

HUBBAY MINERALS INC.
(the “Company”)

COMPENSATION COMMITTEE CHARTER

PURPOSE

The Compensation Committee is appointed by the Board of Directors to discharge the Board of Directors’ responsibilities relating to:

- recruitment, development and retention of senior management;
- appointment, performance evaluation and compensation of senior management;
- succession planning systems and processes relating to senior management;
- compensation structure for the Board of Directors and senior management including salaries, annual and long-term incentive plans and plans involving share options, share issuances and share unit awards;
- pension and benefit plans; and
- share ownership guidelines.

REPORTS

The Compensation Committee shall report to the Board of Directors on a regular basis and, in any event, before the public disclosure by the Company of directors’ and officers’ remuneration in its management information circular, or as required by applicable legislation, regulatory requirements and policies of the Canadian Securities Administrators.

The Compensation Committee also shall prepare the report on the Company’s executive compensation as required by applicable legislation, regulatory requirements and policies of the Canadian Securities Administrators.

COMPOSITION

The members of the Compensation Committee shall be three or more individuals who are appointed (and may be replaced) by the Board of Directors on the recommendation of the Company’s Corporate Governance and Nominating Committee. The appointment of members of the Compensation Committee shall take place annually at the first meeting of the Board of Directors after a meeting of shareholders at which directors are elected, provided that if the appointment of members of the Compensation Committee is not so made, the directors who are then serving as members of the Compensation Committee shall continue as members of the Compensation Committee until their successors are appointed. The Board of Directors may appoint a member to fill a vacancy that occurs in the Compensation Committee between annual elections of directors. Any member of the Compensation Committee may be removed from the Compensation Committee by a resolution of the Board of Directors. Unless the Chair is

appointed by the Board of Directors, the members of the Compensation Committee may designate a Chair by majority vote of the members of the Compensation Committee.

Each of the members of the Compensation Committee shall meet the Company's Categorical Standards for Determining Independence of Directors. Each member of the Compensation Committee shall have or develop an understanding of senior management resources and compensation principles and practices.

A majority of the members of the Compensation Committee shall be "resident Canadians", as contemplated by the *Canada Business Corporations Act*.

RESPONSIBILITIES

The Compensation Committee shall:

- At least annually, review with the Chief Executive Officer the long term goals and objectives of the Company which are relevant to the Chief Executive Officer's compensation, evaluate the Chief Executive Officer's performance in light of those goals and objectives, determine and recommend to the independent directors for approval, the Chief Executive Officer's compensation based on that evaluation, and report to the Board of Directors thereon. In determining the Chief Executive Officer's compensation, the Compensation Committee shall consider the Company's performance, the value of similar incentive awards to chief executive officers at comparable companies, and the awards given to the Chief Executive Officer in past years, with a view to maintaining a compensation program for the Chief Executive Officer at a fair and competitive level, consistent with the best interests of the Company.
- At least annually (and upon appointment), in consultation with the Chief Executive Officer, review and make recommendations to the Board of Directors with respect to the compensation of all members of senior management other than the Chief Executive Officer (including incentive-compensation plans, equity-based plans, the terms of any employment agreements, severance arrangements, and change in control arrangements or provisions, and any special or supplemental benefits), with a view to maintaining a compensation program for the senior management at a fair and competitive level, consistent with the best interests of the Company.
- At least annually, review and make recommendations to the Board of Directors with respect to compensation of directors, the Chairman and those acting as committee chairs to, among other things, ensure their compensation appropriately reflects the responsibilities they are assuming.
- Fix and determine (and, as it determines to be appropriate, delegate the authority to fix and determine) awards (and the vesting criteria thereof) to employees of stock or stock options pursuant to any of the Company's equity-based plans now or from time to time in effect or otherwise as permitted by applicable legislation, regulatory requirements and policies of the Canadian Securities Administrators and exercise such other power and authority as may be permitted or required under those plans.

- Regularly review the efficacy of incentive compensation programs and equity-based compensation programs for the Company's directors, officers and employees, including share ownership guidelines and, when necessary, make recommendations to the Board of Directors regarding, the role and design thereof.
- In co-operation with the Company's senior management, oversee the human resources policies and programs which are of strategic significance to the Company and make recommendations thereon, as required, to the Board of Directors.
- In co-operation with the Company's senior management, provide guidance to the board of directors of Hudson Bay Mining and Smelting Co., Limited, regarding matters related to its pension plan.
- Review all executive compensation disclosure prior to public disclosure by the Company.
- Periodically review with the Board of Directors the succession plans relating to the position of the Chief Executive Officer and other senior positions and make recommendations to the Board of Directors with respect to the selections of individuals to occupy these positions.

MEETINGS

The Compensation Committee shall meet at least twice per year and more frequently as circumstances require. All members of the Compensation Committee should strive to be at all meetings. The Compensation Committee shall meet separately, periodically, with senior management and may request any member of the Company's senior management or the Company's outside advisors to attend meetings of the Compensation Committee or with any members of, or other advisors to, the Compensation Committee. The Chief Executive Officer may be present at meetings of the Compensation Committee to determine executive compensation other than his or her own. The Compensation Committee will also meet *in camera* at each of its regularly scheduled meetings.

Quorum for the transaction of business at any meeting of the Compensation Committee shall be a majority of the number of members of the Compensation Committee or such greater number as the Compensation Committee shall by resolution determine. The powers of the Compensation Committee may be exercised at a meeting at which a quorum of the Compensation Committee is present in person or by telephone or other electronic means or by a resolution signed by all members entitled to vote on that resolution at a meeting of the Compensation Committee. Each member (including the Chair) is entitled to one (but only one) vote in Compensation Committee proceedings.

Meetings of the Compensation Committee shall be held from time to time and at such place as a member of the Compensation Committee may request upon 48 hours prior notice. The notice period may be waived by a quorum of the Compensation Committee.

The Compensation Committee may delegate authority to individual members and subcommittees of its members where the Committee determines it is appropriate to do so.

INDEPENDENT ADVICE

In discharging its mandate, the Compensation Committee shall have the authority to retain (and authorize the payment by the Company of) and receive advice from special legal or other advisors as the Compensation Committee determines to be necessary to permit it to carry out its duties. The Compensation Committee shall have the sole authority to appoint and, if appropriate, terminate any compensation consultant to be used to assist in the evaluation of director, Chief Executive Officer or senior management compensation and to approve the consultant's fees and other retention terms.

ANNUAL EVALUATION

Annually, or more frequently at the request of the Senior Vice President and General Counsel as a result of legislative or regulatory changes, the Compensation Committee shall, in a manner it determines to be appropriate:

- Conduct a review and evaluation of the performance of the Compensation Committee and its members, including the compliance of the Compensation Committee with this Charter.
- Review and assess the adequacy of its Charter and the position description for its Chair and recommend to the Board of Directors any improvements to this Charter or the position description that the Compensation Committee determines to be appropriate, except for minor technical amendments to this Charter, authority for which is delegated to the Senior Vice President and General Counsel, who will report any such amendments to the Board of Directors at its next regular meeting.