Plan shall not exceed ten (10%) percent of the total number of issued Common Shares of the Company (calculated on a non-diluted basis) at the time an Option is granted. For greater clarity, the aggregate number of Plan Shares reserved for issuance under this Plan will be calculated on the day an Option is granted. Any increase in the issued and outstanding Common Shares will result in an increase in the available number of Plan Shares issuable under the Plan. Any issuance of Plan Shares from treasury pursuant to the exercise of Options shall automatically replenish the number of Plan Shares issuable under this Plan. When each Option is exercised, cancelled or terminated, a Plan Share shall automatically be available for the grant of an Option under the Plan.

3.3 Eligibility. Options to purchase Common Shares may be granted hereunder to Eligible Persons from time to time by the Board. If the Company's shares are listed on the TSXV and if required by the policies of the TSXV, Eligible Persons that are corporate entities (which, for greater certainty, excludes Consultant Companies) will be required to provide the TSXV with a completed Schedule "A" of Form 4G – *Certification and Undertaking Required from a Company Granted Security Based Compensation* and will agree in writing not to effect or permit any transfer of ownership or option of any of its shares, nor issue more of its shares to any other individual or entity as long as such Options remain outstanding, unless the written permission of the TSXV and the Company is obtained.

3.4 Options Granted Under the Plan. All Options granted under the Plan will be evidenced by an Option Agreement in the form attached as Schedule "A", showing the number of Optioned Shares, the term of the Option, a reference to vesting terms, if any, the Exercise Price and for Options granted to any Optionee who is an Employee, Consultant or Management Company Employee, the Company will represent that the Optionee is a bona fide Employee, Consultant or Management Company Employee, as the case may be.

3.5 Terms Incorporated. Subject to specific variations approved by the Board, all terms and conditions set out herein will be deemed to be incorporated into and form part of an Option Agreement made hereunder. In the event of any discrepancy between this Plan and an Option Agreement, the provisions of this Plan shall govern.

3.6 Limitations on Option Grants. While the Common Shares are listed on the TSXV and subject to the policies of the TSXV, the following restrictions on the granting of Options are applicable under the Plan:

(a.) Individuals. The aggregate number of Optioned Shares that may be reserved for issuance pursuant to Options granted to any one individual under the Plan, within a 12-month period, must not exceed 5% of the issued Common Shares of the Company, calculated at the date the Option was granted, unless Disinterested Shareholder Approval is obtained.

(b.) Optionees Performing Investor Relations Activities. The aggregate number of Optioned Shares that may be reserved for issuance pursuant to Options granted to persons employed

to provide Investor Relations Activities under the Plan, within a 12-month period, must not exceed 2% of the issued Common Shares, calculated at the date the Option was granted.

- (c.) Consultants. The aggregate number of Optioned Shares that may be reserved for issuance pursuant to Options granted to any one Consultant under the Plan, within a 12-month period, must not exceed 2% of the issued Common Shares of the Company, calculated at the date the Option was granted.
- (d.) Insiders. The aggregate number of Optioned Shares that may be reserved for issuance pursuant to Options granted to Insiders (as a group), within any 12-month period and at any point in time, must not exceed 10% of the issued Common Shares of the Company, calculated at the date the Option was granted, unless Disinterested Shareholder Approval is obtained.
- (e.) Maximum Number of Optioned Shares. The number of Optioned Shares granted under the Plan cannot exceed the number of Plan Shares.

3.7 Options Not Exercised. In the event an Option granted under the Plan expires unexercised or is terminated by reason of dismissal of the Optionee for cause or is otherwise lawfully cancelled prior to exercise of the Option, the Optioned Shares that were issuable thereunder will be returned to the Plan and will be available again for an Option grant under this Plan.

