



FORTUNE

MINERALS LIMITED

**Notice of Annual and Special Meeting
and Management Information Circular**



FORTUNE MINERALS LIMITED

148 Fullarton Street, Suite 1600, London, Ontario, Canada N6A 5P3
Tel. 519-858-8188 ~ Fax. 519-858-8155

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 the Boardroom Delta in the offices of Norton Rose Fulbright Canada LLP, Royal Bank Plaza, South Tower, Suite 3800, 200 Bay Street, Toronto, Ontario, M5J 2Z4 on Tuesday, June 21, 2016, 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, 2015 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 the amendment of certain common share purchase warrants of the Company (the “**Warrants**”) held by insiders of the Company to extend the expiry date of the Warrants to April 1, 2017, consistent with the amendments made to the Warrants held by all other holders of the warrants; and
5. to transact such other business as may properly come before the Meeting or any adjournment(s) or postponement(s) thereof.

Particulars of the foregoing matters are set forth in the management information circular of the Corporation (the “**Circular**”) accompanying this notice (the “**Notice of Meeting**”) and enclosed form of proxy. This Notice of Meeting 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.

Registered shareholders of record at the close of business on May 5, 2016 will be entitled to vote at the Meeting. Shareholders who are unable to attend the Meeting are requested to date, complete, sign and return the enclosed 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 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1 not later than 4:30 p.m. (Toronto time) on June 17, 2016 or, in the case of any adjournment(s) or postponement(s) of the Meeting, not later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time to which the Meeting is adjourned or postponed.

DATED at Toronto, Ontario this 11th day of May, 2016.

BY ORDER OF THE BOARD

(signed) “David A. Knight”

David A. Knight
Secretary

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MANAGEMENT INFORMATION CIRCULAR

(all information is given as at May 11, 2016 unless otherwise noted)

GENERAL PROXY INFORMATION

This management information circular (the “**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 holders of common shares of the Corporation (the “**Shares**”) to be held at the Boardroom Delta in the offices of Norton Rose Fulbright Canada LLP, Royal Bank Plaza, South Tower, Suite 3800, 200 Bay Street, Toronto, Ontario, M5J 2Z4 on Tuesday, June 21, 2016, at 4:30 p.m. (Toronto time) and at any adjournment(s) or postponement(s) thereof (the “**Meeting**”), for the purposes set forth in the accompanying notice of the Meeting.

Notice and Access

Fortune has decided to use the notice and access model (“**Notice and Access**”) provided for under NI 54-101 for the delivery of proxy-related materials to shareholders for the Meeting, which includes, among other things, the Circular (the “**Meeting Materials**”). Fortune has adopted this alternative means of delivery in order to further its commitment to environmental sustainability and to reduce its printing and mailing costs.

Under Notice and Access, the Corporation is permitted to deliver the Meeting Materials to shareholders by posting them on an acceptable website (such as the Corporation’s website or its transfer agent’s website). In order for a reporting issuer such as the Corporation to avail itself of the Notice and Access regime, it is required to send by mail a notice (the “**N&A Notice**”) to shareholders with information about the Notice and Access process and voting instructions as well as a voting instruction form or form of proxy. The Corporation is intending to send the N&A Notice to shareholders on or about May 16, 2016. The N&A Notice provided to shareholders indicates where the Meeting Materials have been posted and explains how a shareholder can access them online or obtain a paper copy of them from the Corporation, as well as other basic information about the Meeting including, among other things, the matters to be voted on at the Meeting.

This Circular is available electronically on the website of the Corporation’s transfer agent at www.envisionreports.com/FTWQ2016 and is also available under the Corporation’s profile on SEDAR at www.sedar.com.

Pursuant to the Notice and Access regime, the Corporation will provide a paper copy of the Circular directly to any shareholder upon request for a period of one year following the date of the filing of this Circular on SEDAR. If a request is made before the date of the Meeting, the Circular will be sent to the requesting shareholder within three business days of the request free of charge. The Corporation must receive your request prior to June 14, 2016 to ensure you will receive paper copies in advance of the deadline to submit your vote. If the request is made on or after the date of the Meeting, the Circular will be sent to the requesting shareholder within ten calendar days of the request free of charge.

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.

Voting By Registered Shareholders

A registered shareholder has the right to appoint as his or her proxyholder a person or company (who need not be a shareholder) to attend and act on his or her behalf at the Meeting other than the persons designated in the proxy accompanying this Circular. A registered shareholder may do so by inserting the name of such other person in the blank space provided in the form of proxy or by completing another proper form of proxy, and in either case returning the completed proxy to Computershare Investor Services Inc. at 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1 not later than 4:30 p.m. (Toronto time) on June 17, 2015 or, in the case of any adjournment(s) or postponement(s) of the Meeting, not later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time to which the Meeting is adjourned or postponed.

A registered shareholder executing a proxy has the power to revoke it. A registered shareholder may revoke a proxy: (i) by depositing an instrument in writing executed by him or her or by his or her 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, at which the proxy is to be used, or with the Chair of the Meeting on the day of the Meeting; or (ii) in any other manner permitted by law.

The Shares represented by a properly executed proxy given in favour of the person(s) designated by management of the Corporation as proxyholders in the enclosed form of proxy 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, such Shares will be voted: (i) FOR the election of the directors named in this Circular; (ii) FOR the appointment of BDO Canada LLP, Chartered Accountants as auditors of the Corporation and authorizing the directors to fix the auditors' remuneration; and (iii) FOR the extension of the expiry date of the Warrants held by insiders to April 1, 2017.**

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 form of 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.

