

## **FORTUNE MINERALS LIMITED**

### **NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that an annual and special meeting (the “**Meeting**”) of shareholders of Fortune Minerals Limited (the “**Corporation**”) will be held at Fairmont Royal York Hotel, Saskatchewan Room (Mezzanine Level), 100 Front Street West, Toronto, Ontario, M5J 1E3 on Wednesday, May 20, 2009, at 4:30 p.m. (Toronto time) for the following purposes:

1. to receive the audited financial statements of the Corporation for the financial year ended December 31, 2008 and the auditors’ report thereon;
2. to elect directors;
3. to appoint auditors and to authorize the directors to fix the auditors’ remuneration;
4. to approve a shareholder rights plan for the Corporation, as set out in further detail in the accompanying Management Information Circular; and
5. to transact such other business as may properly come before the Meeting or any adjournment thereof.

A Management Information Circular and form of proxy accompany this notice. This Notice and the accompanying circular have been sent to each director of the Corporation, each shareholder of the Corporation entitled to notice of the Meeting and the auditors of the Corporation.

Shareholders who are unable to attend the Meeting are requested to date, complete, sign and return the endorsed form of proxy in order to ensure their representation at the meeting. In order to be effective, properly completed proxies must be deposited with the Corporation’s registrar and transfer agent, Computershare Investor Services Inc. at 9<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1 not later than 4:30 p.m. (Toronto time) on May 15, 2009 or, in the case of an adjournment, on the last business day prior to which the Meeting is adjourned.

**DATED** at Toronto, Ontario this 17<sup>th</sup> day of April, 2009.

By Order of the Board

(Signed) David A. Knight  
Secretary



## FORTUNE MINERALS LIMITED

### MANAGEMENT INFORMATION CIRCULAR

This information circular is furnished in connection with the solicitation of proxies by or on behalf of the management of Fortune Minerals Limited (the “**Corporation**” or “**Fortune**”) for use at the annual and special meeting of the shareholders of the Corporation (the “**Meeting**”) to be held at the Fairmont Royal York Hotel, Saskatchewan Room (Mezzanine Level), 100 Front Street West, Toronto, Ontario, M5J 1E3, on Wednesday, May 20, 2009, at 4:30 p.m. (Toronto time) and at any adjournment thereof for the purposes set forth in the notice of the Meeting.

### PROXIES

**The enclosed proxy is being solicited by or on behalf of the management of the Corporation** and the cost of such solicitation will be borne by the Corporation. The solicitation will be primarily by mail and possibly supplemented by telephone or other personal contact to be made without special compensation by the officers and directors of the Corporation.

**A shareholder has the right to appoint as his proxyholder a person or company (who need not be a shareholder) to attend and act on his behalf at the Meeting other than the persons designated in the proxy accompanying this circular.** A shareholder may do so by inserting the name of such other person in the blank space provided in the proxy or by completing another proper form of proxy, and in either case returning the completed proxy to Computershare Investor Services Inc. at 9<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1 not later than 4:30 p.m. (Toronto time) on May 15, 2009 or, in the case of an adjournment, on the last business day prior to which the Meeting is adjourned.

A shareholder executing a proxy has the power to revoke it. A shareholder may revoke a proxy: (i) by depositing an instrument in writing executed by him or by his attorney authorized in writing at the registered office of the Corporation at any time up to the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof; or (ii) in any other manner permitted by law.

The shares represented by proxies in favour of management nominees will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for and, if a shareholder specifies a choice with respect to any matter to be acted upon at the Meeting, the shares represented by the proxy shall be voted accordingly. **In the absence of such directions, it is intended that such shares will be voted: (i) for the election of the directors named in this circular; (ii) for the reappointment of Ernst & Young LLP, Chartered Accountants as auditors of the Corporation and for the authorization of the directors to fix the auditors’ remuneration; and (iii) for approval of the Corporation’s shareholders’ rights plan as described in this circular.**

If any amendments or variations to matters identified in the notice of the Meeting are proposed at the Meeting or if any other matters properly come before the Meeting, the enclosed proxy confers discretionary authority to vote on such amendments or variations or other such matters according to the best judgment of the person voting the proxy at the Meeting, or an adjournment thereof.

### ***Voting By Non-Registered Shareholders***

Only registered shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, common shares owned by a person (a “**non-registered holder**”) are registered either (a) in the name of an intermediary (an “**Intermediary**”) that the non-registered holder deals with in respect of the common shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered savings plans, registered retirement income funds, registered education savings plans and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators (the “**CSA**”), the Corporation has distributed copies of this Management Information Circular and the accompanying Notice of Meeting together with the form of proxy for the meeting (collectively, the “**Meeting Materials**”) to the clearing agencies and Intermediaries for onward distribution to non-registered holders of common shares.

Intermediaries are required to forward the Meeting Materials to non-registered holders unless a non-registered holder has waived the right to receive them. Intermediaries will often use service companies to forward the Meeting Materials to non-registered holders. Generally, non-registered holders who have not waived the right to receive Meeting Materials will either:

- (a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile stamped signature), which is restricted as to the number and class of securities beneficially owned by the non-registered holder but which is not otherwise completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the non-registered holder when submitting the proxy. In this case, the non-registered holder who wishes to vote by proxy should otherwise properly complete the form of proxy and deliver it as specified; or
- (b) be given a form of proxy which is not signed by the Intermediary and which, when properly completed and signed by the non-registered holder and returned to the Intermediary or its service company, will constitute voting instructions (often called a “**Voting Instruction Form**”) which the Intermediary must follow. Typically the non-registered holder will also be given a page of instructions which contains a removable label containing a bar code and other information. In order for the form of proxy to validly constitute a Voting Instruction Form, the non-registered holder must remove the label from the instructions and affix it to the Voting Instruction Form, properly complete and sign the Voting Instruction Form and submit it to the Intermediary or its services company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit non-registered holders to direct the voting of the common shares they beneficially own. Should a non-registered holder who receives either form of proxy wish to vote at the Meeting in person, the non-registered holder should strike out the persons named in the form of proxy and insert the non-registered holder’s name in the blank space provided. Non-registered holders should carefully follow the instructions of their Intermediary including those regarding when and where the form of proxy or Voting Instruction Form is to be delivered.

## VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of common shares (“**Shares**”) of which 55,550,107 are issued and outstanding at the date hereof. Each Share carries the right to one vote.

The Corporation has fixed April 15, 2009, as the record date for the purpose of determining shareholders entitled to receive notice of and vote at the Meeting. In accordance with the provisions of the *Business Corporations Act* (Ontario), (the “**OBCA**”) the Corporation will prepare a list of shareholders as of such record date. Each holder of Shares named in the list will be entitled to vote the Shares shown opposite his name on the list at the Meeting.

To the knowledge of the directors and executive officers of the Corporation, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, securities carrying more than 10% of the voting rights attached to the issued Shares of the Corporation except as follows:

Name	Number Of Shares	Percentage
Sprott Asset Management	7,988,300 <sup>(1)</sup>	14.38%

**Note:**

- (1) This reflects the number of Shares over which Sprott Asset Management exercises control or direction on behalf of accounts fully managed by it as of January 31, 2009, as disclosed by Sprott Asset Management.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### Election of Directors

The number of directors of the Corporation to be elected at the Meeting will be eight. The following table presents the names of the persons who are proposed as nominees for election as directors of the Corporation, all of whom are currently members of the board of directors (the “**Board**”). The term of office for each person elected to the Board will be until the next annual meeting of shareholders of the Corporation or until his successor is elected or appointed. Management has no reason to believe that any of the nominees will be unable to serve as a director but, if a nominee is for any reason unavailable to serve as a director, proxies in favour of management will be voted in favour of the remaining nominees and may be voted for a substitute nominee unless the shareholder has specified in the proxy that his, her, or its Shares are to be withheld from voting in respect of the election of directors.

### Information Concerning Nominees as Directors

Name, Place of Residence & Position	Principal Occupation	Director Since	Shares Directly & Indirectly Owned <sup>(4)</sup>
<b>William A. Breukelman</b> <sup>(1) (2) (3)</sup> Ontario, Canada Director	Chairman, Gedex Inc. (technology development company)	1995	500,000
<b>Carl L. Clouter</b> Newfoundland, Canada Director	Commercial Pilot/President, Clouter Enterprises Ltd. (real estate investment company)	1988	936,369
<b>James A. Currie</b> British Columbia, Canada Director	Executive Vice President and Chief Operating Officer, New Gold Inc. (public mining company)	2008	Nil
<b>George M. Doumet</b> <sup>(1)</sup> British Columbia, Canada Chairman	President and Chief Executive Officer, Federal White Cement Ltd. (specialty cement manufacturing company)	1995	4,456,324
<b>James D. Excell</b> <sup>(2)</sup> British Columbia, Canada Director	President, Narego Solutions Inc. (private consulting company)	2005	4,000
<b>Robin E. Goad</b> <sup>(3)</sup> Ontario, Canada President, CEO and Director	President and Chief Executive Officer of the Corporation	1989	3,417,290
<b>David A. Knight</b> <sup>(3)</sup> Ontario, Canada Secretary and Director	Partner, Macleod Dixon LLP, Barristers & Solicitors	2000	106,600
<b>Mahendra Naik</b> <sup>(1) (2) (3)</sup> Ontario, Canada Director	Chief Financial Officer, Fundeco Inc. (private investment company)	2006	50,000

**Notes:**

- (1) Member of the Audit Committee
- (2) Member of the Compensation Committee
- (3) Member of the Special Committee of the Board established to consider and assess strategic transactions
- (4) The information as to Shares beneficially owned, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.