### 3.8 Acceleration on Change of Control

- (a.) In the event of a Change of Control, all Options outstanding granted to Eligible Persons, excluding Options granted to Optionees providing Investor Relations Activities, shall be immediately exercisable, notwithstanding any determination of the Board pursuant to Section 2.2 hereof, if applicable. For greater certainty, upon a Change of Control, Participants shall not be treated any more favourably than holders of Shares with respect to the consideration that the Participants would be entitled to receive for the Shares issuable upon exercise of their Options.
- (b.) If the Participant elects to exercise its Options following a Change of Control, the Optionee shall be entitled to receive, and shall accept, in lieu of the number of Shares which he was entitled upon such exercise, the kind and amount of shares and other securities, property or cash which such holder would have been entitled to receive as a result of such Change of Control, on the effective date thereof, had the Optionee been the registered holder of the number of Shares to which the Optionee was entitled to purchase upon exercise of such Options.
- (c.) For greater certainty, the acceleration of any TSXV-imposed vesting conditions of outstanding Options granted to Optionees providing Investor Relations Activities will be subject to the prior written approval of the TSXV.

3.9 Powers of the Board. The Board will be responsible for the general administration of the Plan and the proper execution of its provisions, the interpretation of the Plan and the determination of all questions arising hereunder. Without limiting the generality of the foregoing, the Board has the power to:

- (a.) allot Common Shares for issuance in connection with the exercise of Options;
- (b.) grant Options hereunder;
- (c.) subject to appropriate shareholder and Regulatory Approval with the policies of the Exchange, amend, suspend, terminate or discontinue the Plan, or revoke or alter any action taken in connection therewith, except that no general amendment or suspension of the Plan will, without the written consent of all Optionees, alter or impair any Option previously

granted under the Plan unless as a result of a change in Exchange policies or the Company's tier classification thereunder;

- (d.) delegate all or such portion of its powers hereunder as it may determine to one or more committees of the Board, either indefinitely or for such period of time as it may specify, and thereafter each such committee may exercise the powers and discharge the duties of the Board in respect of the Plan so delegated to the same extent as the Board is hereby authorized so to do; and
- (e.) may in its sole discretion amend this Plan (except for previously granted and outstanding Options) to reduce the benefits that may be granted to Eligible Persons (before a particular Option is granted) subject to the other terms hereof.

3.10 Terms Requiring Disinterested Shareholder Approval. If required by Exchange policies, the Company will obtain Disinterested Shareholder Approval of Options if the Plan could result at any time in:

- (a.) the number of Optioned Shares reserved for issuance under Options granted to Insiders (as a group) exceeding 10% of the issued Common Shares;
- (b.) the grant to Insiders, within a 12-month period, of a number of Optioned Shares reserved for issuance under Options exceeding 10% of the issued Common Shares;
- (c.) the issuance to any one Optionee, within a 12-month period, of a number of Optioned Shares reserved for issuance under Options exceeding 5% of the issued Common Shares;
- (d.) the Company is decreasing the Exercise Price or extending the term of Options previously granted to Insiders; or
- (e.) a benefit to an Insider.

#### **4. TERMS AND CONDITIONS OF OPTIONS**

4.1 Exercise Price. The Board shall establish the Exercise Price at the time each Option is granted, subject to the following conditions:

- (a.) if the Common Shares are not listed, posted and trading on any stock exchange or bulletin board, then the Exercise Price for the Options granted will be determined by the Board at the time of granting;
- (b.) if the Common Shares are listed, posted and trading on an Exchange, then the Exercise Price for the Options granted then will not be less than the prevailing price permitted by the Exchange's policies and will be determined after the Options have been allocated to Eligible Persons;
- (c.) while the Common Shares are listed on the TSXV, if the Option is granted within 90 days of a Distribution by a prospectus, the Exercise Price will not be less than the price that is the greater of the minimum prevailing discounted market price permitted by the policies of the TSXV and the per share price paid by the public investors for Common Shares acquired under the Distribution. The 90-day period begins on the date a final receipt is issued for the prospectus; or in the case of an initial public offering, on the date of the listing of the Common Shares on the TSXV; and
- (d.) in all other cases, the Exercise Price shall be determined in accordance with the rules and regulations of the applicable regulatory bodies.

The Exercise Price shall be subject to adjustment in accordance with the provisions of subsection 4.9.