Voting By Non-Registered Shareholders

Only registered shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. The information set forth in this section should be reviewed carefully by non-registered shareholders of the Corporation. Shareholders who do not hold their shares in their own name (the "Beneficial Shareholders") should note that only proxies deposited by shareholders who appear on the records maintained by the Corporation's registrar and transfer agent as registered holders of shares will be recognized and acted upon at the Meeting. If shares are listed in an account statement provided to a shareholder by a broker, those shares are, in all likelihood, not registered in the shareholder's name. Such shares are more likely registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Shares held by brokers (or their agents or nominees) on behalf of a broker's client can

only be voted at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.

Beneficial Shareholders are either "objecting beneficial owners" or "OBOs", who object to the disclosure by intermediaries of information about their ownership in the Corporation, or "non-objecting beneficial owners" or "NOBOs", who do not object to such disclosure. The Corporation is not sending proxy-related materials directly to NOBOs and does not intend to pay for proximate intermediaries to send the proxy-related materials to OBOs. Accordingly, OBOs will not receive the Meeting Materials unless their intermediary assumes the cost of delivery.

National Instrument 54-101 of the Canadian Securities Administrators requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting. If you have any questions respecting the voting of shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting shares registered in the name of his or her broker (or an agent of such broker), a Beneficial Shareholder may attend the Meeting as proxy holder for the registered shareholder and vote the shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their shares as proxy holder for the registered shareholder should enter their own names in the blank space on the proxy form provided to them by their broker (or the broker's agent) and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or the broker's agent).

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Shares of which 255,649,007 are issued and outstanding at the date hereof. Each Share carries the right to one vote.

The Corporation has fixed May 5, 2016, as the record date for the purpose of determining shareholders entitled to receive notice of and to 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, or controls or directs, directly or indirectly, 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
Procon Resources Inc.	36,967,871 ⁽¹⁾	14.5%
James W. Williams, Jr.	27,795,033 ⁽²⁾	10.9%

Note:

- (1) This reflects the number of Shares owned or controlled by Procon Resources Inc. ("Procon") as of May 5, 2016, as disclosed by Procon.
- (2) This reflects the number of Shares owned or controlled by James W. Williams, Jr. as of May 5, 2016, as disclosed by James W. Williams, Jr.

PARTICULARS OF MATTERS TO BE ACTED UPON

Election of Directors

The number of directors serving as members of the board of directors of the Corporation (the “**Board**”) has been set at six. The following table presents the names of each of the persons who are proposed as nominees for election as directors of the Corporation, all of whom are currently members of the Board. The term of office for each person elected to the Board will be until the close of the next annual meeting of shareholders of the Corporation or until his or her 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 each of the remaining nominees and may be voted for a substitute nominee unless the shareholder has specified in the proxy that his or her Shares are to be withheld from voting in respect of the particular director who is unable to serve.

In the absence of a contrary instruction or if no choice is specified in the proxy with respect to the foregoing matter, the person(s) designated by management of the Corporation in the enclosed form of proxy intend to vote FOR the election of each of the proposed nominees whose names are set forth below as directors of the Corporation.



Shou Wu (Grant) Chen, M.B.A., M.Sc. is Chairman & Chief Executive Officer of Sino Accord International Ltd., a mining advisory company. Grant was formerly the Deputy Chairman and CEO of China Mining Resources Group Limited, a Hong Kong based company that mines and processes molybdenum in China and invests in Canadian mining companies. Prior to that, Grant worked as a geologist in the precious metals sector in China and then as an analyst and merchant banker, and subsequently, Senior Vice President in the Mining and Metals Division for Standard Bank. Mr. Chen has more than 11 years of additional experience working in the precious metals sector and was a council member for the China Gold Society and a research professor in the Shenyang Institute of Geology and Mineral Resources of the Ministry of Land and Resources, PRC. Grant was appointed as a director of Majestic Gold Corp. during 2013.

Tenure: Director from April 2010 to present

Status: Independent

Shou Wu (Grant) Chen	Board and Board Committees	Meeting Attendance			Other Public Company Boards
Age: 52 Hong Kong, China	Board of Directors	8	of	10	80% •Majestic Cold Corp.
Current Securities Held^{(1) (3)}:	Shares	Warrants	Options	At Risk Value⁽²⁾	
	NIL	NIL	1,325,000	\$NIL	



Carl Clouter is a commercial pilot who owned a charter airline service in the Northwest Territories. Carl has been active in mineral exploration and prospecting carried out in conjunction with more than 36 years of flying throughout remote areas of Canada. Carl also served as a Sentencing Justice of the Peace and a member of the board for the mineral development assistance program for the Government of the Northwest Territories.

Tenure: Director from August 1988 to present

Status: Non-independent

Carl Clouter	Board and Board Committees	Meeting Attendance			Other Public Company Boards
Age: 72 Gander, Newfoundland, Canada	Board of Directors	9	of	10	90% •None
Current Securities Held⁽¹⁾:	Shares	Warrants	Options	At Risk Value⁽²⁾	
	450,000	NIL	1,325,000	\$NIL	



Robin E. Goad, M.Sc., P.Geo. is the President and CEO of Fortune. He is a geologist with more than 35 years of experience in the mining and exploration industries. Prior to founding Fortune in 1988, Robin worked for large mining companies including Noranda and Teck, and as a consultant in the resource industry. Robin has previously been a director of other junior resource companies listed for trading on the TSX and TSX Venture Exchange and is currently a director of the Northwest Territories and Nunavut Chamber of Mines.

