

**SILVER HAMMER MINING CORP.**  
**(the “Company”)**

**CHARTER OF THE COMPENSATION COMMITTEE**  
**OF THE BOARD OF DIRECTORS**

**PART I**  
**Establishment of Committee**

**1. Committee**

The Compensation Committee (the “**Committee**”) is established by the board of directors (the “**Board**”) to assist the Board in fulfilling its responsibilities relating to matters of human resources and compensation, including equity compensation, and to establish a plan of continuity and development of senior management. The Committee has responsibility for evaluating and making recommendations to the Board regarding the compensation of the Company’s CEO, the range of compensation for other executives, and the equity-based and incentive compensation plans, policies and programs of the Company. The Committee will also review and recommend to the Board the compensation payable to directors. The Committee shall review management’s annual report on executive compensation for recommendation to the Board for approval and inclusion in the Company’s disclosure documents.

**2. Composition of Committee and Member Qualifications**

The Committee shall consist of as many members as the Board shall determine, but in any event not fewer than two directors. Each member of the Committee shall be determined by the Board to be:

- (a) an “independent” director for the purposes of any applicable corporate, securities or other legislation or any rule, regulation, instrument, policy, guideline or interpretation under such legislation; and
- (b) an “independent” director with appropriate knowledge in Compensation as defined in and for the purposes of any applicable governance guidelines or listing standards of any stock or securities exchange upon which the securities of the Company are from time to time listed.

**3. Appointment of Committee Members**

The members of the Committee shall be appointed by the Board. The members of the Committee shall be appointed annually following each annual meeting of shareholders, and shall hold office until the next annual meeting, or until they are removed by the Board or until they cease to be directors of the Company.

**PART II**  
**Committee Procedure**

**4. Vacancies**

Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board, and shall be filled by the Board if the membership of the Committee is fewer than two directors. The Board may remove and replace any member of the Committee.

**5. Committee Chair**

The Board shall appoint a Chair for the Committee. The Chair may be removed and replaced by the Board.

*Position Description for the Chair of the Committee*

Outlined below is the position description for the Chair of the Committee.

The Chair manages the affairs of the Committee, including overseeing its effective operation and its undertaking of all oversight functions as set out in this Charter.

The primary responsibilities of the Chair include:

- providing effective Committee leadership, overseeing all aspects of the direction and administration of the Committee in fulfilling its mandate;
- overseeing the mandate, structure, composition, membership and activities delegated to the Committee;
- reporting the results of each Committee meeting at the next Board meeting and make available to each Director copies of the Committee meetings' materials and minutes;
- scheduling Committee meetings in consultation with the Chair of the Board, other Committee members, and the appropriate members of Management;
- setting the agenda for Committee meetings in consultation with the appropriate members of Management;
- chairing all Committee meetings;
- communicating with appropriate members of Management in fulfilling the mandate of the Committee;
- confirming that Committee members are receiving written information and are exposed to presentations from Management consistent with fulfilling the mandate of the Committee;
- allotting sufficient time during Committee meetings to fully discuss agenda items of relevance and importance to directors;
- retaining, in consultation with the Chair of the Board, expert consultants on behalf of the Committee, as needed; and
- overseeing the assessment of the performance of the Committee annually.

**6. Absence of Chair**

If the Chair is not present at any meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen by the Committee to preside at the meeting.

**7. Secretary of Committee**

The Committee may appoint a Secretary who need not be a director of the Company.

**8. Regular Meetings and Work Plan**

The Chair, in consultation with the Committee members, shall determine the schedule and frequency of the Committee meetings, provided that the Committee shall meet at least twice per year.

The Committee, in consultation with the Board and Management, shall develop and maintain a Committee work plan setting out the scheduled business to be conducted at the Committee's regular meetings throughout the fiscal year on all matters within the Committee's mandate and any other matters as may be determined to be necessary or appropriate.

**9. Special Meetings**

The Chair, any two members of the Committee, or the CEO of the Company may call a special meeting of the Committee.

