

ALTALEY MINING CORPORATION
(formerly Telson Mining Corporation)
(the “Company”)

FORM 51-102F6
STATEMENT OF EXECUTIVE COMPENSATION
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2020

Introduction

The following information, dated as of June 22, 2021, is presented in accordance with Form 51-102F6 – *Statement of Executive Compensation* to provide information about the Company’s executive compensation in respect of the financial year ended December 31, 2020.

For the purposes of this Statement of Executive Compensation, a “**Named Executive Officer**” or “**NEO**” means each of the following individuals:

- (a) a CEO of the Company;
- (b) a CFO of the Company;
- (c) each of the Company’s three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6, for the December 31, 2020 year end; and
- (d) each individual who would be an Named Executive Officer under paragraph (c) but for the fact that the individual was neither an executive officer, nor acting in a similar capacity, at December 31, 2020.

During the financial year ended December 31, 2020, the Company had three Named Executive Officers comprising of Ralph Shearing as the Company’s President, Chief Executive Officer (“**CEO**”), and Corporate Secretary, Omar Garcia Abrego as the Company’s Chief Financial Officer (“**CFO**”), and Enrique Margalef Vergara as the Company’s Vice President of Corporate Development.

Compensation Discussion and Analysis

Compensation, Philosophy and Objectives

The Company does not have a formal compensation program; however, it has established a Compensation & Nominations Committee to assist the Board of Directors in fulfilling its responsibility by reviewing matters relating to the human resource policies and compensation of the directors, officers and employees of the Company and its subsidiaries in the context of the budget and business plan of the Company. The Compensation & Nominations Committee meets to discuss and determine management compensation, without reference to formal objectives, criteria or analysis.

The general objectives of the Company’s compensation strategy are to: (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long term shareholder value; (b) align management’s interests with the long term interest of shareholders; (c) provide a compensation package that is commensurate with other mining companies to enable the Company to attract and retain talent; and (d) to ensure that the total

compensation package is designed in a manner that takes into account the constraints that the Company is under by virtue of the fact that it is a company without a long history of revenues.

The Compensation & Nominations Committee ensures that total compensation paid to all Named Executive Officers, is fair and reasonable. The Compensation & Nominations Committee relies on the experience of its members as officers and directors with other mining companies in assessing compensation levels.

The Compensation & Nominations Committee did not consider the implications of the risks associated with the Company's compensation practices; however, given the Company's size and nature of compensation provided to its executives in the last financial year, the Compensation & Nominations Committee does not view significant risk that would be likely to have a material adverse effect on the Company.

The Company's management is 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 of the Company granted as compensation or held, directly or indirectly, by management.

Analysis of Elements

Base salary is used to provide the Named Executive Officers a set amount of money during the year with the expectation that each Named Executive Officer will perform his responsibilities to the best of his ability and in the best interests of the Company.

The Company considers the granting of incentive stock options to be a significant component of executive compensation as it allows the Company to reward each Named Executive Officer's efforts to increase value for shareholders without requiring the Company to use cash from its treasury. Stock options are generally awarded to directors, officers, consultants and employees at the commencement of employment and periodically thereafter. The terms and conditions of the Company's stock option grants, including vesting provisions and exercise prices, are governed by the terms of the Company's stock option plan (the "**Stock Option Plan**").

Long Term Compensation and Option Based Awards

The Company has no long term incentive plans other than the Stock Option Plan. The Company's directors, officers, consultants and employees are entitled to participate in the Stock Option Plan. The Stock Option Plan is designed to encourage share ownership and entrepreneurship on the part of the senior management and other employees. The Board believes that the Stock Option Plan aligns the interests of the Named Executive Officer and the Board with shareholders by linking a component of executive compensation to the long-term performance of the Company's common shares.