### ***Corporate Cease Trade Orders or Bankruptcies***

Except as described below, no proposed director is, as at the date hereof, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Corporation) that, while that person was acting in that capacity,

- (a) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (a) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (b) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets.

David A. Knight, the Secretary and a director of the Corporation, resigned as a director of Armstrong Corporation (“**Armstrong**”), a manufacturer and distributor of specialty chemicals, on September 26, 2002. On January 20, 2003, Deloitte & Touche was appointed by a secured creditor of Armstrong as receiver manager of the assets of Armstrong and, on March 13, 2003, Armstrong was petitioned into bankruptcy by such creditor.

### ***Personal Bankruptcies***

No proposed director has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets.

### ***Personal Penalties or Sanctions***

No proposed director of the Corporation has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

### ***Appointment of Auditors***

It is intended to vote the Shares represented by the proxies solicited in respect of the Meeting, on any ballot that may be called for, unless authority to do so is withheld, in favour of the reappointment of the firm of Ernst & Young LLP, Chartered Accountants, as the auditors of the Corporation and in favour of the authorization of the directors to fix the remuneration of the auditors.

## **Approval of Shareholder Rights Plan**

Effective November 3, 2008 the Corporation entered into a shareholder rights plan agreement (the “**2008 Rights Plan**”) with Computershare Investor Services Inc. (“**Computershare**”) as Rights Agent. The 2008 Rights Plan was approved by the Board and filed under the Corporation’s SEDAR profile and is available for review at [www.sedar.com](http://www.sedar.com). The Board adopted the 2008 Rights Plan to ensure, to the extent possible, that all shareholders of the Corporation are treated equally and fairly in connection with any take-over bid or similar offer for all or a portion of the outstanding common shares of the Corporation (“**Common Shares**”).

Pursuant to the requirements of the Toronto Stock Exchange and the terms of the 2008 Rights Plan, the 2008 Rights Plan will lapse on May 3, 2009 unless it is confirmed by Shareholders of the Corporation on or prior to that date. As the period between the lapse date of the 2008 Rights Plan and the Meeting is fairly short and the Board did not want to incur the expense of calling a special meeting of shareholders to approve the 2008 Rights Plan, the Board has determined to let the 2008 Rights Plan lapse effective May 3, 2009 and to request shareholders to approve a new shareholder rights plan (the “**2009 Rights Plan**”) at the Meeting. A summary of the terms and conditions of the 2009 Rights Plan, which is substantially similar to the 2008 Rights Plan, is set forth below.

### ***Purpose of the 2009 Rights Plan***

The objectives of the 2009 Rights Plan are to ensure, to the extent possible, that all shareholders of the Corporation are treated equally and fairly in connection with any take-over bid for the Corporation. Take-over bids may be structured to be coercive or may be initiated at a time when the Board will have a difficult time preparing an adequate response to the offer. Accordingly, such offers do not always result in shareholders receiving equal or fair treatment or full or maximum value for their investment. Under current Canadian securities legislation, a take-over bid is required to remain open for 35 days, a period of time which the Board believes is insufficient for the directors to (i) evaluate a take-over bid (particularly if it includes share consideration), (ii) explore, develop and pursue alternatives which are superior to the take-over bid and which could maximize shareholder value, and (iii) make reasoned recommendations to the shareholders.

The 2009 Rights Plan discourages discriminatory, coercive or unfair take-overs of the Corporation and gives the Board time if, in the circumstances, the Board determines it is appropriate to take such time, to pursue alternatives to maximize shareholder value in the event an unsolicited take-over bid is made for all or a portion of the outstanding Common Shares. As set forth in detail below, the 2009 Rights Plan discourages coercive hostile take-over bids by creating the potential that any Common Shares which may be acquired or held by such a bidder will be significantly diluted. The potential for significant dilution to the holdings of such a bidder can occur as the 2009 Rights Plan provides that all holders of Common Shares who are not related to the bidder will be entitled to exercise rights issued to them under the 2009 Rights Plan and to acquire Common Shares at a substantial discount to prevailing market prices. The bidder or the persons related to the bidder will not be entitled to exercise any Rights under the 2009 Rights Plan. Accordingly, the 2009 Rights Plan will encourage potential bidders to make take-over bids by means of a Permitted Bid (as defined below) or to approach the Board to negotiate a mutually acceptable transaction. The Permitted Bid provisions of the 2009 Rights Plan are designed to ensure that in any take-over bid for outstanding Common Shares all shareholders are treated equally and are given adequate time to properly assess such take-over bid on a fully-informed basis.

The 2009 Rights Plan is not being proposed in response to, or in anticipation of, any specific take-over bid for the Corporation. The Board is not proposing the 2009 Rights Plan to prevent a take-over of the Corporation, to secure the continuance of management or the directors in their respective offices or to deter fair offers for the Common Shares.

### *Summary of the 2009 Rights Plan*

The following summary of terms of the 2009 Rights Plan is qualified in its entirety by reference to the text of the proposed 2009 Rights Plan. A shareholder or other interested party may obtain a copy of the proposed 2009 Rights Plan by contacting the Vice-President Finance and Chief Financial Officer of the Corporation at 140 Fullarton St., Suite 1902, London, Ontario N6A 5P2. As stated above, the proposed 2009 Rights Plan is substantially similar to the 2008 Rights Plan which is available under the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com).

#### *Term*

Provided the 2009 Rights Plan is approved at the Meeting, such plan will be implemented as soon as practicable following the Meeting and will remain in effect until termination of the annual meeting of shareholders of the Corporation in 2012 unless the term of the 2009 Rights Plan is terminated earlier. The 2009 Rights Plan may be extended beyond 2012 by resolution of shareholders at such meeting. **If the 2009 Rights Plan is not approved at the Meeting, it will not go into effect.**

#### *Issue of Rights*

One right (a "**Right**") will be issued by the Corporation pursuant to the 2009 Rights Plan in respect of each Common Share outstanding at the close of business on the effective date of the 2009 Rights Plan (the "**Record Time**"). One Right will also be issued for each additional Common Share issued after the Record Time and prior to the earlier of the Separation Time (as defined below) and the time at which the 2009 Rights Plan or the right of shareholders to exercise Rights terminates.

#### *Rights Exercise Privilege*

The Rights will separate from the Common Shares to which they are attached and become exercisable at the time (the "**Separation Time**") which is 10 trading days following the date a person becomes an Acquiring Person (as defined below) or announces an intention to make a take-over bid that is not an acquisition pursuant to a take-over bid permitted by the 2009 Rights Plan (a "**Permitted Bid**").

Any transaction or event in which a person (an "**Acquiring Person**"), including associates and affiliates and others acting in concert, acquires (other than pursuant to an exemption available under the 2009 Rights Plan or a Permitted Bid) Beneficial Ownership (as defined in the 2009 Rights Plan) of 20% or more of the voting shares of the Corporation is referred to as a "Flip-in Event". Any Rights held by an Acquiring Person on or after the earlier of the Separation Time or the first date of public announcement by the Corporation or an Acquiring Person that an Acquiring Person has become such, will become void and the Rights (other than those held by the Acquiring Person) will permit the holder to purchase Common Shares at a 50% discount to their market price. A person, or a group acting in concert, who is the beneficial owner of 20% or more of the outstanding Common Shares as of the Record Time is exempt from the dilutive effects of the 2009 Rights Plan provided such person (or persons) does not increase its beneficial ownership by more than 1% (other than in accordance with the terms of the 2009 Rights Plan).

The issuance of the Rights is not dilutive until the Rights separate from the underlying Common Shares and become exercisable or until the exercise of the Rights. The issuance of the Rights will not change the manner in which shareholders currently trade their Common Shares.

### *Exempt Acquisitions*

A person will not become an Acquiring Person by virtue of acquiring voting shares and/or convertible securities of the Corporation: (i) in respect of which the Board has waived the application of the 2009 Rights Plan, (ii) pursuant to a distribution of voting shares and/or convertible securities made by the Corporation (A) to the public pursuant to a prospectus, (B) by way of a private placement, provided that all necessary stock exchange approvals to such private placement have been obtained and such private placement complies with the terms and conditions of such approvals or (C) pursuant to a rights offering under which such person has agreed with the Corporation that such person will purchase voting shares or convertible securities not otherwise subscribed for pursuant to such rights offering, or (iii) pursuant to an amalgamation, merger, arrangement or other statutory procedure requiring shareholder approval.

### *Permitted Lock-Up Agreement*

A person will also not become an Acquiring Person by virtue of having entered into an agreement with a shareholder whereby the shareholder agrees to deposit or tender voting shares to a take-over bid made by such person, provided that the agreement meets certain requirements including:

- (a) the terms of such agreement are publicly disclosed and a copy of such agreement is publicly available;
- (b) the shareholder who has agreed to tender voting shares to the take-over bid (the “**Lock-Up Bid**”) made by the other party to the agreement is permitted to terminate its obligation under the agreement in order to tender voting shares to another take-over bid or transaction where: (i) the offer price or value of the consideration payable under the other take-over bid or transaction is greater than the price or value of the consideration per share at which the shareholder has agreed to deposit or tender voting shares to the Lock-Up Bid or is equal to or greater than a specified minimum which is not more than 7% higher than the offer price under the Lock-Up Bid; and (ii) if the number of voting shares offered to be purchased under the Lock-Up Bid is less than all of the voting shares held by shareholders (excluding shares held by the offeror), the number of voting shares offered to be purchased under the other take-over bid or transaction (at an offer price not lower than in the Lock-Up Bid) is greater than the number of voting shares offered to be purchased under the Lock-Up Bid or is equal to or greater than a specified number which is not more than 7% higher than the number of voting shares offered to be purchased under the Lock-Up Bid; and
- (c) no break-up fees or other penalties that exceed in the aggregate the greater of 2.5% of the price or value of the consideration payable under the Lock-Up Bid and 50% of the increase in consideration resulting from another take-over bid or transaction shall be payable by the shareholder if the shareholder fails to deposit or tender voting shares to the Lock-Up Bid.