Tenure: Director from October 1988 to present

Status: Non-independent

Robin E. Goad	Board and Board Committees	Meeting Attendance			Other Public Company Boards
Age: 58 Arva, Ontario, Canada	Board of Directors	10	of 10	100%	•None
Current Securities Held⁽¹⁾:	Shares	Warrants⁽⁴⁾		Options	At Risk Value⁽²⁾
	3,693,290	62,500		2,700,000	\$NIL



Mahendra Naik, B.Comm., CPA, CA is a Chartered Professional Accountant and is a founding director and former key executive of IAMGOLD Corporation, a TSX and NYSE listed gold mining company. As Chief Financial Officer from 1990 to 1999, he was involved in the negotiations of the Sadiola and Yatela mine joint ventures with Anglo American and the US\$400 million in project debt financings for development of the mines. In addition, he was involved in more than \$150 million in equity financings including the IPO for IAMGOLD. Mahendra is currently the Chief Executive Officer of FinSec Services Inc., a private business advisory company and a director and member of the audit and compensation committees for IAMGOLD. In addition, Mahendra is a director and member of audit, compensation and risk/control committees of FirstGlobalData Limited and GoldMoney Inc. Mr. Naik is currently serving as the Chief Financial Officer of Fortune on an interim basis until a suitable replacement can be found.

Tenure: Director from March 2006 to present

Status: Non-independent

Mahendra Naik	Board and Board Committees	Meeting Attendance			Other Public Company Boards
Age: 57 Unionville, Ontario, Canada	Board of Directors	10	of 10	100%	•Iamgold Corporation •FirstGlobal Data Limited •GoldMoney Inc.
	Audit	5	of 5	100%	
	Compensation ⁽⁵⁾ Combined Total	15	of 15	100%	
Current Securities Held⁽¹⁾:	Shares	Warrants⁽⁴⁾		Options	At Risk Value⁽²⁾
	410,000	156,250		2,100,000	\$NIL



Edward Yurkowski, B.Sc. retired as the Chief Executive Officer of Procon, which in addition to investing in resource companies is a full mining service provider through Procon Mining & Tunnelling Ltd., and currently serves as director and consultant for Procon. Mr. Yurkowski has been involved in the mining and civil contracting industries since 1966, including ownership and management of two large mining construction contracting companies. Mr. Yurkowski received his Bachelor of Science in Civil Engineering in 1971 from the University of Saskatchewan and currently serves as a director of a number of other TSX and TSXV listed companies, including Imperial Metals Corp., Chieftain Metals Corp., BC Moly Ltd. and Copper Lake Resources Ltd.

Tenure: Director from July 2013 to present

Status: Independent

Edward Yurkowski	Board and Board Committees	Meeting Attendance				Other Public Company Boards	
Age: 69 Calgary, Alberta, Canada	Board of Directors	9	of	10	90%	•Imperial Metals Corp. •Chieftan Metals Corp. •BC Moly Ltd. •Copper Lake Resources Ltd. •Procon Mining Holdings Ltd.	
	Audit (from June 2015 to present)	2	of	2	100%		
	Compensation (from June 2015 to present) ⁽⁵⁾						
	Combined Total	11	of	12	92%		
Current Securities Held ^{(1) (6)} :		Shares		Warrants ⁽⁴⁾		Options	At Risk Value ⁽²⁾
		1,900,000		625,000		1,250,000	\$NIL



David Ramsay, B.A. is the President of RCS Limited, a government relations and management consulting firm, and Northern Building Solutions Ltd., an executive dealer for Linwood Custom Homes, a business that helps design and build custom homes. Mr. Ramsay has served for more than 20 years as an elected public officer in the Northwest Territories. His posts included prominent cabinet positions in the Legislative Assembly such as Minister of Industry, Tourism and Investment, Minister of Justice, Attorney General, Minister of Transportation and the Minister Responsible for the Public Utilities Board for the Government of the Northwest Territories. In addition to serving in Cabinet, Mr. Ramsay was Vice President of the Pacific Northwest Economic Region (“PNWR”) from 2011 to 2014 and President between 2014 and 2015.

Tenure: Director from April 2016 to present

Status: Independent

David Ramsay	Board and Board Committees	Meeting Attendance	Other Public Company Boards	
Age: 46 Yellowknife, Northwest Territories, Canada	Board of Directors	N/A		
	Audit	N/A		
	Compensation ⁽⁵⁾	N/A		
Current Securities Held ⁽¹⁾ :	Shares	Warrants	Options	At Risk Value ⁽²⁾
	489,571	NIL	1,000,000	\$NIL

Notes:

- (1) The information as to securities of the Corporation beneficially owned, controlled or directed, directly or indirectly, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.
- (2) The “At Risk Value” is determined as the sum of: (i) the value of the Shares owned; (ii) the value of unexercised in-the-money warrants; and, (iii) the value of the unexercised in-the-money options. These values are based on the closing price of the Corporation’s Shares on the Toronto Stock Exchange on December 31, 2015 of \$0.02 compared to the respective exercise prices of the warrants and options.
- (3) China Mining Resources Group Limited owns or controls 15,317,800 Shares.
- (4) The warrants expired April 1, 2016 and have been extended by one year to April 1, 2017, subject to shareholder approval.
- (5) The Compensation Committee did not hold any formal meetings in 2015
- (6) Procon owns or controls 36,967,871 Shares.