- 4.2 Term of Option. The Board shall establish the Expiry Date at the time each Option is granted, subject to the following conditions:
- (a.) the Option will expire upon the occurrence of any event set out in subsection 4.8 and at the time period set out therein;
  - (b.) an Option can be exercisable for a maximum of 10 years from the Grant Date, unless prohibited by the Exchange's policies or rules and regulations of the applicable regulatory authorities; and
  - (c.) in the event any Option expires during a self-imposed blackout period on trading securities of the Company, such expiry day will become the tenth calendar day following the end of the blackout period.
- 4.3 Hold Period. All Options, including Optioned Shares, are subject to the hold period and legend requirements of the Exchange's policies and the rules and regulations of the applicable regulatory authorities and securities laws.
- 4.4 Vesting of Options. The Board may establish a vesting period or periods at the time each Option is granted.
- 4.5 Vesting of Options for Investor Relations. Notwithstanding subsection 4.4, the Board shall establish a vesting period at the time Options are granted to Consultants providing Investor Relations Activities that require the Options to vest in stages over 12 months with no more than one-quarter of the Options vesting in any three month period.
- 4.6 Prohibition on Transfer and Assignment of Options. Subject to paragraph 4.8(d), all Options will be exercisable only by the Optionee to whom they are granted and will not be assignable or transferable. No Eligible Person or Holding Company of an Eligible Person may deal with any Options or any interest in them or Transfer or assign any Options now or hereafter held by the Eligible Person or Holding Company. If a Participant's Holding Company ceases to be wholly owned and controlled by the Participant, such Participant will be deemed to have transferred any Options held by such Holding Company in violation of the Plan. A purported Transfer or assignment of any Options in violation of the Plan will not be valid, the Corporation will not issue any Share upon the attempted exercise of improperly transferred or assigned Options, and the Options will be forfeited and cancelled
- 4.7 Option Amendment. While the Common Shares are listed on the TSXV, any amendment to the following terms must be approved by the TSXV prior to the exercise of such Options:
- (a.) Exercise Price. The Exercise Price of an Option may be amended only if at least six (6) months have elapsed since the later of:
    - (i) the Grant Date; or
    - (ii) the date of the last amendment of the Exercise Price,and if the Exercise Price is amended to the discounted market price (as such term is defined under the Exchange policies) the hold period required by the Exchange's policies will be applied from the date of the amendment.
  - (b.) Term. An Option must be outstanding for at least one year before the Company may extend its term. The term of an Option cannot be extended so that the effective term of the Option exceeds 10 years in total. Any extension of the length of the term of the Option is treated as a grant of a new Option, which must comply with pricing and other requirements of this Plan.
- 4.8 Optionee Ceasing to be Eligible Person. No Option may be exercisable if the Optionee ceases to be an Eligible Person, except as follows:
- (a.) Termination of Services Without Cause. In the event an Optionee's employment, engagement or directorship with the Company or its Affiliates is terminated other than for

cause or by reason of death, the Optionee may exercise any Option granted hereunder to the extent such Option was exercisable and had vested on the date of termination until the earlier of: (i) ninety (90) days following such termination, or such longer period as determined by the Board; and (ii) the Expiry Date of the Option (in any case, such period to be no longer than one (1) year following the date of such termination). If any portion of an Option is not vested by the Termination Date, that portion of the Option may not be exercised by the Optionee unless the Board determines otherwise. For greater certainty, any such determination regarding the period for exercise or vesting of Options made by the Board may be made at any time subsequent to the Grant Date, provided, however, that the Board may not extend the period for exercise beyond the expiry date of the Option.

- (b.) Termination of Services for Cause. In the event an Optionee's employment, engagement or directorship with the Company or its Affiliates is terminated for cause, any Option granted hereunder to such Optionee shall terminate and shall therefore cease to be exercisable upon such termination for cause.
- (c.) Investor Relations. If the Optionee is engaged as a Consultant providing Investor Relations Activities to the Company, and in the event the Optionee's services was terminated, the Optionee may exercise any Option granted hereunder to the extent such Option was exercisable and had vested on the date of termination until the earlier of: (i) thirty (30) days following such termination, or such longer period as determined by the Board; and (ii) the Expiry Date of the Option (in any case, such period to be no longer than one (1) year following the date of such termination).
- (d.) Death. In the event of the death of an Optionee, the Optionee's lawful personal representatives, heirs or executors may exercise any Option granted hereunder to the Optionee to the extent such Option was exercisable and had vested on the date of death until the earlier of one year after the date of death of such Optionee and the Expiry Date of the Option.
- (e.) Disability. If the Optionee ceases to be an Eligible Person, due to his Disability, or, in the case of an Optionee that is a company, the Disability of the person who provides management or consulting services to the Company or to any entity controlled by the Company, the Option then held by the Optionee shall be exercisable to acquire any remaining Optioned Shares at any time up to the earlier of one year from the date of Disability and the Expiry Date of the Option.