### *Certificates and Transferability*

Prior to the Separation Time, the Rights will be evidenced by a legend imprinted on certificates for Common Shares issued after the Record Time. Rights will also be attached to Common Shares outstanding at the Record Time, although share certificates issued prior to the Record Time will not bear such a legend. Shareholders are not required to return their certificates in order to have the benefit of the Rights. Prior to the Separation Time, Rights will trade together with the Common Shares and will not be exercisable or transferable separately from the Common Shares. From and after the Separation Time, the Rights will become exercisable, will be evidenced by Rights certificates and will be transferable separately from the Common Shares.

### *Permitted Bid Requirements*

The requirements of a “Permitted Bid” include the following:

- (a) the take-over bid must be made by means of a take-over bid circular;
- (b) the take-over bid is made to all holders of voting shares as registered on the books of the Corporation, other than the offeror;
- (c) the take-over bid contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified provision that no voting shares will be taken up or paid for pursuant to the take-over bid prior to the close of business on the date which is not less than 60 days following the date of the take-over bid and only if at such date more than 50% of the voting shares held by independent shareholders shall have been deposited or tendered pursuant to the take-over bid and not withdrawn;
- (d) the take-over bid contains an irrevocable and unqualified provision that unless the take-over bid is withdrawn, voting shares may be deposited pursuant to such take-over bid at any time during the period of time between the date of the take-over bid and the date on which voting shares may be taken up and paid for and that any voting shares deposited pursuant to the take-over bid may be withdrawn until taken up and paid for; and
- (e) the take-over bid contains an irrevocable and unqualified provision that if, on the date on which voting shares may be taken up and paid for, more than 50% of the voting shares held by independent shareholders shall have been deposited pursuant to the take-over bid and not withdrawn, the offeror will make a public announcement of that fact and the take-over bid will remain open for deposits and tenders of voting shares for not less than ten business days from the date of such public announcement.

The 2009 Rights Plan allows for a competing Permitted Bid (a “**Competing Permitted Bid**”) to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all of the requirements of a Permitted Bid except that it may expire on the same date as the Permitted Bid, subject to the requirement that it be outstanding for a minimum period of 35 days in accordance with applicable securities legislation.

### *Waiver and Redemption*

If a potential offeror does not desire to make a Permitted Bid, it can negotiate with, and obtain the prior approval of, the Board to make a take-over bid by way of a take-over bid circular sent to all holders of voting shares on terms which the Board considers fair to all shareholders. In such circumstances, the Board may waive the application of the 2009 Rights Plan thereby allowing such bid to proceed without dilution to the offeror. Any waiver of the application of the 2009 Rights Plan in respect of a particular take-over bid shall also constitute a waiver of any other take-over bid which is made by means of a take-over bid circular to all holders of voting shares while the initial take-over bid is outstanding. The Board may also waive the application of the 2009 Rights Plan in respect of a particular Flip-in Event that has occurred through inadvertence, provided that the Acquiring Person that inadvertently triggered such Flip-in Event reduces its beneficial holdings to less than 20% of the outstanding voting shares of the Corporation within 14 days or such earlier or later date as may be specified by the Board. With the prior consent of the holders of voting shares, the Board may, prior to the occurrence of a Flip-in Event that would occur by reason of an acquisition of voting shares otherwise than pursuant to the foregoing, waive the application of the 2009 Rights Plan to such Flip-in Event.

The Board may, with the prior consent of the holders of voting shares, at any time prior to the occurrence of a Flip-in Event, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of \$0.00001 per Right. Rights are deemed to be redeemed following completion of a Permitted Bid, a Competing Permitted Bid or a take-over bid in respect of which the Board has waived the application of the 2009 Rights Plan.

#### *Exemptions for Investment Advisors*

Investment advisors (for client accounts), trust companies (acting in their capacity as trustees or administrators), statutory bodies whose business includes the management of funds (for employee benefit plans, pension plans, or insurance plans of various public bodies) and administrators or trustees of registered pension plans or funds acquiring greater than 20% of the voting shares are exempted from triggering a Flip-in Event, provided they are not making, either alone or jointly or in concert with any other person, a take-over bid.

#### *Board of Directors*

The adoption of the 2009 Rights Plan will not in any way lessen or affect the duty of the Board to act honestly and in good faith with a view to the best interests of the Corporation. The Board, when a take-over bid or similar offer is made, will continue to have the duty and power to take such actions and make such recommendations to shareholders as are considered appropriate.

#### *Amendment*

The Corporation may, after the date of the Meeting (provided the 2009 Rights Plan is approved by shareholders at the Meeting) with the prior approval of shareholders (or the holders of Rights if the Separation Time has occurred), supplement, amend, vary or delete any of the provisions of the 2009 Rights Plan. The Corporation may make amendments to the 2009 Rights Plan at any time to correct any clerical or typographical error or, subject to confirmation at the next meeting of shareholders, make amendments which are required to maintain the validity of the 2009 Rights Plan due to changes in any applicable legislation, regulations or rules.

#### *Voting Requirements*

In order to become effective, the 2009 Rights Plan must be approved by the vote of the holders of a majority of the Common Shares voting at the Meeting. In addition, the 2009 Rights Plan must be approved by a majority of the votes cast at the Meeting by holders of Common Shares, without giving effect to any votes cast by (i) any shareholder that, directly or indirectly, on its own or in concert with others holds or exercises control over more than 20% of the outstanding Common Shares, and (ii) the associates, affiliates and insiders of such shareholders. Management of the Corporation is not aware of any shareholder who will be ineligible to vote on the confirmation of the 2009 Rights Plan at the Meeting. **The Board recommends that shareholders vote for the resolution approving the 2009 Rights Plan and authorizing the issuance of Rights pursuant thereto. Unless otherwise specified, the persons named in the enclosed form of proxy will vote FOR such resolution.**

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

In June 2005, National Policy 58-201 *Corporate Governance Guidelines* (the “**Governance Guidelines**”) and National Instrument 58-101 *Disclosure of Corporate Governance Practices* (the “**Governance Disclosure Rule**”) were adopted by the securities regulatory authorities in Canada. The Governance Guidelines deal with matters such as the constitution and independence of corporate boards, their functions, the effectiveness and education of board members and other items dealing with sound corporate governance practices. The Governance Disclosure Rule requires that, if management of an issuer solicits proxies from its security holders for the purpose of electing directors, specified disclosure of its corporate governance practices must be included in its management information circular.

The Board recognizes the importance of corporate governance to the effective management of the Corporation. The Corporation’s approach to significant issues of corporate governance is designed with a view to ensuring that the business and affairs of the Corporation are effectively managed so as to enhance shareholder value. The Board fulfills its mandate directly and through its committees at regularly scheduled meetings or as required. Frequency of meetings may be increased and the nature of the agenda items may be changed depending upon the state of the Corporation’s affairs and in light of opportunities or risks which the Corporation faces. The directors are kept informed of the Corporation’s operations at these meetings as well as through reports and discussions with management.

The Corporation’s corporate governance practices have been and continue to be in compliance with applicable Canadian requirements. The Corporation will continue to monitor developments in this area with a view to further revising its governance policies and practices as appropriate.

The following is a description of the Corporation’s corporate governance practices.

### **Board of Directors**

#### *Independence of the Board of Directors*

A majority of the Board (being six of the eight members) are independent within the meaning of the Governance Disclosure Rule. The independent members are William Breukelman, Carl Clouter, James Currie, George Doumet, James Excell and Mahendra Naik.

Robin Goad is a non-independent director because of his position as President and Chief Executive Officer of the Corporation and David Knight is a non-independent director because the firm of which he is a partner receives fees from the Corporation for legal services.

To facilitate the Board functioning independently of management, the following structures and processes are in place:

- there are no members of management on the Board, other than the President and Chief Executive Officer;
- time is set aside at each meeting of the Board for the directors to hold discussions without management present; and
- the Corporation’s regular standing committees, being the Audit Committee and the Compensation Committee are made up entirely of independent directors.

### *Chairman of the Board*

The Chairman of the Board, George Doumet, is an independent director. The primary roles of the Chairman are to chair all meetings of the Board and shareholder meetings, and to manage the affairs of the Board, including ensuring the Board is organized properly, functions effectively and meets its obligations and responsibilities. The Chairman's responsibilities include, among other things, reviewing and assessing director attendance and performance at meetings of the Board, ensuring effective relations and communications among Board members, leading the Board in ensuring implementation of management succession and development plans, providing assistance on major strategic and policy issues and acting as liaison with all committees of the Board.

### *Meetings of the Board of Directors*

The Board generally meets quarterly. The frequency of the meetings and the nature of the meeting agendas depend upon the nature of the business and affairs of the Corporation from time to time. During the financial year ended December 31, 2008, the Board met seven times. In addition to the business conducted at such meetings, various other matters were approved by written resolution signed by all members of the Board.

<b><i>Director Attendance at Board Meetings</i></b>		
<b>Name</b>	<b>Meetings Attended</b>	<b>Percentage of Meetings Attended</b>
	<b>#</b>	<b>%</b>
<b>William A. Breukelman</b>	7	100
<b>Carl L. Clouter</b>	6	86
<b>James A. Currie<sup>(1)</sup></b>	3	100
<b>George M. Doumet</b>	7	100
<b>James D. Excell</b>	6	86
<b>Robin Goad</b>	7	100
<b>David A. Knight</b>	7	100
<b>Mahendra Naik</b>	7	100

**Note:**

(1) Mr. Currie joined the Board on July 31, 2008. Of the seven Board meetings, three were held subsequent to this date.