The Compensation & Nominations Committee makes recommendations to the Board of directors with regard to granting options. The Board reviews the recommendations and determines whether or not to approve the option grants. In monitoring or adjusting the option allotments, the Board takes into account its own observations on individual performance (where possible) and its assessment of individual contributions to shareholder value, previous option grants and the objectives set for the Name Executive Officers and the Board. The scale of options is generally commensurate to the appropriate level of base compensation for each level of responsibility. In addition to determining the number of options to be granted pursuant to the methodology outlined above, the Board also makes the following determinations:

- parties who are entitled to participate in the Stock Option Plan;
- the exercise price for each stock option granted, subject to the provision that the exercise price cannot be lower than prescribed discount permitted by the TSX Venture Exchange (the “**Exchange**”) from the market price on the date of grant;
- the date on which each option is granted;
- the vesting period, if any, for each stock option;
- the other material terms and conditions of each stock option grant; and
- any re-pricing or amendment to a stock option grant.

The Board makes these determinations subject to and in accordance with the provisions of the Stock Option Plan. The Board reviews and approves grants of options recommended by the Compensation & Nominations Committee on an annual basis and periodically during a financial year.

Pursuant to the Company’s Stock Option Plan, the Company’s Board of Directors grants options to directors, officers, consultants and employees as incentives. The level of stock options awarded to a Named Executive Officer is determined by his position and his potential future contributions to the Company. The exercise price of stock options is determined by the Board of Directors but it shall in no event be less than the trading price of the common shares of the Company on the Exchange at the time of the grant of the option. The Company did not grant stock options to Named Executive Officers during the year ended December 31, 2020.

Compensation Governance

The Compensation & Nominations Committee determines an appropriate amount of compensation for its executives, reflecting the need to provide incentive and compensation for the time and effort expended by the executives while taking into account the financial and other resources of the Company. The Compensation & Nominations Committee consists of Mr. Roberto Guzmán Garcia (Chair), Mr. David Rhodes and Mr. Tom Kelly, of which Mr. Guzmán Garcia and Mr. Kelly are independent (as that term is defined below).

The role of the Compensation & Nominations Committee is to assist the Board of Directors of the Company in fulfilling its responsibility by reviewing matters relating to the human resource policies and compensation of the directors, officers and employees of the Company and its subsidiaries within the context of the budget and business plan of the Company when applicable. This includes matters such as compensation philosophy and remuneration policy, Board retainer fees, performance objectives and evaluation of the CEO and President, compensation and benefit package for senior officers, proposed stock option or share purchase plans, bonuses, and the annual disclosure of compensation information as required by securities law.

The Compensation & Nominations Committee bears in mind the stage of development of the Company, the small number of executive officers and financial resources of the Company. These factors influence both the elements of compensation and the sophistication of the manner of their determination.

It is the objective of the Company’s compensation program to attract and retain highly qualified executives and to link incentive compensation to performance and shareholder value. The Compensation & Nominations Committee’s goal is to endeavour to ensure that the compensation of executive officers is sufficiently competitive to achieve the objectives of the executive compensation

program. The Compensation & Nominations Committee gives consideration to the Company's contractual obligations, performance, quantitative financial objectives, including relative shareholder return, as well to the qualitative aspects of each individual's performance and achievements.

The Company's compensation program is comprised of base salary and benefits and long term incentives, including the Stock Option Plan. Each component of the executive compensation program is addressed below.

Summary Compensation Table

The following table sets forth all direct and indirect compensation for, or in connection with, services provided to the Company and its subsidiaries for the financial years ended December 31, 2020, 2019 and 2018. For the information concerning Named Executive Officers' compensation related to previous years, please refer to the Company's previous Information Circulars available at www.sedar.com.