**10. Quorum**

Two members of the Committee or if there are more than two members on the Committee, a majority of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak to each other, shall constitute a quorum.

**11. Notice of Meetings**

Notice of the time and place of every meeting shall be given in writing or by e-mail to each member of the Committee at least 24 hours prior to the time fixed for such meeting; provided, however, that a member may in any manner waive a notice of a meeting and attendance of a member at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

**12. Agenda**

The Chair shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and Management. The agenda and information concerning the business to be conducted at each Committee meeting shall, to the extent practical, be communicated to the members of the Committee sufficiently in advance of each meeting to permit meaningful review.

**13. Delegation**

The Committee shall have the power to delegate its authority and duties to subcommittees or individual members of the Committee as it considers appropriate.

**14. Access**

In discharging its responsibilities, the Committee shall have full access to all books, records, facilities and Management of the Company.

**15. In Camera Sessions and Attendance of Officers at a Meeting**

The Committee may meet in camera, without Management, at each meeting of the Committee, as considered appropriate or necessary by the members of the Committee. Any member of the Committee may move the Committee in camera at any time during the course of a meeting, and a record of any decisions made in camera shall be maintained by the Committee Chair for review with the Board. The Committee shall also meet at least annually in camera without other members of Management present. At the invitation of the Chair, one or more officers or Management of the Company may, and if required by the Committee shall, attend a meeting of the Committee or a portion thereof.

**16. Procedure, Records and Reporting**

The Committee shall fix its own procedure at meetings, keep records of its proceedings and report to the Board in a timely manner (but not later than the next meeting of the Board).

**17. Outside Consultants or Advisors**

The Committee whenever it considers it necessary or advisable, may request Management to retain outside consultants to provide appropriate compensation surveys to assist the Committee independently on any matter within its mandate. The Committee shall request additional or specific appropriate surveys as they deem necessary.

The compensation recommendations made by the Committee to the Board are the responsibility of the Committee and will reflect such factors and considerations as the Committee considers appropriate in addition to the information provided by the Consultants reports.

**PART III**  
**Mandate of Committee**

**18. Compensation Guidelines and Agreements**

The Committee shall review Management's recommendations and recommend to the Board a statement of compensation philosophy, strategy, and principles for the Company's executives and administer the Company's executive compensation and benefits program in accordance with the statement approved by the Board. The statement shall take into account all applicable laws, rules and guidelines regarding executive compensation and accountability.

The Committee shall also be responsible for reviewing Management's recommendations, as appropriate, and providing recommendations in its discretion to the Board regarding certain matters relating to all employees, including annual salary and incentive policies and programs, material new benefit programs, and material changes to existing benefit programs.

The Committee shall also, at least annually review and make recommendations to the Board with respect to the compensation to be paid to the directors of the Company.

**19. CEO Evaluation and Compensation**

The Committee shall review and recommend to the Board the use of corporate goals and objectives relevant to the total compensation package of the CEO, recommend a performance evaluation process for the CEO, and evaluate the performance of the CEO using the evaluation process in light of his goals and objectives.

The Committee shall determine and recommend to the Board for approval the CEO's compensation based on its evaluation of his performance and, where appropriate, with reference to competitive market data regarding compensation paid to CEOs of peer companies. In addition, in determining the long-term incentive component of the compensation of the CEO, the Committee shall consider the Company's performance and shareholder return relative to peer companies, the value of similar incentive awards to CEOs at peer companies and the long-term incentive awards given or not given to the CEO in past years.

This Charter should not be construed as precluding discussion of compensation of the CEO with the Board, as it is not intended to impair communication among members of the Board.

**20. Other Executive Compensation and Oversight**

In consultation with the CEO, the Committee shall review the evaluation of the Company's executives other than the CEO and shall make recommendations to the Board with respect to the compensation packages for the Company's executives other than the CEO. The Committee shall consider not only comparative compensation surveys, but also Company-specific factors and such other factors as the Committee considers appropriate in determining executive compensation packages.