### *Other Public Company Directorships*

The following table provides details regarding directorships held by the Corporation's directors in other public companies:

<b><u>Director</u></b>	<b><u>Other Public Company Directorships</u></b>
<b>James Excell</b>	Diamondex Resources Ltd.
<b>James Currie</b>	Candente Resource Corp. Dajin Resources Corp. ProAm Exploration Corporation
<b>Mahendra Naik</b>	Iamgold Corporation
<b>David Knight</b>	Freegold Ventures Limited

### *Board Mandate*

The text of the Charter and Terms of Reference of the Board is attached as Schedule “A” to this information circular.

### *Position Descriptions*

Written position descriptions have been developed by the Board for the Chairman of the Board, the Chairman of each of the Audit Committee and the Compensation Committee, the Chief Executive Officer of the Corporation and the Chief Financial Officer of the Corporation.

### *Orientation and Continuing Education*

Prior to any new director joining the Board, they are provided with detailed information with respect to the Corporation’s assets and operations by management. New directors also generally meet with some or all of the existing Board members, who advise the new appointees on the function and processes of the Board and its committees. Management updates the Board regularly on the Corporation’s business and affairs. The Corporation’s legal counsel advises the Board on any changes in laws or regulations relevant to the duties and responsibilities of directors to ensure that the directors maintain the skills and knowledge necessary to meet their obligations as directors.

### *Code of Business Conduct*

The Board has adopted a Code of Business Conduct (the “**Code**”) which is available on SEDAR at [www.sedar.com](http://www.sedar.com) or may be obtained in paper format from the Corporation. To ensure and monitor compliance with the Code, the Board has adopted a whistleblowing policy. Such policy and the Code are distributed to all officers and employees of the Corporation.

If a director or executive officer has a material interest in a transaction or agreement being considered by the Corporation, such individual is precluded from voting on the matter and the Board considers such matter without the individual present.

### *Nomination of Directors*

The Board has not appointed a formal nominating committee and does not believe that such a committee is warranted at the present time. The Board discusses regularly the competencies and skills that the Board as a whole should possess in order to fulfill its duties and further the strategic objectives of the Corporation. Any member of the Board is free to recommend additional members where weaknesses or gaps are identified by the Board as a group or by such individual director. All such recommendations are considered by the Board as a whole.

### *Compensation*

The Compensation Committee is composed entirely of independent directors, being William Breukelman, James Excell and Mahendra Naik.

The Compensation Committee is responsible for, among other things, evaluating the performance of the Corporation’s executive officers, determining or making recommendations to the Board with respect to the compensation of the Corporation’s executive officers, making recommendations to the Board with

respect to director compensation, incentive compensation plans and equity-based plans, making recommendations to the Board with respect to the compensation policy for the employees of the Corporation or its subsidiaries and ensuring that the Corporation is in compliance with all legal requirements with respect to compensation disclosure. In performing its duties, the Compensation Committee has the authority to engage such advisors, including executive compensation consultants, as it considers necessary.

#### *Committees of the Board of Directors*

The Board has no regular standing committees other than the Audit Committee and the Compensation Committee. The Board has established a special committee of directors to consider and assess potential strategic transactions.

#### *Assessments*

Based upon the Corporation's size, its current state of development and the number of individuals on the Board, the Board considers a formal process for assessing the effectiveness and contribution of the Board as a whole, its committees or individual directors to be unnecessary at this time. In light of the fact that the Board and its committees meet on numerous occasions during each year, each director has regular opportunity to assess the Board as a whole, its committees and other directors in relation to the Board's and such director's assessment of the competencies and skills that the Board and its committees should possess. The Board plans to continue to evaluate its own effectiveness and the effectiveness of its committees and individual directors in such manner.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

It is the intention of the Corporation to provide its officers, managers and employees, including its Named Executive Officers (“NEOs”) as that term is defined under NI 51-102 – Continuous Disclosure Obligations (“NI 51-102”), with a compensation mix that is competitive, equitable, and recognizes individual and team efforts. As at December 31, 2008, the Corporation had three senior officers: Mr. Robin Goad, President and Chief Executive Officer; Mr. Julian Kemp, Vice President Finance and Chief Financial Officer; and, Mr. Thomas Rinaldi, Vice President Operations effective September 5, 2008. In addition, Mr. James Currie served as the Corporation’s Vice President Operations from March 31, 2008 to July 31, 2008. During 2008, Robin E. Goad, Julian B. Kemp, Thomas R. Rinaldi and James A. Currie were the Corporation’s only NEOs.

Fortune Minerals is committed to developing, for all levels of personnel, compensation strategies that attract, retain and motivate those types of individuals that will help us achieve our mission and vision. Currently, the total compensation mix includes base pay (either in the form of salary or fees), benefits and stock options. Given the growth in the Corporation’s workforce over the last number of years and its anticipated continued growth, the compensation mix is being modified to continue to meet the Corporation’s needs, including developing an annual bonus plan (as described below). A description of each element of compensation and the link to the Corporation’s compensation and corporate objectives is set out below.

Compensation Element	Link to Compensation Objectives	Link to Corporate Objectives
<i>Base Salary and Fees</i>	<ul style="list-style-type: none"> <li>• Attract and retain</li> <li>• Reward short-term performance</li> </ul>	<ul style="list-style-type: none"> <li>• Competitive pay ensures access to skilled employees necessary to achieve corporate objectives</li> <li>• Yearly review of NEOs’ performance</li> </ul>
<i>Annual Bonuses</i>	<ul style="list-style-type: none"> <li>• Motivate and reward short- and medium-term performance</li> <li>• Align interests of individual with that of co-workers and Corporation</li> </ul>	<ul style="list-style-type: none"> <li>• Competitive pay ensures access to skilled employees</li> <li>• Directly links to motivations to corporate objectives</li> <li>• Promotes a cooperative workforce focus on medium-term strategies and performance</li> <li>• Yearly review and communication of expectations and performance of NEOs</li> </ul>
<i>Stock Option Rewards</i>	<ul style="list-style-type: none"> <li>• Align interest with shareholders</li> <li>• Motivate and reward long-term performance</li> </ul>	<ul style="list-style-type: none"> <li>• Motivate NEOs to increase shareholder value by achieving long-term corporate strategies and objectives</li> <li>• Encourages long-term tenure and performance</li> </ul>
<i>Benefit Plan</i>	<ul style="list-style-type: none"> <li>• Mitigate participants personal health risks</li> <li>• Encourage healthy behaviour</li> </ul>	<ul style="list-style-type: none"> <li>• Increases focus and productivity of NEOs</li> <li>• Decreases absenteeism</li> </ul>

*Base Salary and Fees:* The use of base pay serves the purpose of rewarding ongoing short-term performance. As a result of the growth in the Corporation’s business, the Compensation Committee proactively established annual compensation ranges to guide the President and CEO in setting specific annual compensation rates for the Corporation’s officers, managers and employees. The process undertaken and factors considered by the Compensation Committee in establishing executive compensation, including setting base salaries and fees, is described under “Compensation Process” below.

*Annual Bonuses:* Consideration has been given to granting bonuses to reward NEOs for exemplary performance, however, the Board has not approved any payment of bonuses to its NEOs as it has not been in a financial position to do so. To remain competitive, the Compensation Committee and Board considered and authorized a formal bonus plan, as recommended by management, to provide a variable pay opportunity that will reflect the individual's impact on the Corporation's success to enhance the short- to medium-term performance. The compensation program is intended to be internally equitable, externally competitive, within the financial capacity of the Corporation, capable of being reshaped for the future, and appropriate for the organization. As of the date hereof, this bonus plan has not been implemented. The bonus plan, when implemented, will include financial rewards to be paid annually, based on achieving certain corporate and individual objectives. Corporate objectives are to be determined based on the Corporation's strategic and business plans as approved by the Board. Individual objects are to be determined jointly between the individual and their supervisor and approved by senior management. The President and CEO's personal objectives will be determined by the Compensation Committee and the Board.

*Stock Option Rewards:* Stock options are granted to reward long-term performance. Historically, as the Corporation has been in an exploration and development phase with respect to its properties and has had to operate with limited financial resources, the Board has attempted to keep the cash compensation paid to the Corporation's NEOs relatively modest, while providing significant long-term incentives through the granting of stock options. Generally, stock options are granted to participants upon hire to provide an initial opportunity to participate in the equity of the Company. Consideration is given annually to grant additional stock options to all participants in the plan to continue to provide the opportunity to benefit from the long-term success of the Corporation. Senior Management makes recommendations to the Compensation Committee and Board for all potential grants. See "Securities Authorized for Issuance Under Equity Compensation Plans" below for a description of the Corporation's stock option plan.

*Benefit Plan and Perks:* The Corporation's benefit plan is basic in nature, requires participants to contribute to the premium costs and includes certain co-pay requirements. The benefit plan is designed to assist the participant with regular health related expenses and supporting them in the case of a catastrophic life event. The Corporation does not currently have standard senior officer perks, but may provide such perks as is considered appropriate by the Compensation Committee.

As discussed under "Statement of Corporation Governance Practices – Compensation" above, the Compensation Committee is responsible for, among other things, evaluating the performance of the Corporation's NEOs, determining or making recommendations to the Board with respect to the compensation of the Corporation's NEOs, making recommendations to the Board with respect to director compensation, company-wide incentive compensation plans and equity-based plans, making recommendations to the Board with respect to the compensation policy for the employees of the Corporation or its subsidiaries and ensuring that the Corporation is in compliance with all legal requirements with respect to compensation disclosure. In performing its duties, the Compensation Committee has the authority to engage such advisors, including executive compensation consultants, as it considers necessary. At this time, neither the Corporation nor the Compensation Committee has any contractual arrangement with any executive compensation consultant who has a role in determining or recommending the amount or form of senior officer or director compensation.