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;
- (b) 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

- (c) 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.

Grant Chen, a director of the Company, was formerly the Deputy Chairman and Chief Executive Officer of China Mining Resources Group Limited ("**China Mining**"). Dealings in shares of China Mining on the Hong Kong Stock Exchange were suspended on October 11, 2011 pending investigations by Hong Kong regulatory authorities in relation to certain previous transactions involving China Mining. Trading has since resumed.

Personal Bankruptcies

No proposed director of the Corporation or any personal holding company of such person 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 or any personal holding company of such person 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.

Majority Voting Policy for Election of Directors

In 2013, the directors unanimously adopted a majority voting policy (the "**Majority Voting Policy**") which is now effectively required of all issuers listed on the Toronto Stock Exchange. The Majority Voting Policy provides that if in an uncontested election a director nominee has more votes withheld than are voted in favour of him or her, the nominee will be considered by the Board not to have received the support of the shareholders. Such a nominee will be required to forthwith submit his or her resignation to the Board, effective upon acceptance by the Board. Except in special circumstances that would warrant the continued service of the director on the Board, the Board will be expected to accept the resignation. Within 90 days after the meeting, the Board will make its decision and announce it by press release.

Appointment of Auditors

The Board proposes to appoint BDO Canada LLP, Chartered Accountants, as the auditors of the Corporation at remuneration to be fixed by the Board.

In the absence of a contrary instruction or if no choice is specified in the proxy with respect to the following foregoing matter, the person(s) designated by management of the Corporation in the enclosed form of proxy intend to vote FOR the appointment of BDO Canada LLP as auditors of the

Corporation to hold office until the next annual meeting of shareholders or until a successor is appointed, and authorizing the Board to fix the remuneration of the auditors.

Extension of Insider Warrants

On April 1, 2015, the Company completed a private placement of 5,905,400 units at a price of \$0.08 per unit, with each unit comprised of one share and one half of one share purchase warrant (a “**Warrant**”) exercisable at a price of \$0.15 per share until April 1, 2016. As of the date of this Circular, 2,952,700 of the Warrants remained outstanding.

On March 16, 2016, the Board approved amendments to the terms of the outstanding Warrants to extend the expiry date of the Warrants from April 1, 2016 to April 1, 2017, subject to obtaining all required regulatory approvals, including approval of the Toronto Stock Exchange (“**TSX**”), and subject to the Company obtaining any required approval of Shareholders. No other changes to the Warrants were approved other than to change their expiry date to April 1, 2017. In particular, the exercise price of the Warrants remains unamended at \$0.15.

The TSX conditionally approved the amendment of the Warrants as set forth above on March 16, 2016, subject to the Company fulfilling all the conditions of such approval. The 2,108,950 Warrants that were held by non-insiders of the Company were amended, effective immediately prior to the original expiry date and continue to be exercisable until the new expiry date of April 1, 2017. Three directors of the Company, Robin E. Goad, Mahendra Naik and Edward Yurkowski, hold 62,500, 156,250 and 625,000 Warrants, respectively (the “**Insider Warrants**”), representing an aggregate of 843,750 Warrants or 0.3% of the Shares outstanding. Pursuant to section 608(a) of the TSX Company Manual, the approval of a majority of Shareholders other than the holders of the Insider Warrants is required for amendments of warrants held by insiders of the Company and such approval will be sought at the Meeting. Messrs. Goad, Naik and Yurkowski, hold 3,693,290, 410,000 and 1,900,000 Shares, respectively, representing an aggregate of 6,003,290 Shares or 2.3% of the number of Shares outstanding. Such Shares will be excluded for the purposes of determining whether the requisite approval for the amendment of the Insider Warrants has been obtained.

In the absence of a contrary instruction or if no choice is specified in the proxy with respect to the following foregoing matter, the person(s) designated by management of the Corporation in the enclosed form of proxy intend to vote FOR the extension of the expiry date of the Insider Warrants to April 1, 2017.

Other Business

While there is no other business other than that mentioned in the notice of Meeting to be presented for action by the shareholders at the Meeting, it is intended that the proxies hereby solicited will be exercised upon any other matters and proposals that may properly come before that Meeting or any adjournment thereof, in accordance with the discretion of the persons authorized to act thereunder.

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 substantially 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

Three of the six members to be elected at the Meeting are independent within the meaning of the Governance Disclosure Rule. The independent members are Grant Chen, Ed Yurkowski and David Ramsay. The Board recognizes that securities legislation recommends that a TSX-listed company have a majority of board members being independent and historically a majority of the Board has been independent. The balance between independent and non-independent directors has been recently affected by the resignation of George Doumet as a director in 2015 and Mr. Naik's continued role as interim Chief Financial Officer. The Corporation will be seeking a full-time Chief Financial Officer to replace Mr. Naik in that position and the Board will consider its composition with a view to once again having a majority of independent directors subject to identification of suitable candidates.

Robin Goad is a non-independent director because of his position as President and Chief Executive Officer of the Corporation, Mahendra Naik is a non-independent director because of his position as interim Chief Financial Officer of the Corporation and Carl Clouter is a non-independent director because he received direct compensation for consulting services of \$48,000 in 2015. 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 and the interim Chief Financial 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 of a majority of independent directors.