Name and Principal Position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-Equity incentive plan compensation (\$)		Pension Value (\$)	All other compensation (\$) ⁽¹⁾	Total compensation (\$)
					Annual incentive plans	Long term incentive plans			
Ralph Shearing President, CEO, Corporate Secretary and Director ⁽²⁾	2020	158,333	Nil	Nil	Nil	Nil	Nil	Nil	158,333
	2019	120,746	Nil	Nil	Nil	Nil	Nil	Nil	120,746
	2018	208,333	Nil	Nil	Nil	Nil	Nil	Nil	208,333
Omar Garcia Abrego, CFO	2020	135,073	Nil	Nil	Nil	Nil	Nil	Nil	135,073
	2019	131,306	Nil	Nil	Nil	Nil	Nil	Nil	131,306
	2018	202,083	Nil	Nil	Nil	Nil	Nil	Nil	202,083
Enrique Margalef Vergara, VP Business Development and Director ⁽²⁾	2020	130,713	Nil	Nil	Nil	Nil	Nil	Nil	130,713
	2019	86,700	Nil	Nil	Nil	Nil	Nil	Nil	86,700
	2018	173,115	Nil	Nil	Nil	Nil	Nil	Nil	173,115
Jose Antonio Berlanga Balderas, Former CEO ⁽³⁾	2020	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2019	237,535	Nil	Nil	Nil	Nil	Nil	Nil	237,535
	2018	330,539	Nil	Nil	Nil	Nil	Nil	Nil	330,539

- (1) The amounts in this column consist of consulting and accounting fees charged by the Named Executive Officer during the financial years set forth above. Perquisites and other personal benefits have not been included as are not worth in aggregate more than \$50,000 or 10% of the Named Executive Officer's total annual salary.
- (2) Mr. Margalef Vergara resigned as a Director and the VP of Business Development of the Company effective May 10, 2021 and was appointed as Mexico Country Administration Manager effective May 10, 2021.
- (3) Mr. Berlanga Balderas resigned as CEO of the Company effective February 16, 2020, upon which Mr. Shearing became the CEO of the Company.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table discloses the particulars for each Named Executive Officer for awards outstanding at the end of December 31, 2020:

	Option-based Awards				Share-based Awards	
Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of share or units of shares that have not vested (#)	Market of payout value of share-based awards that have not vested (\$)
Ralph Shearing President, CEO, Corporate Secretary and Director ⁽²⁾	833,335	0.13	Mar 28, 2021	\$125,000	N/A	N/A
	366,667	0.71	Nov 10, 2022	Nil	N/A	N/A
Omar Garcia Abrego, CFO	375,000	0.13	Mar 28, 2021	\$56,250	N/A	N/A
	275,000	0.71	Nov 10, 2022	Nil	N/A	N/A
Enrique Margalef Vergara, VP Business Development and Director ⁽³⁾	750,000	0.13	Mar 28, 2021	\$112,500	N/A	N/A
	466,666	0.71	Nov 10, 2022	Nil	N/A	N/A
Jose Antonio Berlangu Balderas, Former CEO ⁽²⁾	970,731	0.13	Mar 28, 2021	\$145,610	N/A	N/A
	616,667	0.71	Feb 16, 2021	Nil	N/A	N/A

(1) This amount is based on closing price at December 30, 2020, which was \$0.28.

(2) Mr. Berlangu Balderas resigned as CEO of the Company effective February 16, 2020, upon which Mr. Shearing became the CEO of the Company.

(3) Mr. Margalef Vergara resigned as a Director and the VP of Business Development of the Company effective May 10, 2021 and was appointed as Mexico Country Administration Manager effective May 10, 2021.

Value Vested or Earned During the Year

The following table sets forth details of the aggregate dollar value that would have been realized by the NEO's in the most recently completed financial year if the options under the option-based awards had been exercised on their respective vesting dates.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation– Value earned during the year (\$)
Ralph Shearing, President	Nil	N/A	N/A
Omar Garcia Abrego, CFO	Nil	N/A	N/A
Enrique Margalef Vergara, VP Business Development and Director	Nil	N/A	N/A
Jose Antonio Berlangu	Nil	N/A	N/A

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation– Value earned during the year (\$)
Balderas, CEO			

Stock options granted to NEOs are typically granted for a period of five years and have a vesting period as determined by the Board. No options were granted in 2020, and all previously granted options were already vested.