### **Compensation Process**

Each year, the Compensation Committee reviews actual performance against the achievements of the Corporation and the NEOs for the prior fiscal year. Although the Compensation Committee did not establish any quantifiable criteria in 2008 with respect to base salaries payable or the amount of equity compensation granted to NEOs, it assessed past performance based on the achievement of the Corporation's business plan and considering items such as the quality and progress of the Corporation's

exploration and development projects, the Corporation's success in raising required capital, stock market performance of the Corporation's Shares, development of strategic corporate alliances and similar achievements.

The Compensation Committee relies on the knowledge and experience of its members and the recommendations of the President and CEO and the Vice President Finance and CFO to set appropriate levels of compensation for its officers, managers and employees. The Committee uses all the data available and reviews the elements of the NEOs compensation in the context of the total compensation package (including base salary or fees, bonuses, benefits, and stock option awards, including prior awards under the stock option plan) to ensure that the Corporation is maintaining a level of compensation that is both commensurate with the size of the Corporation and sufficient to retain key personnel. In reviewing the comparative data, the Committee does not engage in benchmarking for the purpose of establishing compensation levels relative to any predetermined level and does not compare its compensation to a specific peer group of companies. In the Committee's view, external data provides insight into external competitiveness, but it is not an appropriate single basis for establishing compensation levels. External data is considered, along with an assessment of individual performance and experience, the Corporation's performance and business strategy, and general economic considerations.

### **Compensation of Named Executive Officers in 2008**

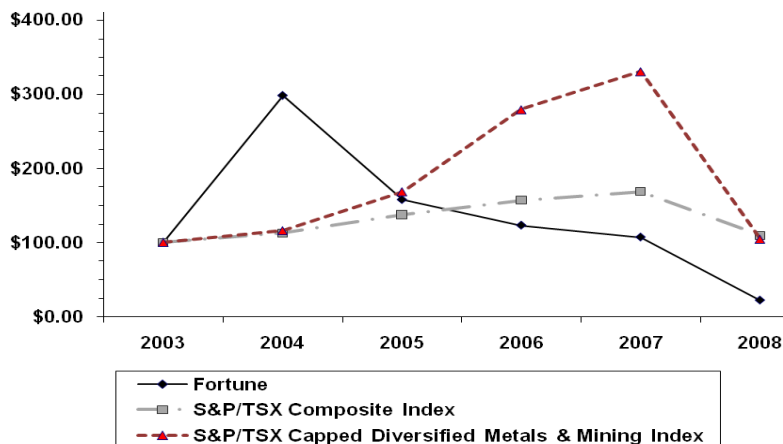
During 2008, Mr. Goad's and Mr. Kemp's base remuneration was unchanged from approximately \$240,000 per annum and \$4,000 per week of service, respectively. Mr. Rinaldi's base remuneration was \$225,000 per annum and Mr. Currie's base remuneration was \$270,000 per annum. Mr Currie's contract also called for a performance based bonus equal to 22.5% of his annual compensation; however, this amount was not awarded as Mr. Currie did not remain in the role of Vice President Operations. No bonuses were awarded to Mr. Goad, Mr. Kemp, or Mr. Rinaldi during 2008. Mr. Goad and Mr. Kemp were awarded 80,000 and 70,000 stock options, respectively, in 2008 and Mr Rinaldi and Mr. Currie received 150,000 and 250,000 stock options, respectively, at their point of hire.

The options granted to NEOs during 2008 have a term of 5 years to reflect an anticipated business cycle that will include significant changes to the nature and structure of the Corporation as it transforms itself into a producing mining company. Further, all Options granted to NEOs vested immediately except for 75,000 options granted to Mr. Rinaldi that vested 7 months after the commencement of his employment. Junior mining company shares, including Fortune's, generally have very volatile market prices reflecting the potential short-term effects of significant achievements of the company. Investors in junior companies often look for these short-term gains and in order to align the interests of NEOs with those of shareholders, the Board believes extended vesting periods are not justified at this time. Certain options granted to Mr. Rinaldi required a vesting period related to a commitment to relocate to London, Ontario. Both Mr. Rinaldi and Mr. Currie Option grants reflected the provision of an initial position in the equity of the Corporation related to their knowledge, experience and ability to impact the Corporation's success. The option grants in 2008 were modest and related to their ongoing commitment to the organizations goals.

A summary of the NEOs' compensation is set forth below in the summary compensation table.

## Performance Graph

The following graph and table illustrate the Corporation's cumulative shareholder return (assuming the re-investment of dividends of which there have been none) based upon a \$100 investment from December 31, 2003 to December 31, 2008, compared to the cumulative total shareholder return from a similar investment in the Total Return Index Values of the S&P/TSX Composite Index and the S&P/TSX Capped Diversified Metals and Mining Index over the same period.



	2003	2004	2005	2006	2007	2008
<b>Fortune</b>	\$100.00	\$297.87	\$157.45	\$122.87	\$106.91	\$21.81
<b>S&amp;P/TSX Composite Index</b>	\$100.00	\$112.48	\$137.12	\$157.02	\$168.27	\$109.33
<b>S&amp;P/TSX Capped Diversified Metals &amp; Mining Index</b>	\$100.00	\$115.95	\$168.41	\$279.04	\$330.29	\$104.39

As described above, the Compensation Committee considers various factors in determining the compensation of the NEOs. The Corporation's Share performance is one performance measure that is reviewed but there is no direct correlation between Share performance and executive compensation.

The Corporation operates in a commodity business and the Share price is directly impacted by the market price of gold and other metals, which may fluctuate widely and are affected by numerous factors that are difficult to predict and beyond the Corporation's control. The Share price is also affected by other factors beyond the Corporation's control, including general and industry-specific economic and market conditions. The Compensation Committee evaluates performance by reference to its business plan rather than by short-term changes in Share price based on its view that its long-term operating performance will be reflected by stock price performance over the long term, which is especially important when current stock price may be temporarily depressed by short-term factors, such as recessionary economies. The trend shown by the performance graph represents an initial increase in cumulative total shareholder return in 2003, followed by a gradual decline. Over the same five year period, the total compensation received by the NEOs, in aggregate, has increased moderately; although, the Compensation Committee considers total compensation to be modest and reasonable in the circumstances.

## Summary Compensation Table:

The following table provides a summary of the compensation earned by the NEOs for services rendered in all capacities during fiscal years ended December 31, 2008, 2007 and 2006.

Name and Principal Position	Year	Salary (\$)	Share-based awards <sup>(1)</sup> (\$)	Option-based awards <sup>(2)</sup> (\$)	Non-equity incentive plan compensation <sup>(3)</sup> (\$)		Pension Value <sup>(4)</sup> (\$)	All other Compensation <sup>(5)</sup> (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-Term Incentive Plans			
Robin E. Goad President & CEO	2008	240,001	—	63,200	—	—	—	3,505	306,706
	2007	239,200	—	—	—	—	—	2,991	242,191
	2006	199,940	—	156,000	—	—	—	1,393	357,333
Julian B. Kemp Vice President Finance & CFO	2008	191,352	—	55,300	—	—	—	3,388	250,040
	2007	195,800	—	—	—	—	—	2,674	198,474
	2006	162,520	—	91,000	—	—	—	1,316	254,836
Thomas R. Rinaldi Vice President Operations	2008	75,000	—	108,000	—	—	—	20,106 <sup>(6)</sup>	185,462
	2007	—	—	—	—	—	—	—	—
	2006	—	—	—	—	—	—	—	—
James A. Currie Vice President Operations	2008	90,000	—	210,000	—	—	—	11,333 <sup>(7)</sup>	311,333
	2007	—	—	—	—	—	—	—	—
	2006	—	—	—	—	—	—	—	—

### Notes:

- (1) Includes the dollar value of any common shares, restricted shares, DSUs, PSUs, etc. granted based on grant date fair value. The Corporation did not issue any compensation of this nature during 2008.
- (2) Includes the dollar amount of \$436,500 and \$247,000 for stock options granted during 2008 and 2006, respectively, based on the grant date fair value. The fair value of the options granted was estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions:

Named Executive Officer	Number of options granted #	Assumptions						Estimated grant date fair value \$
		Risk free interest rate %	Expected dividend yield %	Expected volatility %	Expected option life [years]	Estimated fair value per option \$		
<i>2008 Grants:</i>								
Robin E. Goad	80,000	2.68	—	59	5	0.79	63,200	
Julian B. Kemp	70,000	2.68	—	59	5	0.79	55,300	
Thomas R. Rinaldi	150,000	2.64	—	63	5	0.72	108,000	
James A. Currie	250,000	2.50	—	59	5	0.84	210,000	
<i>2006 Grants:</i>								
Robin E. Goad	120,000	4.25	—	64	5	1.30	156,000	
Julian B. Kemp	70,000	4.25	—	64	5	1.30	91,000	

The Black-Scholes model, used by the Corporation to calculate option values, as well as other accepted option valuation models, was developed to estimate fair value of freely tradable, fully transferable options, which significantly differ from the Corporation's stock option awards. These models also require four highly subjective assumptions, including future stock price volatility and expected time until exercise, which greatly affect the calculated values. Accordingly, the Compensation Committee believes that these models do not necessarily provide a reliable single measure of the fair value of the Corporation's stock option awards.

