

PROSPECT RIDGE RESOURCES CORP.

(the "**Company**")

488 – 1090 West Georgia Street
Vancouver, British Columbia, V6E 3V7

Form 51-102F6V

STATEMENT OF EXECUTIVE COMPENSATION – VENTURE ISSUER

(for the financial year ended August 31, 2021)

GENERAL

The following information is provided in accordance with *Form 51-102F6V Statement of Executive Compensation - Venture Issuers* (the "**Form**") for the financial year ended August 31, 2021 (the "**Reporting Year**").

For the purposes of this Statement of Executive Compensation:

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

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

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

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

- (a) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer;
- (b) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer;
- (c) in respect of the company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5), for that financial year;
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the company, and was not acting in a similar capacity, at the end of that financial year;

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

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

DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

Director and NEO Compensation Excluding Compensation Securities

During the Reporting Year, there were three named executive officers, namely (i) Michael Iverson, the Chief Executive Officer of the Company at the end of the Reporting Year, (ii) Liam Corcoran, the former Chief Executive Officer of the Company during the Reporting Year, and (iii) Bennett Liu, the Chief Financial Officer and Corporate Secretary of the Company during the Reporting Year. During the Reporting Year, there were two non-NEO directors of the Company, namely Nicholas Luksha and Jacques Brunelle.

The following table sets forth, with respect to each NEO and non-NEO director of the Company for all or any part of the Reporting Year, all compensation (other than compensation securities) paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the Company or its subsidiaries to such NEOs and directors of the Company, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct or indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to such NEOs or directors for services provided and to be provided, directly or indirectly, to the Company or its subsidiaries in the Reporting Year and the prior financial year (from incorporation on April 6, 2020 to August 31, 2020). Options and compensation securities are disclosed under the heading "Stock Options and Other Compensation Securities" of this Form. All amounts shown were paid in Canadian currency, the reporting currency of the Company.

Table of Compensation Excluding Compensation Securities							
Name and Position at end of Reporting Year	Year	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of all Other Compensation (\$)	Total Compensation (\$)
Michael Iverson CEO & Director ⁽¹⁾	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil
Liam Corcoran former CEO; Director ⁽²⁾	2021	16,500 ⁽⁶⁾	Nil	Nil	Nil	Nil	16,500
	2020	Nil	Nil	Nil	Nil	Nil	Nil
Bennett Liu CFO & Corporate Secretary ⁽³⁾	2021	35,000 ⁽⁷⁾	Nil	Nil	Nil	Nil	35,000
	2020	Nil	Nil	Nil	Nil	Nil	Nil
Nicholas Luksha Director ⁽⁴⁾	2021	3,000 ⁽⁸⁾	Nil	Nil	Nil	Nil	3,000
	2020	Nil	Nil	Nil	Nil	Nil	Nil
Jacques Brunelle Director ⁽⁵⁾	2021	3,000	Nil	Nil	Nil	Nil	3,000
	2020	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

(1) Mr. Iverson has served as the CEO and a director of the Company since August 26, 2021.

- (2) *Mr. Corcoran has served as the CEO of the Company from April 6, 2020 to August 26, 2021. He remained a director of the Company as at the end of the Reporting Year.*
- (3) *Mr. Liu has served as the CFO and Corporate Secretary of the Company since November 23, 2020, and subsequent to the end of the Reporting Year resigned from both offices on November 5, 2021.*
- (4) *Mr. Luksha has served as a director of the company since September 15, 2020. Subsequent to the end of the Reporting Year, he was appointed the President of the Company on October 7, 2021.*
- (5) *Mr. Brunelle has served as a director of the Company since September 15, 2020.*
- (6) *Consulting fees paid to Liam L. Corcoran Law Corporation, a company owned and controlled by Liam Corcoran, which has retained Liam Corcoran to provide services to the Company as the Chief Executive Officer of the Company. All of the above fees were paid in relation to the position of CEO.*
- (7) *Consulting fees paid to Red Fern Consulting Ltd., which has retained Bennett Liu to provide services to the Company as the Chief Financial Officer and Corporate Secretary of the Company.*
- (8) *Paid to Island Runner Endeavor Inc., a company owned and controlled by Nicholas Luksha, which has retained Nicholas Luksha to provide services to the Company as a director of the Company and as requested by the Company from time to time.*

External Management Companies

As at the end of the Reporting Year, the following individuals acting as NEOs were not employees of the Company: Michael Iverson, Liam Corcoran and Bennett Liu.