Chairman of the Board

The Chairman of the Board, Mahendra Naik, was an independent director until January 31, 2015, at which time he was appointed Chief Financial Officer on an interim basis until a suitable permanent replacement can be found for Mr. Jean, the former Chief Financial Officer of the Corporation who resigned effective January 31, 2015. 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 meets quarterly on a regular basis and holds additional meetings as considered appropriate to deal with the matters arising from developments in the business and affairs of the Corporation from time to time. During the financial year ended December 31, 2015, the Board met ten 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.

Board Mandate

The text of the Charter and Terms of Reference of the Board is attached as Schedule “A” to this 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 under the Corporation’s profile on SEDAR at 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 whistleblower policy. Such policy and the Code are distributed to all officers and employees of the Corporation.

All directors and executive officers are subject to the requirements of the OBCA with respect to the disclosure of any conflicts or interests and the voting on transactions giving rise to such conflicts. 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

At the beginning of 2015, the Compensation Committee was composed entirely of independent directors, namely James Excell, Edward Yurkowski and Mahendra Naik. Mr. Naik subsequently became non-independent as a result of becoming interim Chief Financial Officer following the resignation of Adam Jean and Mr. Excell did not stand for re-election at the annual meeting of shareholders held in 2015. He was replaced on the committee by George Doumet, an independent director. Mr. Doumet subsequently resigned from the Board in September 2015 and was not replaced until David Ramsay was appointed to the committee in May 2015.

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.

Name	Independent	Relevant Experience
Mahendra Naik ⁽¹⁾	No	Mr. Naik is a Chartered Accountant with mining and investment industry experience. Mahendra is currently the Chief Executive Officer of FinSec Services Inc., a private business advisory company and a director and member of the audit and compensation committees for IAMGOLD. Mahendra is a founding director of IAMGOLD Corporation, a TSX and NYSE listed mid-tier gold mining company. Mr. Naik has been member of IAMGOLD's compensation committee since 2003. Mr. Naik is also a director of several private companies including as a member of their respective Compensation Committees and is involved in the design of compensation plans.
Edward Yurkowski	Yes	Mr. Yurkowski has been involved in the mining and civil contracting industries since 1966, including ownership and management of two large mining construction contracting companies. Mr. Yurkowski currently serves as a director of a number of other TSX and TSXV listed companies and holds positions on the Audit, Compensation and Corporate Governance and Nomination Committees of other public companies. Mr. Yurkowski is also a member of the Compensation Committee of Imperial Metals Corp.
David Ramsay	Yes	Mr. Ramsay is the President of RCS Limited, a government relations and management consulting firm, and Northern Building Solutions Ltd., an executive dealer for Linwood Custom Homes, a business that helps design and build custom homes. Mr. Ramsay has served for more than 20 years as an elected public officer in the Northwest Territories. In addition to serving in Cabinet, Mr. Ramsay was Vice President of the Pacific Northwest Economic Region ("PNWR") from 2011 to 2014 and President between 2014 and 2015.

Notes:

- (1) Mr. Naik became non-independent on January 31, 2015 when Mr. Jean resigned and Mr. Naik was appointed as interim Chief Financial Officer until a permanent replacement can be found.

Committees of the Board

The Board has no regular standing committees other than the Audit Committee and the Compensation Committee. Special committees are formed as and when required. Additional information with respect to the Audit Committee is included under the heading "Audit Committee" and in Schedule "A" to the Corporation's Annual Information Form dated March 30, 2016 filed under the Corporation's profile on SEDAR and available for review at www.sedar.com.

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 opportunities 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.

Director Term Limits

The Corporation has not set director term limits, nor provided any formal mechanism relating to Board membership renewal. However, on a technical level, each director's term ends no later than the next annual shareholders' meeting. The Corporation considers that a fixed term of office or a formal mechanism for board renewal is not an efficient or appropriate manner to guarantee board performance. In selecting candidates for composition of the board, the Corporation favours the intrinsic qualities sought after in a director (whether male or female), such as management experience, leadership, career success, understanding of financial questions, knowledge of the Corporation, its business and the mining industry in general, reputation, and complementarities with the other members of the board and the management.

In addition, the Corporation is of the opinion that limiting the duration of director terms could deprive the Corporation of the benefit of continuity, and the knowledge and experience of the Corporation and its business, which long-time directors would have.

Gender Diversity on the Board of Directors and Senior Management

The Corporation believes that a Board made up of highly qualified individuals from diverse backgrounds promotes better corporate governance, performance and effective decision-making. While the Corporation has not adopted a specific policy regarding Board or executive diversity, including the level of representation of women on the Board and in management, in selecting candidates the Corporation gives appropriate consideration to women along with a variety of other factors including the skills, qualities, experience and expertise to find the best candidate to be an effective member of the Board.

The Board has not, at this time, adopted any fixed targets or quotas relating to the representation of women on the Board or in executive officer positions as it does not believe that quotas or a formulaic approach necessarily result in the identification or selection of the best candidates.

Currently, the Corporation does not have any women that are members of its Board or that are executive officers of the Corporation of any of its material subsidiaries.

STATEMENT OF EXECUTIVE COMPENSATION

During 2015, Robin E. Goad, Adam Jean, Michael A. Romaniuk and Mahendra Naik were the Corporation's only Named Executive Officers ("NEOs") as that term is defined under NI 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators ("NI 51-102"). Mr. Jean ceased to be Vice President Finance and Chief Financial Officer effective January 31, 2015 and was replaced by Mr. Naik, who is acting as interim Chief Financial Officer until a full-time replacement is retained. Mr. Romaniuk ceased to be Vice President Operations and Chief Operating Officer effective August 31, 2015. Both Mr. Jean and Mr. Romaniuk are no longer employed by the Corporation.