- (3) Includes the dollar value of all amounts earned for services performed in the financial year.
- (4) Includes all compensation related to a corporation's defined benefit and defined contribution plans, including service costs, plan changes and above market earnings. The Corporation does not have any long-term incentive programs other than its stock option plan and does not have any defined or actuarial plans.
- (5) Includes all perks, post-retirement benefits, "gross-ups" and reimbursements on payment of taxes, life insurance premiums paid by the Corporation. The Corporation contributes amounts to premiums for certain health, dental, travel and other benefit plans.
- (6) Mr. Rinaldi was reimbursed for certain moving expense for relocating to London, Ontario. Additional expenses were incurred in 2009.
- (7) Mr. Currie, subsequent to resigning as Vice President Operation, was appointed as a director on July 31, 2008. All other compensation includes director fees earned during the fiscal year, including \$1,667 which was due to Mr. Currie as at December 31, 2008.

**Outstanding share-based awards and option-based awards Table:**

The following table provides details regarding outstanding NEO option and share based awards as at December 31, 2008:

<i>Outstanding share-based awards and option-based awards</i>						
	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised (#)	Option exercise price (\$)	Option expiration date (dd/mm/yy)	Aggregate value of unexercised in-the-money options (\$)	Number of shares or units that have not vested <sup>(1)</sup> (#)	Market or payout value of share-based awards that have not vested <sup>(1)</sup> (\$)
<b>Robin E. Goad</b> President & CEO	80,000	1.50	11/08/13	Nil	—	—
	120,000	2.30	22/12/11	Nil	—	—
	150,000	3.45	17/03/09	Nil	—	—
<b>Julian B. Kemp</b> CFO	70,000	1.50	11/08/13	Nil	—	—
	70,000	2.30	22/12/11	Nil	—	—
	200,000	3.30	15/10/09	Nil	—	—
<b>Thomas R. Rinaldi</b> Vice President Operations	150,000	1.30	05/09/13	Nil	—	—
<b>James A. Currie</b> Vice President Operations	250,000	1.60	31/03/13	Nil	—	—

**Note:**

- (1) The Corporation has no share-based award plans and has not issued any share-based awards.

**Incentive plan awards - value vested or earned during the year:**

The following table provides details regarding outstanding NEO option based awards, share based awards and non-equity incentive plan compensation, which vested and/or was earned during the year ended December 31, 2008:

<i>Incentive plan awards - value vested or earned during the year</i>			
Name	Option-based awards - Value vested during the year <sup>(1)</sup> (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
<b>Robin E. Goad</b> President & CEO	Nil	—	—
<b>Julian B. Kemp</b> CFO	Nil	—	—
<b>Thomas R. Rinaldi</b> Vice President Operations	Nil	—	—
<b>James A. Currie</b> Vice President Operations	Nil	—	—

**Note:**

- (1) Identifies the aggregate dollar value that would have been realized by the NEO if the NEO had exercised all options exercisable under the option-based award on the vesting date(s) thereof.

## Option Grants during the Financial Year Ended December 31, 2008

Name	Shares under Options Granted	% Total Options Granted in Financial Year	Exercise Price	Market Value of Shares Underlying Options on Date of Grant	Expiration Date
Robin E. Goad	80,000	6.4	\$1.50	\$1.50	Aug. 11, 2013
Julian B. Kemp	70,000	5.6	\$1.50	\$1.50	Aug. 11, 2013
Thomas R. Rinaldi	150,000	12.0	\$1.30	\$1.30	Sep. 5, 2013
James A. Currie	250,000	20.0	\$1.60	\$1.60	Mar. 13, 2013

See “Compensation Discussion and Analysis” above for details regarding options granted in 2008. All outstanding options granted prior to 2008 vested immediately upon grant and were for a term of five years. See “Securities Authorized for Issuance under Equity Compensation Plans” below for a discussion of the Corporation’s stock option plan.

### Contracts with Named Executive Officers

Each of Messrs. Goad and Kemp is engaged by the Corporation under a consulting agreement. Mr Goad’s contract (the “**Goad Agreement**”) provides that the Corporation may terminate the Goad Agreement by providing a lump sum amount equal to 12 months of fees at the then applicable rate. In the event of a “Change of Control” (as defined in the Goad Agreement) and the Goad Agreement is subsequently or contemporaneously terminated by the Corporation without just cause within 6 months of the date of such Change of Control or the services provided by Mr. Goad do not continue at a level of responsibility or a level of compensation at least commensurate with his then-existing level of responsibility and compensation immediately prior to the Change of Control, Mr. Goad may elect within six months of the date of the Change of Control to terminate the Goad Agreement. In the event of such an election the Corporation would be obligated to pay Mr. Goad a lump sum amount equal to 12 months of fees at the then applicable rate. As at December 31, 2008, pursuant to these termination provisions, the lump sum amounts payable would equal \$240,000.

Mr. Kemp’s consulting agreement with the Corporation may currently be terminated by the Corporation upon payment of a lump sum amount equal to ten months of fees at the applicable rate. As at December 31, 2008, pursuant to this termination provision, the lump sum amount payable would equal \$174,200. The lump sum payment required to terminate the agreement increases at the rate of two months of fees per year of additional service, to a maximum of 12 months of fees.

Mr. Rinaldi’s employment agreement with the Corporation requires, in the event of a loss of employment resulting from a change in control of the Corporation, a payment of a lump sum amount equal to six months of salary during the initial year of service and subsequent to the first anniversary of the commencement of employment, the lump sum payment required increases at the rate equal to one month of salary per year of additional service, to a maximum of 12 months of salary. As at December 31, 2008, pursuant to this termination provision, the lump sum amount payable would equal \$112,500.

## Compensation of Directors

Commencing in 2008, non-executive directors are paid fees for their services as directors. The fees include a base retainer \$20,000 per annum. Additional retainers in the amounts of \$5,000, \$10,000 and of \$20,000 are provided to the Chairmen of the Compensation and Special Committees, the Chairman of the Audit Committee and Chairman of the Board, respectively, to reflect the additional contributions made in those roles. A meeting fee of \$1,000 is paid for each committee or board meeting attended. If a director is required to travel in excess of three hours to attend a meeting in person an additional fee of \$500 is paid. Directors are also reimbursed for any out-of-pocket expenses.

Non-executive directors are entitled to receive compensation to the extent that they provided third-party services to the Corporation at rates equal to or less than what would otherwise be charged by such directors for such services to arm's length parties.

Non-executive directors receive options, as longer-term compensation incentives, to purchase shares in the Corporation as recommended by the Compensation Committee and determined by the Board. The exercise price of such options is determined by the Board, but shall in no event be less than the market price of the shares of the Corporation at the time of the grant of the options. Fees earned, options granted and other consulting fees are summarized in the following table.

Name <sup>(1)</sup>	Fees Earned <sup>(2)</sup> (\$)	Share-based awards <sup>(3)</sup> (\$)	Option-based awards <sup>(4)</sup> (\$)	Non-equity incentive plan compensation <sup>(5)</sup> (\$)	Pension Value <sup>(6)</sup> (\$)	All other Compensation <sup>(7)</sup> (\$)	Total Compensation (\$)
William A. Breukelman	23,000	—	32,000	—	—	—	55,000
Carl L. Clouter <sup>(8)</sup>	13,000	—	32,000	—	—	67,100 <sup>(8)</sup>	112,100
George M. Doumet	32,000	—	40,000	—	—	—	72,000
James D. Excell	16,500	—	36,000	—	—	—	52,500
David A. Knight <sup>(9)</sup>	—	—	32,000	—	—	— <sup>(9)</sup>	32,000
Mahendra Naik	30,500	—	44,000	—	—	—	74,500

### Notes:

- Mr. Goad is the President and CEO of the Corporation and does not receive additional compensation for his services as a director. Mr. Currie served as the Vice President Operations of the Corporation until July 31, 2008 and was appointed as a director of the Corporation effective August 1, 2008. Compensation received by Mr. Goad, in his capacity as President & CEO, and by Mr. Currie, both in his prior capacity as the Vice President Operations and as a current director of the Corporation, is reported in the "NEO Summary Compensation Table" above.
- Amounts reported include retainers and meeting fees earned by directors in 2008, including the aggregate amount of \$25,000 with respect to outstanding fees payable to the directors at December 31, 2008, for services in 2008.
- Includes the dollar value of any common shares, restricted shares, DSUs, PSUs, etc. granted based on grant date fair value. The Corporation did not issue any compensation of this nature during 2008.
- Includes the dollar amount of \$216,000 for stock options granted based on the grant date fair value. The fair value of the options granted during the year ended December 31, 2008 was estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions:

Named Executive Officer	Number of options granted #	Assumptions					
		Risk free interest rate %	Expected dividend yield %	Expected volatility %	Expected option life [years] #	Estimated fair value per option \$	Estimated grant date fair value \$
William A. Breukelman	40,000	2.68	—	59	5	0.79	32,000
Carl L. Clouter	40,000	2.68	—	59	5	0.79	32,000
George M. Doument	50,000	2.68	—	59	5	0.79	40,000
James D. Excell	45,000	2.68	—	59	5	0.79	36,000
David A. Knight	40,000	2.68	—	59	5	0.79	32,000
Mahendra Naik	55,000	2.68	—	59	5	0.79	44,000

The Black-Scholes model, used by the Corporation to calculate option values, as well as other accepted option valuation models, was developed to estimate fair value of freely tradable, fully transferable options, which significantly differ from the Corporation's stock option awards. These models also require four highly subjective assumptions, including future stock price volatility and expected time until exercise, which greatly affect the calculated values. Accordingly, the Compensation Committee believes that these models do not necessarily provide a reliable single measure of the fair value of the Corporation's stock option awards.