Narrative Discussion – Stock Option Plan

The only equity compensation plan which the Company currently has in place is the Stock Option Plan, which was previously approved by shareholders on October 8, 2020 at the Company's annual general meeting of shareholders. The Stock Option Plan was established to provide incentive to employees, directors, officers, management companies and consultants who provide services to the Company in accordance with and subject to the rules and policies of the Exchange. The purpose of the Stock Option Plan is to increase the proprietary interest of such persons in the Company and thereby aid the Company in attracting, retaining and encouraging the continued involvement of such persons with the Company.

Under the Stock Option Plan, the total number of common shares allotted and reserved for future issuance will be equivalent to 10% of the issued and outstanding share capital of the Company from time to time. The Company is presently classified as a Tier 1 Issuer by the Exchange.

Pension Plan Benefits

The Company does not have in place any deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with retirement.

Termination and change of control benefits

The Company entered into an employment agreement with Ralph Shearing effective October 31, 2007, as amended effective August 1, 2008, and July 1, 2013 (the “**Shearing Agreement**”) under which Mr. Shearing receives a base salary of \$72,000 per annum. Further to an amendment of August 1, 2016 (which was then in effect for the balance of the financial year ended December 31, 2016), and October 1, 2017, the base salary was changed to \$120,000 and \$200,000 per annum respectively.

Under the terms of the Shearing Agreement, in the event of Mr. Shearing's death or as a result of Disability Termination (as that term is defined in the Shearing Agreement) the Company will pay and provide Mr. Shearing or his estate, any unpaid Base Salary and any outstanding and accrued regular and special vacation pay through the termination date and reimbursement for any unreimbursed expenses incurred through to the termination date.

Mr. Shearing is entitled to be paid a severance package consisting of an amount equal to two years' Base Salary in the event his employment is terminated other than for Just Cause (as that term is defined in the Shearing Agreement) or where Mr. Shearing provided the Company with written notice of resignation at any time within 12 months of a Change of Control (as that term is defined in the Shearing Agreement).

In the event of a Change of Control where Mr. Shearing's employment is terminated other than for Just Cause in the twelve month period following the Change of Control, Mr. Shearing is entitled to receive

an amount equal to two times the sum of the Base Salary, payable within 30 days and the contributions to twelve month's benefits.

The following table shows the estimated compensation that would have been payable to Mr. Shearing assuming termination and/or Change of Control events occurred on December 31, 2020:

Payment Upon Death or Disability Termination ⁽¹⁾	Payment Upon Termination after Change of Control Other than for Just Cause ⁽²⁾	Payment Upon Resignation after Change of Control ⁽²⁾	Payment Upon Termination without Cause
\$92,822	\$492,822	\$500,022	\$492,822

(1) This amount assumes that there was no unpaid Base Salary or reimbursement for any unreimbursed expenses. It does include accrued unpaid vacation pay.

(2) This amount is based on the following assumptions:

- (a) Mr. Shearing receives the Base Payment as compensation; and
- (b) the contributions to twelve months' benefits are approximately \$7,200.

Other than as set out above, there are no compensatory plans or arrangements, with respect to the any Named Executive Officer resulting from the resignation, retirement or any other termination of employment of the officer's employment or from a change of any Named Executive Officers' responsibilities following a change in control.

Compensation of Directors

As at December 31, 2020, the Company had six directors, two of whom were also Named Executive Officers.

The Company currently does not pay directors who are not employees or officers of the Company for attending directors' meetings or for serving on committees. The Company has no arrangements, standard or otherwise, pursuant to which directors are compensated by the Company for their services as directors, for committee participation, or for involvement in special assignments during the most recently completed financial year. None of the Company's directors have received any cash compensation for services provided in their capacity as directors during the Company's financial year ended December 31, 2020.