4.9 Adjustment of the Number of Optioned Shares. The number of Common Shares subject to an Option will be subject to adjustment following the date an Option is granted in the events and in the manner following:

- (a.) Any adjustment to the number of Optioned Shares, other than in connection with a share consolidation or share split, will be subject to the prior written approval of the TSXV, including adjustments related to an amalgamation, merger, arrangement, reorganization, spin-off, dividend or recapitalization.
- (b.) The exercise price for and the number of Optioned Shares which are subject to an Option will be adjusted, with respect to the then unexercised portion thereof, in the events and in accordance with the provisions and rules set out in this subsection 4.9, with the intent that the rights of Optionees under their Options are, to the extent possible, preserved and maintained notwithstanding the occurrence of such events. Any dispute that arises at any time with respect to any adjustment pursuant to such provisions and rules will be conclusively determined by the Board, and any such determination will be binding on the Company, the Optionee and all other affected parties.

- (c.) If there is a change in the outstanding Common Shares by reason of any share consolidation or split, reclassification or other capital reorganization, or a stock dividend, arrangement, amalgamation, merger or combination, or any other change to, event affecting, exchange of or corporate change or transaction affecting the Common Shares, the Board shall make, as it shall deem advisable and subject to the requisite approval of the relevant regulatory authorities, appropriate substitution and/or adjustment in:
  - (i) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to this Plan;
  - (ii) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to any outstanding unexercised Options, and in the exercise price for such shares or other securities or property; and
  - (iii) the vesting of any Options, including the accelerated vesting thereof on conditions the Board deems advisable, and if the Company undertakes an arrangement or is amalgamated, merged or combined with another corporation, the Board shall make such provision for the protection of the rights of Optionees as it shall deem advisable.
- (d.) If the outstanding Common Shares are changed into or exchanged for a different number of shares or into or for other securities of the Company or securities of another Company or entity, in a manner other than as specified in paragraph 4.9(c), then the Board, in its sole discretion, may make such adjustment to the securities to be issued pursuant to any exercise of the Option and the exercise price to be paid for each such security following such event as the Board in its sole and absolute discretion determines to be equitable to give effect to the principle described in paragraph 4.9(b), and such adjustments shall be effective and binding upon the Company and the Optionee for all purposes.
- (e.) No adjustment provided in this subsection 4.9 shall require the Company to issue a fractional share and the total adjustment with respect to each Option shall be limited accordingly.
- (f.) The grant or existence of an Option shall not in any way limit or restrict the right or power of the Company to effect adjustments, reclassifications, reorganizations, arrangements or changes of its capital or business structure, or to amalgamate, merge, consolidate, dissolve or liquidate, or to sell or transfer all or any part of its business or assets.

## 5. COMMITMENT AND EXERCISE PROCEDURES

5.1 Option Agreement. Upon grant of an Option hereunder, an authorized director or officer of the Company will deliver to the Optionee an Option Agreement detailing the terms of such Options and upon such delivery the Optionee will be subject to the Plan and have the right to purchase the Optioned Shares at the Exercise Price set out therein subject to the terms and conditions hereof.

5.2 Manner of Exercise. An Optionee who wishes to exercise his Option, in its entirety or any portion thereof, may do so by:

- (a.) delivering a written notice, in the form attached hereto as Schedule “B”, to the Company specifying the number of Optioned Shares being acquired pursuant to the Option, accompanied by cash, a certified cheque or a bank draft payable to the Company; or
- (b.) by “**cashless exercise**” as defined by and in accordance with TSXV Policy 4.4 section 4.8 (d) (i); or
- (c.) by “**net exercise**” as defined by and in accordance with TSXV Policy 4.4 section 4.8 (d) (ii),

except that, in respect of (b) and (c) above, such exercise procedures may be completed at the sole discretion and with consent of the Company.