- (5) Includes the dollar value of all amounts earned for services performed in the financial year.
- (6) Includes all compensation related to a corporation's defined benefit and defined contribution plans, including service costs, plan changes and above market earnings. The Corporation does not have any long-term incentive programs other than its stock option plan and does not have any defined or actuarial plans.
- (7) Includes all perks, post-retirement benefits, "gross-ups" and reimbursements on payment of taxes, life insurance premiums paid by the Corporation. Directors are not eligible to participate in the Corporation's health, dental, travel or other benefit plans.
- (8) Mr. Clouter provides certain consulting services to the Corporation. Fees earned by Mr. Clouter pursuant to these services are reported as other compensation.
- (9) Mr. Knight is a partner with the law firm Macleod Dixon LLP. The law firm provides legal services to the Corporation. In 2008, the Corporation paid aggregate fees of \$201,683 to Macleod Dixon LLP.

### **Outstanding share-based awards and option-based awards Table:**

The following table provides details regarding outstanding director option and share based awards as at December 31, 2008:

<i>Outstanding share-based awards and option-based awards</i>						
Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised (#)	Option exercise price (\$)	Option expiration date (dd/mm/yy)	Aggregate value of unexercised in-the-money options (\$)	Number of shares or units that have not vested <sup>(1)</sup> (#)	Market or payout value of share-based awards that have not vested <sup>(1)</sup> (\$)
<b>William A. Breukelman</b>	40,000	1.50	11/08/13	Nil	—	—
	40,000	2.30	22/12/11	Nil	—	—
<b>Carl L. Clouter</b>	40,000	1.50	11/08/13	Nil	—	—
	40,000	2.30	22/12/11	Nil	—	—
<b>George M. Doumet</b>	50,000	1.50	11/08/13	Nil	—	—
	50,000	2.30	22/12/11	Nil	—	—
	150,000	3.45	17/03/09	Nil	—	—
<b>James D. Excell</b>	45,000	1.50	11/08/13	Nil	—	—
	45,000	2.30	22/12/11	Nil	—	—
	50,000	3.86	20/09/10	Nil	—	—
	150,000	4.95	04/04/10	Nil	—	—
<b>David A. Knight</b>	40,000	1.50	11/08/13	Nil	—	—
	40,000	2.30	22/12/11	Nil	—	—
<b>Mahendra Naik</b>	55,000	1.50	11/08/13	Nil	—	—
	50,000	2.30	22/12/11	Nil	—	—
	100,000	2.84	27/03/11	Nil	—	—

**Note:**

- (1) The Corporation has no share-based award plans and has not issued any share-based awards.

### **Incentive plan awards - value vested or earned during the year:**

The following table provides details regarding outstanding director option based awards, share based awards and non-equity incentive plan compensation, which vested and/or was earned during the year ended December 31, 2008:

<i>Incentive plan awards - value vested or earned during the year</i>			
Name	Option-based awards - Value vested during the year <sup>(1)</sup>	Share-based awards - Value vested during the year	Non-equity incentive plan compensation - Value earned during the year
	(\$)	(\$)	(\$)
William A. Breukelman	Nil	—	—
Carl L. Clouter	Nil	—	—
George M. Doumet	Nil	—	—
James D. Excell	Nil	—	—
David A. Knight	Nil	—	—
Mahendra Naik	Nil	—	—

**Note:**

- (1) Identifies the aggregate dollar value that would have been realized by the director if the director had exercised all options exercisable under the option-based award on the vesting date(s) thereof.

### **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for further issuance under equity compensation plans (excluding securities referenced in column (a)) (c)
Equity compensation plans approved by securityholders	2,785,000 <sup>(1)</sup>	\$2.45	1,602,611 <sup>(2)</sup>
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
<b>Total</b>	2,785,000	\$2.45	1,602,611

**Notes:**

- (1) As of the date of this information circular the total number of Shares issuable under outstanding options is 2,425,000, which is 4.37% of the number of Shares issued and outstanding. Prior to the date of this information circular a total of 2,483,700 Shares have been issued pursuant to the exercise of options.
- (2) The Plan provides for the issuance of options to purchase up to an aggregate of 10% of the issued and outstanding shares of the Corporation less the number of Shares issued pursuant to the plan within the previous 3 years. As at the date of this information circular the Corporation may issue up to an additional 2,187,611 options.

The Corporation's current stock option plan (the "Plan") was originally approved by the shareholders of the Corporation at the annual and special meeting of shareholders of the Corporation held on June 20, 2005. Certain amendments to the Plan were approved at the annual and special meeting of shareholders of the Corporation held on May 29, 2007. As is required by the rules of the TSX, the Plan was reapproved by the shareholders on May 27, 2008.

The material terms of the Plan are as follows:

- The Plan is an “evergreen” or “rolling” stock option which provides that the aggregate of: (i) the number of Shares which may be issuable pursuant to the exercise of options outstanding at any particular time; and (ii) the number of Shares previously issued pursuant to the exercise of options granted within the three years prior to such time, may not exceed 10% of the number of Shares outstanding at such time.
- The persons eligible to receive options to purchase Shares of the Corporation (“**Options**”) under the Plan are the directors, officers and employees of the Corporation or affiliates of the Corporation, and any person or company engaged by the Corporation to provide consulting, technical, management or other services (unrelated to the distribution of securities) (“**Eligible Individuals**”) and permitted assigns of such persons (“**Permitted Assigns**”). Permitted Assigns include trustees acting on behalf of Eligible Individuals, corporations controlled by Eligible Individuals, registered retirement savings plans or registered retirement income funds of Eligible Individuals and spouses of Eligible Individuals.
- The Board may grant Options to any of the foregoing (an “**Eligible Person**”), as determined by the Board in its discretion. At the time of the grant of an Option, the Board, in its discretion, must fix the number of Shares being optioned to the Eligible Person (in this capacity the “**Optionee**”), the exercise price of the Option, the extent to which each Option is exercisable from time to time during the term of the Option and the expiration date of the Option. The Plan does not specify a maximum term for Options granted thereunder.
- If the termination date of an option falls during or within three business days of a blackout period during which the policy of the Corporation prevents certain persons from trading in the securities of the Corporation, the expiry date for such option will be extended for an additional period expiring on the 10th business day following the end of the blackout period.
- The aggregate of: (i) the number of Shares which may be issuable pursuant to the exercise of Options outstanding at any particular time; and (ii) the number of Shares previously issued pursuant to the exercise of Options granted within the three years prior to such time, may not exceed 10% of the number of Shares outstanding at such time.
- The exercise price of an Option may not be less than the market price of the Shares on the date on which the grant of the Option is approved by the Board. For this purpose the market price is the closing sale price of the Shares on the last trading day preceding the date of grant on which the Shares traded on the TSX or another exchange on which the Shares are listed.
- Once granted, the Options may only be assigned by the Optionee to Permitted Assigns.
- The number of Shares that may be issued to any one person, under the Plan and any other share compensation arrangement of the Corporation, may not exceed 5% of the outstanding Shares.
- No Options may be granted by the Board where such grant could result in the number of Shares issuable to Insiders under all share compensation arrangements exceeding 10% of the issued and outstanding Shares or in the issuance to insiders, within a one-year period, of a number of Shares exceeding 10% of the issued and outstanding Shares.
- An Optionee’s entitlement to shares under the Plan may cease prior to the expiration date of the Option, as follows:
  - Options will terminate six months after an Optionee retires or terminates his or her employment or directorship under circumstances equating to retirement;
  - Options will terminate on the date that the Optionee (or in the case of an Optionee who is not an employee, officer, director or service provider, the Eligible Individual associated with such Optionee) is terminated for cause by the Corporation;

- Options shall terminate on the date that an Optionee commits an act of bankruptcy, where such proceeding remains undismissed for 30 days; and
- Options shall terminate three months after the death of an Optionee. Under the Plan, the Board retains the discretion to waive the above cessation of rights in respect of any particular Optionee.
- The Corporation has no security purchase arrangement or stock appreciation rights plan, and the Corporation does not have authority to transform Options into stock appreciation rights.
- By its terms, the Plan may be amended by the Board without the consent of the shareholders, including amending the terms and conditions of options, amending the categories of persons who are Eligible Persons and entitled to be granted options, allowing the grant of financial assistance to Optionees for the purpose of exercising options, authorizing the addition of a cashless exercise feature (payable in cash or securities, which provides for a full deduction of the number of underlying securities from the Plan reserve), changing the assignability or transferability of options, and amendments of a housekeeping nature. However, pursuant to TSX rules, the extension of the term of an option for the benefit of an insider must be approved by disinterested shareholders.
- The Board may terminate the Plan at any time. In the event of termination of the Plan, all Options may be exercised for 30 days from notice of termination.

### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

Since the beginning of the Corporation's most recently completed financial year, there is no, and there has not been any, outstanding indebtedness owing to the Corporation, any subsidiary of the Corporation, or any other entity, in connection with a purchase of securities or otherwise, by: (i) any director, executive officer or employee of the Corporation or any of its subsidiaries; (ii) any former director, executive officer or employee of the Corporation or any of its subsidiaries; (iii) any proposed nominee for election as a director of the Corporation; (iv) any associate of any individual who is, or at any time during the Corporation's most recently completed financial year was, a director or executive officer of the Corporation; or (v) any associate of any proposed nominee for election as a director of the Corporation.

### **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

No person who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation's last completed financial year or any associate or affiliate of any such director, executive officer or proposed nominee has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, except as disclosed in this Information Circular.

### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

To the knowledge of the directors and officers of the Corporation, no director or executive officer of the Corporation or any subsidiary of the Corporation, no person or company who beneficially owns, directly or indirectly, voting securities of the Corporation or who exercises control or direction over voting securities of the Corporation carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation, no proposed director of the Corporation and no associate of affiliate of any of the foregoing persons have had or has any material interest, direct or indirect, in any transaction

since the commencement of the Corporation's last financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis ("MD&A") for its financial year ended December 31, 2008. Shareholders who wish to receive copies of the Corporation's financial statements and MD&A may contact the Corporation in writing at 140 Fullarton Street, Suite 1902, London, Ontario N6A 5P2, by email at [info@fortuneminerals.com](mailto:info@fortuneminerals.com), or by telephone at (519) 858-8188.