During the financial year ended December 31, 2020 the following compensation was granted to our directors. For a description of the compensation paid to the Named Executive Officers of the Company who also acted as directors, see "Summary Compensation Table".

Name	Fees earned (\$)	Share based awards (\$)	Option based awards ⁽¹⁾ (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation ⁽²⁾ (\$)	Total (\$)
Yao Sun ⁽³⁾	Nil	N/A	Nil	N/A	N/A	Nil	Nil
Roberto Guzmán García	Nil	N/A	Nil	N/A	N/A	Nil	Nil
Rory Godinho ⁽⁴⁾	Nil	N/A	Nil	N/A	N/A	Nil	Nil
Ruben Alvidrez Ortega ⁽⁵⁾	Nil	N/A	Nil	N/A	N/A	Nil	Nil
Remigio Martinez Muller ⁽⁶⁾	Nil	N/A	Nil	N/A	N/A	Nil	Nil

(1) The value of the option-based award was determined using the Black-Scholes option pricing model.

- (2) The value of perquisites and benefits, if any, for each director was less than the lesser of \$50,000 and 10% of the total annual salary and bonus.
- (3) Mr. Sun resigned as a director of the Company effective May 10, 2021.
- (4) Mr. Godinho resigned as a director of the Company effective May 10, 2021.
- (5) Mr. Alvidrez Ortega became a director on October 8, 2020.
- (6) Mr. Muller resigned as a director of the Company on August 31, 2020.

Incentive Plan Awards

The following table discloses the particulars for each director for awards outstanding at the end of December 31, 2020:

Outstanding Share-Based Awards and Option-Based Awards

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of share or units of shares that have not vested (#)	Market of payout value of share-based awards that have not vested (\$)
Yao Sun ⁽²⁾	500,000	0.13	Mar 28, 2021	\$75,000	N/A	N/A
	75,000	0.71	Nov 10, 2022			
Roberto Guzmán García	Nil	N/A	N/A	Nil	N/A	N/A
Rory Godinho ⁽³⁾	100,000	0.71	Nov 10, 2022	Nil	N/A	N/A
	400,000	0.77	Apr 16, 2023			
Ruben Alvidrez Ortega	Nil	N/A	N/A	Nil	N/A	N/A
Remigio Martinez Muller	500,000	0.71	Nov 10, 2022	Nil	N/A	N/A

(1) This amount is based on closing price at December 30, 2020, which was \$0.28.

(2) Mr. Sun resigned as a director of the Company effective May 10, 2021.

(3) Mr. Godinho resigned as a director of the Company effective May 10, 2021.

Value Vested or Earned During the Year

The following table sets forth details of the aggregate dollar value that would have been realized by the directors, who are not NEOs in the most recently completed financial year if the options under the option-based awards had been exercised on their respective vesting dates.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation– Value earned during the year (\$)
Yao Sun ⁽¹⁾	Nil	Nil	Nil
Roberto Guzmán García	Nil	Nil	Nil
Rory Godinho ⁽²⁾	Nil	Nil	Nil
Ruben Alvidrez Ortega	Nil	Nil	Nil
Remigio Martinez Muller	Nil	Nil	Nil

- (1) Mr. Sun resigned as a director of the Company effective May 10, 2021.
- (2) Mr. Godinho resigned as a director of the Company effective May 10, 2021.

No options were granted by the Company in 2020, and all previously granted options were already vested.

Additional Information

Additional information relating to the Company is on SEDAR at www.sedar.com. Shareholders may contact the Company at 1111 Melville Street, Suite 1000, Vancouver, BC, V6E 3V6 (Telephone: (604) 684-8071) to request copies of the Company's financial statements and MD&A. Financial information about the Company is contained in the Company's comparative audited financial statements and MD&A for its year ended December 31, 2020.

DATED at Vancouver, British Columbia, this 28th day of June, 2021.

ON BEHALF OF THE BOARD OF DIRECTORS

(signed) "*Ralph Shearing*"

Ralph Shearing
CEO, President and Director