The following external management companies employ or retain one or more individuals who are NEOs or non-NEO directors of the Company and the Company has entered into an understanding, arrangement or agreement with the external management company to provide executive management services to the Company, directly or indirectly:

- **Liam L. Corcoran Law Corporation**, which retains Liam Corcoran to provide services to the Company. The Company did not pay any compensation directly to Mr. Corcoran. To the best of the Company's knowledge, the external management company paid \$16,500 to Mr. Corcoran which is attributable to the services he provided to the Company.
- **Red Fern Consulting Ltd.**, which retains Bennett Liu to provide services to the Company. The Company did not pay any compensation directly to Mr. Liu. To the best of the Company's knowledge, the external management company paid \$30,000 to Mr. Liu which is attributable to the services he provided to the Company.
- **Island Runner Endeavor Inc.**, which retains Nick Luksha to provide services to the Company. The Company did not pay any compensation directly to Mr. Luksha. To the best of the Company's knowledge, the external management company paid \$3,000 to Mr. Luksha which is attributable to the services he provided to the Company.

Stock Options and Other Compensation Securities

The following table provides a summary of all compensation securities granted or issued by the Company to each NEO and non-NEO director of the Company in the Reporting Year for services provided or to be provided, directly or indirectly, to the Company:

Compensation Securities							
Name and Position at end of Reporting Year	Type of compensation security	Number of compensation securities, number of underlying securities and percentage of class ⁽¹⁾	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
Michael Iverson CEO & Director ⁽²⁾	Stock Options	200,000 ⁽³⁾ 0.70%	Aug. 26 2021 ⁽⁴⁾	\$ 0.50	\$ 0.46	\$1.00	Aug. 26 2026
Liam Corcoran former CEO; Director ⁽²⁾	Stock Options	300,000 ⁽³⁾ 1.05%	Aug. 26 2021 ⁽⁴⁾	\$ 0.50	\$ 0.46	\$1.00	Aug. 26 2026
Bennett Liu CFO & Corporate Secretary ⁽²⁾	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Nicholas Luksha Director ⁽²⁾	Stock Options	300,000 ⁽³⁾ 1.05%	Aug. 26 2021 ⁽⁴⁾	\$ 0.50	\$ 0.46	\$1.00	Aug. 26 2026
Jacques Brunelle Director ⁽²⁾	Stock Options	300,000 ⁽³⁾ 1.05%	Aug. 26 2021 ⁽⁴⁾	\$ 0.50	\$ 0.46	\$1.00	Aug. 26 2026

Notes:

- (1) Percentage of class based on the number of underlying securities in relation to the number of common shares issued and outstanding on the last day of the Reporting Year, being 28,655,001 common shares issued and outstanding as at August 31, 2021.
- (2) See notes in preceding table entitled "Table of Compensation Excluding Compensation Securities".
- (3) Each option entitles the holder to acquire one common share of the Company.
- (4) Options vest as to 100% on the date of grant.
- (5) On the last day of the Reporting Year, the total amount of compensation securities held (and the number and type of underlying securities) by each NEO and non-NEO director of the Company is as follows:
- Michael Iverson: 200,000 stock options (200,000 common shares)
 - Liam Corcoran: 300,000 stock options (300,000 common shares)
 - Bennett Liu: none
 - Nicholas Luksha: 300,000 stock options (300,000 common shares)
 - Jacques Brunelle: 300,000 stock options (300,000 common shares)
- (6) During the Reporting Year, no compensation securities were re-priced, cancelled and replaced, had its term extended, or otherwise been materially modified.