### **GENERAL**

Information contained herein is given as of April 15, 2009 except as otherwise noted. If any matters which are not known should properly come before the Meeting, the accompanying form of proxy will be voted on such matters in accordance with the best judgment of the person voting it. The content and sending of this Management Information Circular have been approved by the Board of Directors of the Corporation.

Dated the 17<sup>th</sup> day of April, 2009.

By order of the Board

(Signed) David A. Knight  
Secretary

## SCHEDULE “A”

# Charter and Terms of Reference for the Board of Directors of FORTUNE MINERALS LIMITED

### 1. MANDATE

The board of directors (the “**Board**”) of Fortune Minerals Limited (the “**Company**”) is elected by the Company’s shareholders to supervise the business and affairs of the Company. The primary responsibility of the Board is to foster the long term success of the Company and to maximize shareholder value in a manner that recognizes the interests of other stakeholders including the Company’s clients and employees.

### 2. COMPOSITION AND BOARD ORGANIZATION

2.1 The Board will be comprised of a minimum number of directors and a maximum number of directors as specified in the articles of the Company.

2.2 Nominees for directors may be recommended by any member of the Board, will be considered and approved by the Board as a whole and will be elected annually by the shareholders of the Company. Between annual meetings, the Board may appoint additional directors to serve until the next annual meeting.

2.3 The directors will be elected by the shareholders of the Company at every annual meeting for a term expiring at the next annual meeting.

2.4 A majority of the directors comprising the Board must be “independent” directors. “Independence” is defined by securities regulations as “having no direct or indirect material relationship with the issuer.”<sup>1</sup>

2.5 There is no retirement age for directors.

2.6 The Board will appoint its chair (the “**Chair**”) from among its members. The Chair should generally be an independent director. In the event that the Chair is also a member of management of the Company, the Board will also elect a “lead director” from among the independent directors to chair the Board at all meetings where management members are absent. The Chair’s responsibilities are outlined in terms of reference approved by the Board.

### 3. MEETINGS

3.1 The Board will meet at least four times a year. Special meetings may be called by the Chair, the President and Chief Executive Officer of the Company (the “**CEO**”) or any two directors as required.

3.2 The quorum for a meeting of the Board is a majority of members in attendance.

3.3 The Chair, in consultation with the CEO, will set the agenda for each Board meeting, which will be circulated to members of the Board. Each Board member is free to suggest agenda items to be discussed during the meeting.

---

<sup>1</sup> see National Policy 58-201 *Effective Corporate Governance* and National Instrument 52-110 *Audit Committees*

3.4 Directors will receive agenda materials prior to the meetings in order for the directors to have a reasonable time to review the materials prior to the meeting. The materials will assist the Board members to understand and evaluate the matters to be discussed in the agenda.

3.5 Persons who are not board members may attend Board meetings or parts of meetings at the invitation of the Chair and with agreement of the Board.

3.6 Members may attend meetings of the Board by teleconference, videoconference, or by similar communication equipment by means of which all persons participating in the meeting can communicate with each other.

3.7 At the end of each quarterly Board meeting, the independent directors shall meet without members of management present.

3.8 Minutes of the Board meetings will be accurately recorded, with such minutes recording the decisions reached by the Board. Minutes of each meeting will be distributed to members of the Board, the CEO and the Chief Financial Officer of the Company (the “CFO”).

#### **4. RESPONSIBILITIES OF THE BOARD AND ITS MEMBERS**

4.1 The Board is required by law to manage or supervise the management of the business and affairs of the Company.<sup>2</sup> In discharging this duty, with the assistance of committees established by the Board from time to time, the Board will:

##### **Strategic Planning and Major Transactions**

- (a) oversee the strategic planning process within the Company;
- (b) review the overall corporate strategy presented by management and monitor its implementation;
- (c) approve the entering into, or withdrawing from, lines of business or activities that are or likely to be material the Company;
- (d) approve any acquisition, disposition or expenditure in excess of \$500,000;
- (e) approve any loan agreement or guarantee for an amount in excess of \$500,000;

##### **Policies and Procedures**

- (f) monitor compliance with all significant policies and procedures by which the Company is operated, including the Company’s Code of Business conduct;
- (g) review significant new corporate policies or material amendments to existing policies;

---

<sup>2</sup> *Business Corporations Act* (Ontario) s. 115

## **Business and Risk Management**

- (h) identify, with management, the principal risks of the Company's business and review, approve and monitor the implementation of appropriate systems to manage and reduce those risks;

## **Oversight of Management**

- (i) appoint the CEO and monitor the CEO's performance, approve the CEO's compensation and outline the CEO's responsibilities and duties;
- (j) review the CEO's performance at least annually against agreed upon objectives;
- (k) establish a succession plan for the CEO and other executive officers of the Company, including programs to train and develop management;
- (l) approve decisions related to executive officers, including the:
  - (i) appointment and discharge of senior executive officers;
  - (ii) compensation and benefits for the senior executive officers; and
  - (iii) the CEO's acceptance of public service commitments or outside directorships (other than not for profit organizations);
- (m) satisfy itself as to the integrity of the CEO and other executive officers and that the CEO and other executive officers create a culture of integrity throughout the Company;
- (n) provide a source of advice to the CEO and senior management on critical issues and matters faced by the Company;

## **Corporate Governance**

- (o) develop the Company's approach to corporate governance, including a set of corporate governance principles and guidelines for the Company;

## **Financial and Corporate Issues**

- (p) oversee the quality and integrity of the Company's accounting and financial reporting systems, disclosure and internal controls and management information systems;
- (q) monitor operational and financial results;
- (r) approve annual and quarterly financial statements and MD&A disclosure;
- (s) declare dividends at such times and in such amounts as they consider advisable;
- (t) recommend for shareholder approval any changes to the Company's share structure;
- (u) approve financings including the issue and repurchase of shares, issuing of debt securities, listing of shares, and other securities;

- (v) review response strategies to any possible takeover bid in order to maximize shareholder value;

### **Corporate and Compliance Reporting**

- (w) ensure that the Company has in place effective communications processes with shareholders and other stakeholders;
- (x) approving the annual report and annual information form of the Company and any prospectuses that may be issued;
- (y) ensure the financial results are reported fairly and in accordance with generally accepted accounting principles;
- (z) ensure timely reporting of any developments that have a material impact on the value of Company and/or its securities;
- (aa) report annually to the shareholders on the Board's corporate governance practices in accordance with applicable regulatory guidelines;

### **Affairs of the Board**

- (bb) assess on a regular basis:
  - (i) the effectiveness of the Board, its committees and directors in fulfilling their responsibilities;
  - (ii) the competencies and skills of the individual directors and a Board as a whole in relation to the Company's operations and strategic plan; and
  - (iii) this charter and the charters of all Board committees; and
- (cc) ensure that new directors are provided with adequate education and orientation as to their role and responsibilities.

4.2 As a member of the Board, each director will:

- (a) act honestly and in good faith with a view to the best interests of the Company<sup>3</sup>;
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances<sup>4</sup>;
- (c) demonstrate high ethical standards and integrity in their personal and professional dealings;
- (d) disclose any material interest in a proposed contract or transaction that is material to the Company;

---

<sup>3</sup> *Business Corporations Act* (Ontario) section 134(1)(a)

<sup>4</sup> *Business Corporations Act* (Ontario) section 134(1)(b)

- (e) be an available resource to management and the Board;
- (f) maintain confidentiality;
- (g) advise the CEO and/or Chair when introducing significant and/or previously unknown information or material at a Board meeting;
- (h) identify potential conflict areas and ensure they are appropriately identified and reviewed; and
- (i) assist in maximization of shareholder value.

4.3 To enhance the effectiveness of the Board and committee meetings, each director will:

- (a) maintain an excellent Board and committee attendance record;
- (b) prepare for Board and committee meetings by reading the agenda and background materials prepared for each meeting prior to the meeting;
- (c) participate fully and frankly in Board deliberations and discussions;
- (d) participate as required on Board committees and become knowledgeable about the role and objectives of each Board committee;
- (e) participate in director orientation and development programs developed by the Company from time to time;
- (f) become generally knowledgeable of the Company's business and industry;
- (g) maintain an understanding of the regulatory, legislative, and business, environments within which the Company operates;
- (h) establish an effective, independent and respected presence and a collegial relationship with other directors;
- (i) remain knowledgeable about the Company's facilities and visit them when appropriate; and
- (j) respect that the CEO is the chief spokesperson for the Company and individual directors are only involved with external communications at the request of, and/or approval of and in coordination with, the CEO.

## **5. COMMITTEES**

5.1 Certain of the Board's responsibilities may be delegated to Board committees. The composition, responsibilities and authority of those committees will be set forth in their charters and terms of reference as approved by the Board from time to time. Currently the Board has approved one committees being the Audit Committee.

## **6. COMPENSATION**

6.1 The Board as a group will consider and establish from time to time the compensation and benefits for non-management directors.

6.2 The Board will review the compensation of its members based on the responsibilities and risks involved in being a director of the Company, industry standards, and ensure that compensation is align with the best interests of the Company.

## **7. COMMUNICATION WITH THE BOARD**

7.1 Shareholders and other stakeholders may communicate with the Board and individual members by contacting the head office of the Company.

## **8. ACCESS TO INDEPENDENT ADVISORS**

8.1 The Board will have the resources and authority appropriate to discharge its duties and responsibilities. The Board may at any time retain outside financial, legal or other advisors at the expense of the Company without approval of management.

Any director may, subject to the approval of the Chair, retain an outside advisor at the expense of the Company.