- 5.3 Minimum Optioned Shares. No less than 100 Optioned Shares may be exercised at any one time, except where a smaller number of Optioned Shares is or remains exercisable pursuant to a grant, in which case, such smaller number of Optioned Shares must be exercised at one time.
- 5.4 Subsequent Exercises. If an Optionee exercises only a portion of the total number of his Options, then the Optionee may, from time to time, subsequently exercise all or part of the remaining Options until the Expiry Date.
- 5.5 Delivery of Certificate and Hold Periods. As soon as practicable after receipt of the notice of exercise described in subsection 5.2 and payment in full for the Optioned Shares being acquired, the Company will direct its transfer agent to issue a certificate to the Optionee for the appropriate number of Optioned Shares. Such certificate issued will bear a legend stipulating any resale restrictions required under applicable securities laws and Exchange policies.

## 6. AMENDMENTS

- 6.1 Amendment of the Plan. Except as otherwise set out below, the Board shall seek shareholder and regulatory approval for any amendments to the Plan. The Board may discontinue the Plan at any time without first obtaining shareholder approval, provided that, without the consent of a participant, such discontinuance may not in any manner adversely affect the Optionee's rights under any Option granted under the Plan.

The Board may, subject to receipt of requisite regulatory approval, where required, and without further shareholder approval, in its sole discretion make the following amendments to the Plan:

- (a.) amending typographical, clerical and grammatical errors;
- (b.) reflecting changes to applicable securities laws (including but not limited to Exchange policies);
- (c.) changing the termination provisions of an Option or the Plan which do not entail an extension beyond the original expiry date; and
- (d.) ensuring that the Options granted under the Plan will comply with any provisions respecting income tax and other laws in force in any country or jurisdiction of which an Optionee may from time to time be resident or a citizen.

Notwithstanding the foregoing, the Company shall obtain requisite shareholder approval in respect of amendments to the Plan to the extent such approval is required by any applicable laws or regulations.

- 6.2 Amendment of Outstanding Options. The Board may amend any Option with the consent of the affected Optionee, and if required by the policies of the Exchange, subject to the approval of the Exchange any shareholder approval required by the Exchange. For greater certainty, Disinterested Shareholder Approval is required for any reduction in the Exercise Price or the extension of the term of an Option if the Optionee is an Insider at the time of the proposed amendment.
- 6.3 Amendment Subject to Approval. If the amendment of an Option requires shareholder or Regulatory Approval, such amendment may be effective prior to such approvals being given, but no such amended Options may be exercised unless and until such approvals are given.

## 7. GENERAL

- 7.1 Withholding Taxes. The exercise of each Option granted under the Plan is subject to the condition that if at any time the Company determines, in its discretion, that the satisfaction of withholding tax or other withholding liabilities is necessary or desirable in respect of such exercise, such exercise is not effective unless such withholding has been effected to the satisfaction of the

Company. In such circumstances, the Company may require that an Optionee pay to the Company, in addition to and in the same manner as the exercise price for the Optioned Shares, such amount as the Company is obliged to remit to the relevant taxing authority in respect of the exercise of the Option or, alternatively, the Company shall have the right in its discretion to satisfy any such liability for withholding or other required deduction amounts by retaining or acquiring any Optioned Shares acquired upon exercise of any Option, or retaining any amount payable, which would otherwise be issued or delivered, provided or paid to an Optionee by the Company, whether or not such amounts are payable under the Plan.