**21. Equity Compensation Review**

The Committee shall review Managements recommendations, as appropriate, and make recommendations in its discretion to the Board regarding, incentive compensation or equity plans, programs or similar arrangements that the Company establishes for, or makes available to, its employees and consultants, including the designation of the employees and consultants who may participate, the share and option availability and the administration of share purchases.

In addition, the Committee shall review periodically, as appropriate, the extent to which these forms of compensation are meeting their intended objectives, and shall make recommendations in its discretion to the Board regarding modifications that will more accurately relate such compensation to employee performance.

**22. Peer Groups**

To the extent that the Committee uses comparative market data to (i) determine compensation awarded to the CEO and other executives, or (ii) measure the performance of the Company for purposes of determining the quantum or vesting of annual or long-term incentives, the Committee may:

- (a) periodically review the criteria used to select companies to be included in any peer group in order to ensure that the criteria are and remain appropriate;
- (b) annually review the companies included in any peer group used to review or set the compensation of any executive, including the CEO, in order to ensure that the peer group contains appropriate comparative market data; and
- (c) periodically review the companies included in any peer group used to measure the Company's performance to ensure that the companies included provide appropriate comparisons.

**23. Director Compensation**

The Committee shall determine and recommend to the Board for approval the compensation paid to the Company's directors based on its evaluation of the director's performance and, where appropriate, with reference to competitive market data regarding compensation paid to directors of peer companies. The Committee may from time to time retain any consultants as may be deemed necessary to provide assistance with respect to any compensation to be paid to the directors.

**24. Management Resources and Plans for Executive Development and Succession**

The Committee shall review, as required, with the CEO the performance of and potential for advancement of each key officer of the Company. The Committee may also at its discretion request information with respect to the management resources available to the Company. The Committee shall periodically discuss with the CEO their views as to the successors for the CEO, CFO, and key Vice-Presidents in the event of an unexpected incapacity of such officers.

The Committee will annually review as required the Company's succession plans for the positions of President and CEO and Executive Management. The Committee shall monitor the progress and development of the succession candidates internal to the Company in accordance with the succession plans, and annually review the adequacy of the succession candidates to foster timely and effective executive continuity. The Committee shall report on these matters to the Board at least once a year.

As required, the Committee will review the Company's Management organization structure, including any proposals of the CEO for changes to the structure, and report any significant organizational changes, along with the Committee's recommendations, to the Board.

The Committee shall report to the Board, as required, regarding its appraisal of the Company's succession and emergency contingency plans.

**25. Compensation Committee Interlocks**

In order to ensure that none of the Company's executives serve as members of a compensation committee (or equivalent committee) of any entity that employs a member of the Committee, Management shall keep the Committee apprised in a timely manner of the appointment of the CEO and the other executive officers of the Company to the boards of directors of any other public companies.

**26. Compensation Risks**

The Committee will review risks inherent in the Company's Compensation policies, identify risks and determine strategies to minimize any risks.

**27. Compensation Disclosure**

The Committee shall:

- (a) in consultation with Management, determine whether the disclosure of performance goals and objectives in the Company's "Compensation Discussion & Analysis" required by applicable laws, rules and guidelines would involve confidential trade secrets or confidential commercial or financial information, the disclosure of which would seriously prejudice the Company's interests;
- (b) assist in, review, and recommend to the Board for approval of the Company's "Compensation Discussion & Analysis" as required to be published by applicable laws, rules and guidelines; and
- (c) review and recommend to the Board for approval, as appropriate, any other significant information relating to matters within the Committee's mandate contained in the Company's disclosure documents.

**28. Annual Meeting Attendance**

Members of the Committee shall make themselves available (to the extent they are available) at annual general meetings of the shareholders of the Company to answer shareholders' inquiries in the areas covered by the Committee's mandate.

**29. Review of Committee's Charter**

The Committee shall assess the adequacy of this Charter, as required from time to time, and recommend any changes to the Board.

**30. Non-Exhaustive List**

The foregoing list of duties is not exhaustive, and the Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its responsibilities.