Exercise of Compensation Securities by NEOs and Directors

No compensation securities were exercised by the NEOs and the non-NEO directors of the Company during the Reporting Year.

Stock Option Plans and Other Incentive Plans

Incentive stock options are granted under and governed by the Company's stock option plan (the "Plan") approved by the Company's directors on March 29, 2021. The purpose of the Plan is to offer to the Company's directors, officers, employees, consultants and other service providers (and those of its affiliates) the opportunity to acquire a proprietary interest in the Company, thereby providing an incentive to such persons to promote the best interests of the Company, and to provide the Company with the ability to attract qualified persons as directors, officers and employees. The Plan is administered by the Company's directors. The material terms of the Plan are as follows:

1. The aggregate maximum number of options which may be granted under the Plan at any one time is 10% of the number of Common Shares outstanding at the time of grant.
2. If an option expires or terminates for any reason without having been exercised in full, the un-purchased Common Shares subject thereto shall again be available for the purposes of the Plan.
3. The board of directors shall not grant options to any one person in a 12 month period which will, when exercised, exceed 5% of the issued and outstanding Common Shares (calculated at the date such options are granted); or to any one consultant or to those persons employed by the Company who perform investor relations services which will, when exercised, exceed 2% of the issued and outstanding Common Shares, calculated at the date such options are granted.
4. The board of directors may impose vesting periods on any options granted.
5. Options granted to persons who perform investor relations services shall vest in stages over not less than 12 months and no more than one-quarter (1/4) of such options may be vested in any three month period.
6. The exercise price of any options granted under the Plan will be determined by the board of directors, in its sole discretion, but shall not be less than the greater of: (i) the closing price of the Common Shares on the trading day preceding the day on which the directors grant such options; and (ii) the closing price of the Common Shares on the date of grant of such options.
7. The term of any options granted under the Plan will be fixed by the board of directors at the time such options are granted, provided that options will not be permitted to exceed a term of ten years, with the exception of any options extended due to a Blackout Period (as defined in the Plan).
8. If the option holder ceases to be a service provider of the Company (other than by reason of death, disability or termination for just cause), then the option granted shall expire on no later than the 90th day following the date that the option holder ceases to be a service provider of the Company, subject to the terms and conditions set out in the Plan. If the option holder's position as a director, officer, employee or consultant is terminated for just cause, then the option granted shall expire on the date of termination for just cause.
9. Options will be subject to adjustment in the event of any consolidation, subdivision, conversion or exchange of the Common Shares.
10. All options will be non-assignable and non-transferable (except upon the death of an option holder, in which case any outstanding options may be exercised by the option holder's successors).
11. Disinterested shareholder approval must be obtained for (i) any reduction in the exercise price of an outstanding option, if the option holder is an insider; (ii) any grant of options to insiders or any increase in the number of Common Shares reserved for issuance pursuant to options previously granted, within a 12 month period, exceeding 10% of the issued Common Shares at the time of the grant of the options; (iii) any grant of options to any one individual, within a 12 month period, exceeding 5% of the issued Common Shares;

and (iv) any individual option event that would result in the limitations set out in items (ii) or (iii) being exceeded.

As of the date hereof, the Company does not have any incentive plans other than the Stock Option Plan.

Employment, Consulting and Management Agreements

The material terms of each agreement or arrangement under which compensation was provided during the Reporting Year or is payable in respect of services provided to the Company or any of its subsidiaries that were performed by a NEO or director, or performed by any other party but are services typically provided by a NEO or director, is as follows:

- The Company has a written consulting agreement with Liam L. Corcoran Law Corporation dated October 1, 2020, for the provision of CEO services, for which Liam L. Law Corporation has retained Liam Corcoran to act as CEO of the Company. The agreement provides for consideration of \$1,500 per month, has a term ending on October 31, 2021, renewable on an annual basis by mutual consent, and may be terminated by the Company immediately upon the occurrence of certain events and on 30 days written notice. In the event of termination, the consultant is entitled to all amounts accrued and unpaid up to the date of termination. On October 31, 2021, the agreement ended without renewal.
- The Company has an unwritten consulting arrangement with Red Fern Consulting Ltd. for the provision of CFO and accounting services, for which Red Fern Consulting Ltd. has retained Bennett Liu to act as CFO and Corporate Secretary of the Company. The arrangement provides for consideration of \$2,500 per month, and has no specified term or termination provisions.
- The Company has a written consulting agreement with Nick Luksha dated June 1, 2021, for acting as a director and for the provision of corporate development services. The agreement has been assumed by Island Runner Endeavor Inc., which has retained Nick Luksha to provide the services. The agreement provides for consideration of \$1,000 per month, has a term ending on June 30, 2022, renewable by mutual consent, and may be terminated by the Company immediately upon the occurrence of certain events and on 30 days written notice. In the event of termination, the consultant is entitled to all amounts accrued and unpaid up to the date of termination.
- The Company has a written consulting agreement with Jacques Brunelle dated June 1, 2021, for acting as a director and for the provision of corporate development services. The agreement provides for consideration of \$1,000 per month, has a term ending on June 30, 2022, renewable by mutual consent, and may be terminated by the Company immediately upon the occurrence of certain events and on 30 days written notice. In the event of termination, the consultant is entitled to all amounts accrued and unpaid up to the date of termination.

None of the above agreements, except as noted therein, has any material provisions with respect to a change in control of the Company, severance, termination or constructive dismissal.

Oversight and Description of Director and Named Executive Officer Compensation

Compensation of Directors

The Company has no standard arrangement pursuant to which the directors were compensated by the Company for their services in their capacity as directors or for committee participation, involvement in special assignments or for services as consultants or experts during the Reporting Year, although directors may be compensated on an ad hoc

basis, subject to the approval of the other board members, for certain services provided to the Company. Directors may however receive stock options for their role as directors or committee members with the Company, in such amounts and upon such terms as may be approved by the Board from time to time. The number of stock options granted will depend upon the performance of each director. Previous grants of stock options also provide a basic guideline in determining new stock option grants.

Compensation of Named Executive Officers

The Company is an exploration and development stage mining company and will not be generating revenues from operations for a significant period of time. As a result, the use of traditional performance standards, such as corporate profitability and earnings per share, are not considered by the directors to be relevant in the evaluation of NEO performance.

The Board as a whole determines NEO compensation as needed from time to time based on the Company's activity, financial resources and other circumstances. Executive compensation levels are established, on a largely subjective basis, with a view to attracting and retaining personnel critical to the Company's short and long term success, and to provide incentives and reward for performance.

NEO compensation is typically comprised of a base salary, stock options, and as circumstances permit, pre-set or discretionary bonuses. Base salary seeks to provide a competitive and fair level of base compensation. Stock option awards seek to incentive executives and align the executives' interests with increases in shareholder value and short and long term corporate growth and success. Bonuses seek to incentivize executives to satisfy particular corporate goals or objectives, to improve financial performance and to achieve other milestones or are awarded on a discretionary basis as a result of exemplary performance. No bonuses were set or otherwise awarded during the Reporting Year.

Risks Associated with Compensation Practises

The Board has not conducted a formal evaluation of the implications of the risks associated with the Company's compensation policies. Risk management is a consideration of the Board when implementing its compensation policies and the Board does not believe that the Company's compensation policies result in unnecessary or inappropriate risk taking including risks that are likely to have a material adverse effect on the Company.

Hedging by Executive Officers or Directors

The Company does not have a policy that would prohibit a NEO or director from purchasing financial instruments, including 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. Management, however, is not aware of any NEO or director purchasing or holding such an instrument.

Pension Plan Benefits and Deferred Compensation Plans

No pension, retirement or deferred compensation plans, including defined contribution plans, have been instituted by the Company and none are proposed at this time.