- 7.2 Exclusion from Severance Allowance, Retirement Allowance or Termination Settlement. If the Optionee retires, resigns or is terminated from employment or engagement with the Company or any subsidiary of the Company, the loss or limitation, if any, pursuant to the Option Agreement with respect to the right to purchase Optioned Shares, shall not give rise to any right to damages and shall not be included in the calculation of nor form any part of any severance allowance, retiring allowance or termination settlement of any kind whatsoever in respect of such Optionee.
- 7.3 Employment and Services. Nothing contained in the Plan will confer upon or imply in favour of any Optionee any right with respect to office, employment or provision of services with the Company, or interfere in any way with the right of the Company to lawfully terminate the Optionee's office, employment or service at any time pursuant to the arrangements pertaining to same. Participation in the Plan by an Optionee is voluntary.
- 7.4 No Rights as Shareholder. Nothing contained in this Plan nor in any Option granted thereunder shall be deemed to give any Optionee any interest or title in or to any Common Shares of the Company or any rights as a shareholder of the Company or any other legal or equitable right against the Company whatsoever other than as set forth in this Plan and pursuant to the exercise of any Option.
- 7.5 No Representation or Warranty. The Company makes no representation or warranty as to the future market value of Common Shares issued in accordance with the provisions of the Plan or to the effect of the *Income Tax Act* (Canada) or any other taxing statute governing the Options or the Optioned Shares issuable thereunder or the tax consequences to a Optionee. Compliance with applicable securities laws as to the disclosure and resale obligations of each Optionee is the responsibility of such Optionee and not the Company.
- 7.6 Other Arrangements. Nothing contained herein shall prevent the Board from adopting other or additional compensation arrangements, subject to any required approval.
- 7.7 No Fettering of Discretion. The awarding of Options under this Plan is a matter to be determined solely in the discretion of the Board. This Plan shall not in any way fetter, limit, obligate, restrict or constrain the Board with regard to the allotment or issue of any Common Shares or any other securities in the capital of the Company or any of its Affiliates other than as specifically provided for in this Plan.

Adopted by the Board on August 2, 2022.

Approve by the Shareholders on September 8, 2022.

**HAPPY CREEK MINERALS LTD.**

per: "Peter Hughes"  
Peter Hughes, President and CEO

Schedule "A" to Happy Creek Minerals Ltd. 2022 Stock Option Plan

**Stock Option Plan of  
HAPPY CREEK MINERALS LTD.  
OPTION AGREEMENT**

This Option Agreement is entered into between **HAPPY CREEK MINERALS LTD.** (the "Company") and the Optionee named below pursuant to the Company's Stock Option Plan (the "Plan") a copy of which is attached hereto, and confirms the following:

1. Grant Date: \_\_\_\_\_
2. Optionee: \_\_\_\_\_
3. Optionee's Position with the Company: \_\_\_\_\_
4. Number of Optioned Shares: \_\_\_\_\_
5. Option Price (\$ per Share): \$ \_\_\_\_\_
6. Expiry Date of Option: \_\_\_\_\_
7. The Option vests as follows: \_\_\_\_\_  
\_\_\_\_\_
8. **[Insert only if applicable.]** If the Options are exercised on or before **[the date that is four months + 1 day from the date of grant]**, and at the time the Options are exercised the Company is listed on the TSXV, the Optionee consents to the placement of a legend on all certificates representing the Optioned Shares in substantially the following form:  
  
"Without prior written approval of the TSXV and compliance with all applicable securities legislation, the securities represented by this certificate may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSXV or otherwise in Canada or to or for the benefit of a Canadian resident until **[the date that is four months + 1 day from the date of grant]**."
9. The Option is non-assignable and non-transferable in accordance with the Plan, or by will or by the law governing the devolution of property, to the Optionee's executor, administrator or other personal representative in the event of death of the Optionee.
10. This Option Agreement is subject to the terms and conditions set out in the Plan, as amended or replaced from time to time. In the case of any inconsistency between this Option Agreement and the Plan, the Plan shall govern.