Compensation Discussion and Analysis

The objective of the Corporation's compensation strategy is to attract, retain and motivate high performing personnel, including its NEOs, to achieve its vision, mission and strategy. To meet this objective, it is the intention of the Corporation to provide its NEOs, managers and employees with compensation plans based on the following principles:

1. **Align with the Corporation's business and strategy** – link compensation with the achievement of specific strategic business objectives and the Corporation's performance as a whole.
2. **Effective risk management** – ensure compensation plans do not create an incentive for risk-taking outside of the Corporations risk tolerance and review plans regularly to ensure that they are operating as intended.
3. **Align with shareholder interests** – align the interests of NEOs with those long-term shareholders seeking the creation of sustainable value through effective policy and plan design.
4. **Good corporate governance** – strive to be a leader among comparable industry participants and continually review and, as appropriate, adopt compensation practices that promote evolving best practices.
5. **Pay for performance** – create a performance culture with a clear relationship between performance and pay based on objective, specific and measurable individual and corporate objectives.
6. **Pay competitively** – ensure compensation is equitable and competitive in the market places the Corporation competes within.

Compensation Elements

Currently, the total compensation mix includes base pay (either in the form of salary or fees), incentive pay (either in the form of bonus or additional fees), benefits and stock options. Given the anticipated growth of the Corporation's workforce over the next few years, the compensation mix will be continually reviewed and refined, as required. 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"> • Attract and retain • Reward short-term performance 	<ul style="list-style-type: none"> • Competitive pay ensures access to skilled employees necessary to achieve corporate vision, mission and strategy • Alignment of NEOs' performance to business objectives and Corporation's performance • Provision of an appropriate base level of compensation to manage incentive to take risks outside of the Corporation's risk tolerance
<i>Annual Incentive Bonuses and Fees</i>	<ul style="list-style-type: none"> • Motivate and reward short- and medium-term performance • Align interests of individual with that of co-workers 	<ul style="list-style-type: none"> • Link between pay and performance • Alignment of individual performance to business objectives and corporate performance • Competitive pay ensures access to skilled employees • Promotes a cooperative workforce focus on medium-term strategies and performance • Yearly review and communication of expectations and performance of NEOs

Compensation Element	Link to Compensation Objectives	Link to Corporate Objectives
<i>Stock Option Rewards</i>	<ul style="list-style-type: none"> • Motivate and reward long-term performance • Encourages long-term tenure 	<ul style="list-style-type: none"> • Alignment of employee interests with those of long-term shareholders • Motivate NEOs to create shareholder value by achieving long-term corporate strategies and objectives
<i>Benefit Plan</i>	<ul style="list-style-type: none"> • Mitigate participants personal health risks • Encourage healthy behaviour 	<ul style="list-style-type: none"> • Increases focus and productivity of NEOs • Decreases absenteeism

Base Salary and Fees: The use of base pay serves the purpose of rewarding ongoing short-term performance and providing a basic level of financial security for employees for retention purposes yet encouraging superior performance. 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 Incentive Bonuses and Fees: The Corporation has implemented a discretionary bonus award plan, whereby payment amounts will be approved by the Compensation Committee and the Board and will be based on employee performance, company performance and on the ability of the Corporation to pay. The current plan is designed to provide a variable pay opportunity that will reflect the individual’s personal achievements and their impact on the Corporation’s success to enhance the short- to medium-term performance to closely align the performance of individuals and the Corporation. The discretionary compensation program is intended to be internally equitable, externally competitive, within the financial capacity of the Corporation and appropriate for the organization. The financial rewards are to be paid annually, at the discretion of the Board and the Compensation Committee based on achieving corporate and individual objectives and the ability of the Corporation to pay.

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 reasonably competitive yet relatively modest. Further, the Corporation does not provide any form of pension benefits or other forms of long-term or retirement income. Therefore, providing significant long-term incentives through the granting of stock options is a critical component of the Corporation’s compensation plan. Generally, stock options are granted to participants upon hire to provide an initial opportunity to participate in the equity of the Corporation. The Corporation then awards stock options, if considered appropriate, annually 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 in the future 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 related 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 and during 2015, neither the Corporation nor the Compensation Committee has or had any contractual arrangement with any executive compensation consultant who has or had a role in determining or recommending the amount or form of senior officer or director compensation.

Compensation Process

The Compensation Committee and the Board have determined that basing future remuneration on predetermined individual goals using a defined formula is problematic given the need to amend plans and change goals during a performance period. Accordingly, the Corporation's bonus plan has been adjusted to allow for greater flexibility and affordability based on the Corporation's progress while continuing to foster a performance based culture that rewards specific desired achievements and eliminated the formulaic calculation used in the prior year. While bonus payments are at the discretion of the Board and the Compensation Committee, bonus payments are related to employee performance and company performance as well as the Corporation's financial position. In light of the Corporation's financial position, no bonuses were paid in 2015.

The Compensation Committee relies on the knowledge and experience of its members and the recommendations of the President and Chief Executive Officer and the Vice President Finance and Chief Financial Officer to set appropriate levels of compensation for its managers and employees.

Managing Risk

In order to manage the risks associated with the Corporation's compensation policies and practices the Compensation 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, incentive payments, 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 Compensation 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 Compensation 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. The Compensation Committee has not identified any risks arising from the Corporation's compensation policies and practices that it believes are reasonably likely to have a material adverse effect on the Corporation.

