

**HAPPY CREEK MINERALS LTD.**  
**("Happy Creek" or the "Corporation")**

**FORM 51-102F6V**

**STATEMENT OF EXECUTIVE COMPENSATION – VENTURE ISSUERS**  
**for the fiscal year ended January 31, 2022**  
**dated July 28, 2022**

**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:**

<sup>(1)</sup> 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

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
Richard Lee 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
Sarah Weber Director	Stock Option	1,000,000	March 23, 2021	0.10	0.09	0.04	Mar 23, 2026
Rodger Gray 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
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 TSX Venture Exchange (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.

- 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.
- 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.
- Limitations.** Under the Plan, the aggregate number of Options granted to any one person in a 12-month period must not exceed 5% of the issued and outstanding shares of the Corporation, calculated on the date the option is granted. The aggregate number of Options granted to any one Consultant in a 12-month period must not exceed 2% of the issued and outstanding shares of the Corporation, calculated at the date the option is granted. The aggregate number of Options granted to all persons retained to provide investor relations services to the Corporation (including Consultants and Employees or Directors whose role and duties primarily consist of providing investor relations services) must not exceed 2% of the issued and outstanding shares of the Corporation in any 12-month period, calculated at the date an option is granted to any such person.

4. Term of Options. Subject to the termination and change of control provisions noted below, the terms of any option granted under the 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. 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.
7. 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.