11. Unless otherwise indicated, all defined terms shall have the respective meanings attributed thereto in the Plan.
12. This Option Agreement may be executed by the parties hereto in as many counterparts as may be necessary, and each such agreement so executed shall be deemed to be an original and, provided that all of the parties have executed a counterpart, such counterparts together shall constitute a valid and binding agreement, and notwithstanding the date of execution shall be deemed to bear the date as set forth above. Such executed copy may be transmitted by telecopied facsimile or other electronic method of transmission, and the reproduction of signatures by facsimile or other electronic method of transmission will be treated as binding as if originals.
13. By signing this agreement, the Optionee:
  - (a.) acknowledges that he, she, or its authorized representative has read and understands the Plan and agrees that the Options are granted under and governed by the terms and conditions of the Plan, as may be amended or replaced from time to time; and
  - (b.) expressly consents to:
    - (i) the disclosure of "Personal Information" about the Optionee by the Company and its representatives to the TSXV, and
    - (ii) the collection, use and disclosure of Personal Information by the TSXV for the purposes described in Appendix 6A, a copy of which is attached hereto, or as otherwise identified by the TSXV, from time to time.

"Personal Information" means any information about the Optionee, including information contained in this Option Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Option Agreement as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**OPTIONEE:**

**HAPPY CREEK MINERALS LTD.**

\_\_\_\_\_  
Signature of Optionee

per: \_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
Print Name

## APPENDIX 6A

### ACKNOWLEDGEMENT – PERSONAL INFORMATION

TSX Venture Exchange Inc. and its affiliates, authorized agents, subsidiaries and divisions, including the TSX Venture Exchange (collectively referred to as “the Exchange”) collect Personal Information in certain Forms that are submitted by the individual and/or by an Issuer or Applicant and use it for the following purposes:

- to conduct background checks,
- to verify the Personal Information that has been provided about each individual,
- to consider the suitability of the individual to act as an officer, director, insider, promoter, investor relations provider or, as applicable, an employee or consultant, of the Issuer or Applicant,
- to consider the eligibility of the Issuer or Applicant to list on the Exchange,
- to provide disclosure to market participants as to the security holdings of directors, officers, other insiders and promoters of the Issuer, or its associates or affiliates,
- to conduct enforcement proceedings, and
- to perform other investigations as required by and to ensure compliance with all applicable rules, policies, rulings and regulations of the Exchange, securities legislation and other legal and regulatory requirements governing the conduct and protection of the public markets in Canada.

As part of this process, the Exchange also collects additional Personal Information from other sources, including but not limited to, securities regulatory authorities in Canada or elsewhere, investigative, law enforcement or self-regulatory organizations, regulations services providers and each of their subsidiaries, affiliates, regulators and authorized agents, to ensure that the purposes set out above can be accomplished.

The Personal Information the Exchange collects may also be disclosed:

- (a) to the agencies and organizations in the preceding paragraph, or as otherwise permitted or required by law, and they may use it in their own investigations for the purposes described above; and
- (b) on the Exchange’s website or through printed materials published by or pursuant to the directions of the Exchange.

The Exchange may from time to time use third parties to process information and/or provide other administrative services. In this regard, the Exchange may share the information with such third-party service providers.

Schedule "B" to Happy Creek Minerals Ltd. Stock Option Plan

**Incentive Stock Option Plan of**

**HAPPY CREEK MINERALS LTD.**

**NOTICE OF EXERCISE OF OPTION**

TO: Happy Creek Minerals Ltd.

Attention: Board of Directors

The undersigned hereby irrevocably gives notice of the exercise of Option, granted to the undersigned by Happy Creek Minerals Ltd. to acquire Common Shares at \$ \_\_\_\_\_ per share as constituted on \_\_\_\_\_, 20\_\_\_\_ (or such number of other securities or property to which such Options entitle the undersigned in lieu thereof or in addition thereto).

Number of Common Shares purchased herein: \_\_\_\_\_

Payment enclosed: \$ \_\_\_\_\_ (certified cheques or bank drafts made payable to Happy Creek Minerals Ltd.)

**Registration Instructions**

The undersigned hereby irrevocably directs that the said Common Shares be issued as follows:

Registered Name \_\_\_\_\_

Registered Address \_\_\_\_\_

**Delivery Instructions**

Please mail the share certificates representing the Common Shares to the following address. If Delivery Instructions is not completed, the share certificates will be mailed to the address of the undersigned Optionee.

Delivery Address \_\_\_\_\_

DATED the \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

\_\_\_\_\_  
Name of Optionee (please print)

\_\_\_\_\_  
Signature of Optionee

## Schedule “B”

### 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.