The current bonus compensation plan is discretionary however includes elements tied to pre-determined objectives. In exercising its discretion regarding the payment of bonuses, the Board and the Compensation Committee consider whether activities undertaken by management are beneficial to the long-term value creation of the Corporation. To mitigate any risk that management is not motivated to act in the interests of long-term objectives of the Corporation, the objectives of the NEOs align with the objectives of the Corporation. Corporate and individual objectives include significant input and agreement from management and the Board and each objective is carefully crafted and reviewed to eliminate the incentive to pursue activities that are not in the best interest of the Corporation.

The Corporation does not impose any restrictions on the ability of any NEOs or other directors to purchase financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by an NEO or director.

Compensation of Named Executive Officers in 2015

Base Salary and Fees:

During 2015, Mr. Goad's base remuneration remained unchanged at \$325,000 compared to 2014; Mr. Jean, who was promoted to the role of Vice President Finance and CFO on January 21, 2014, received a base remuneration of \$225,000 for 2015 and Mr. Romaniuk's base remuneration also remained unchanged at \$270,000 in 2015 compared to 2014. The following table summarizes the changes in the compensation of those NEOs over the last three years. Mr. Naik did not receive any compensation for acting as interim Chief Financial Officer in 2015.

Named Executive Officer	2013	2014		2015	
	Base Salary/Fee	Base Salary/Fee	Increase	Base Salary/Fee	Increase
Robin E. Goad President & CEO	325,000	325,000	0%	325,000	0%
Adam Jean Vice President Finance & CFO	n/a	n/a	n/a	225,000	n/a
Michael A. Romaniuk Vice President Operations & COO	270,000	270,000	0%	270,000	0%

Annual Incentive Bonuses and Fees:

As a result the financial position of the Corporation, the Compensation Committee and the Board determined that no bonuses would be paid to Mr. Goad, Mr. Jean or Mr. Romaniuk. Further, no bonuses were paid to any employees of the Corporation related to 2015.

Stock Option Rewards:

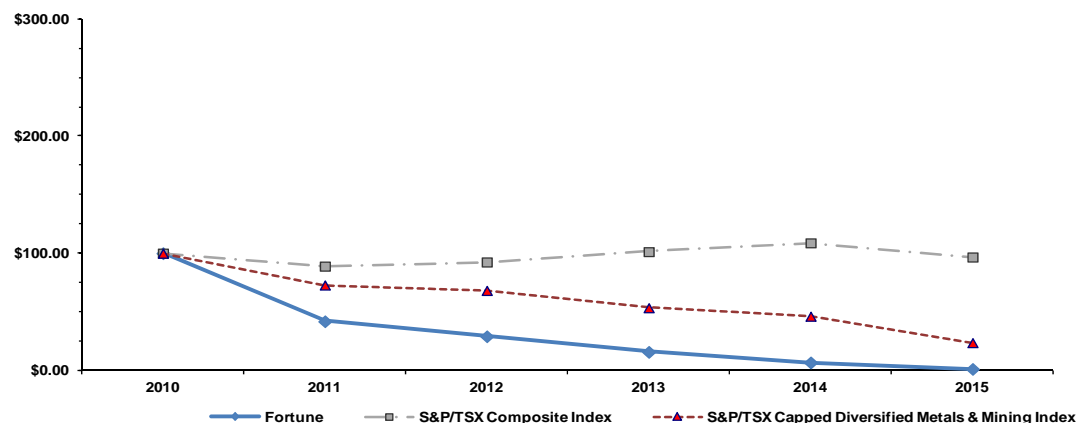
Messrs. Goad and Naik were awarded 2,000,000 and 1,500,000 options, respectively, on March 16, 2016 related to services provided in 2015 of which half vested immediately upon grant and the other half vests 6 months from the date of grant. No options were awarded in 2015 related to services provided in 2014.

The options granted to NEOs during 2016 have a term of three 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. Junior mining company shares, including the Corporation's, generally have very volatile market prices reflecting the potential short-term effects of significant achievements of the Corporation. 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. The option grants in 2016 for the NEOs relate to Mr. Goad's ongoing commitment to the Corporation's goals.

An overall summary of the NEOs' compensation is set forth below in the table under the heading "NEO Compensation Summary".

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, 2010 to December 31, 2015, 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.



	2010	2011	2012	2013	2014	2015
Fortune	\$100.00	\$41.86	\$29.07	\$15.70	\$6.69	\$1.16
S&P/TSX Composite Index	\$100.00	\$88.93	\$92.49	\$101.33	\$108.85	\$96.78
S&P/TSX Capped Diversified Metals & Mining Index	\$100.00	\$72.86	\$68.17	\$53.41	\$46.16	\$23.61

As described above, the Compensation Committee considered various factors in determining the compensation of the NEOs. The Corporation's Share performance is one performance measure that is reviewed and given the corporate objectives established for 2015, the share performance did have a negative impact on executive incentive compensation for 2015.

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 evaluated 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 a recessionary economies. The overall trend shown by the performance graph represents a decline in cumulative total shareholder return from 2010 to 2015. Over the same five year period, the total compensation received by the NEOs, in aggregate, has increase only marginally. The Compensation Committee considers total compensation to be modest and reasonable in the circumstances.

NEO Compensation Summary

The following executive compensation table summarizes, for the fiscal years ended December 31, 2015, 2014 and 2013, the compensation of the NEOs for services rendered in all capacities.

Name and Principal Position	Year	Salary Earned in Year (\$)	Share-based awards ⁽¹⁾ (\$)	Option-based awards ⁽²⁾ (\$)	Non-equity incentive plan compensation ⁽³⁾ (\$)		Pension Value ⁽⁴⁾ (\$)	All other Compensation ⁽⁵⁾ (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-Term Incentive Plans			
Robin E. Goad President & CEO	2015	325,000	—	—	—	—	—	4,481	329,481
	2014	319,410	—	54,000	—	—	—	4,271	377,681
	2013	310,038	—	75,000	—	—	—	4,566	389,604
Adam Jean ⁽⁶⁾ Vice President Finance & CFO	2015	48,543	—	—	—	—	—	424	48,967
	2014	200,264	—	36,000	—	—	—	5,061	241,325
	2013	—	—	—	—	—	—	—	—
Michael A. Romaniuk ⁽⁷⁾ Vice President Operations & COO	2015	210,926	—	—	—	—	—	3,395	214,321
	2014	298,028	—	45,000	—	—	—	5,061	348,089
	2013	272,636	—	37,500	—	—	—	5,401	315,537
Mahendra Naik Interim CFO	2015	—	—	—	—	—	—	—	—
	2014	—	—	27,000	—	—	—	—	27,000
	2013	—	—	45,000	—	—	—	—	45,000

Notes:

- (1) The Corporation does not have any share-based award plans and has not granted or awarded any share-based awards.
- (2) 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 fair value per option \$	Estimated grant date fair value \$
		Risk free interest rate %	Expected dividend yield %	Expected volatility %	Expected option life [years] #		
2014 Grants:							
Robin E. Goad	300,000	1.55	—	58	4.6	0.18	54,000
Adam Jean	200,000	1.55	—	58	4.6	0.18	36,000
Michael A. Romaniuk	250,000	1.55	—	58	4.6	0.18	45,000
Mahendra Naik	150,000	1.55	—	58	4.6	0.18	27,000
2013 Grants:							
Robin E. Goad	250,000	1.50	—	60	4.6	0.30	75,000
Michael A. Romaniuk	125,000	1.50	—	60	4.6	0.30	37,500
Mahendra Naik	150,000	1.50	—	60	4.6	0.30	45,000

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) No bonuses were paid to NEOs for services in 2014.
- (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. Jean resigned as Vice President Finance and Chief Financial Officer effective January 31, 2015, as a result, Mahendra Naik was appointed as interim Chief Financial Officer until a replacement is found.
- (7) Mr. Romaniuk resigned as Vice President Operations and Chief Operating Officer effective August 31, 2015.

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, 2015:

Outstanding share-based awards and option-based awards							
	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⁽¹⁾ (\$)	Number of shares or units that have not vested⁽²⁾ (#)	Market or payout value of share-based awards that have not vested⁽²⁾ (\$)	Market or payout value of vested share-based awards not paid out or distributed⁽²⁾ (\$)
Robin E. Goad President & CEO	300,000	0.37	04/02/19	Nil	—	—	—
	250,000	0.60	01/02/18	Nil	—	—	—
	150,000	0.84	27/10/16	Nil	—	—	—
Mahendra Naik Interim CFO	150,000	0.37	04/02/19	Nil	—	—	—
	150,000	0.60	01/02/18	Nil	—	—	—
	300,000	1.20	01/09/16	Nil	—	—	—

Notes:

- (1) The value of the unexercised in-the-money options is based on the closing price of the Corporation's Shares on the Toronto Stock Exchange on December 31, 2015 of \$0.02 per share.
- (2) The Corporation does not have any share-based award plans and has not granted or awarded 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, 2015:

Incentive plan awards - value vested or earned during the year			
Name	Option-based awards - Value vested during the year⁽¹⁾ (\$)	Share-based awards - Value vested during the year⁽²⁾ (\$)	Non-equity incentive plan compensation - Value earned during the year⁽³⁾ (\$)
Robin E. Goad	Nil	—	—
Adam Jean	Nil	—	—
Michael A. Romaniuk	Nil	—	—
Mahendra Naik	Nil	—	—

Notes:

- (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.
- (2) The Corporation does not have any share-based award plans and has not granted or awarded any share-based awards.
- (3) No bonuses were paid to NEOs for services in 2015.

Contracts with Named Executive Officers

During 2015 Mr. Goad was 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 and the Goad Agreement is subsequently or contemporaneously terminated by the

Corporation without just cause within six 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 within one month of the election. As at December 31, 2015, pursuant to these termination provisions, the lump sum amounts payable would equal \$325,000. Mr. Goad would also be entitled to receive on termination of his agreement the pro rata portion of any incentive bonuses earned at the date of termination.

Messrs. Romaniuk and Jean's employment agreements with the Corporation did not, provide for any severance payment upon a "triggering event" such as termination without cause or termination following a change of control.

Compensation of Directors

Commencing in 2008, non-executive directors were paid fees for their services as directors. However, no such fees have been paid since June 2014. The fees approved by the Board for 2015 included a base retainer of \$20,000 per annum. Additional retainers in the amounts of \$5,000, \$5,000 and \$120,000 were to be provided to the Chairman of the Compensation Committee, the Chairman of the Audit Committee and the Chairman of the Board, respectively, to reflect the significant contributions and expanded mandate of the roles. A meeting fee of \$500 was also to be 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 was to be paid. Directors are also reimbursed for any out-of-pocket expenses. Notwithstanding the standard fees that were approved as aforesaid, it was determined by the Board in March 2015 that all previous accruals for directors' fees owing should be reversed and that no fees should be accrued going forward until financial circumstances permit.

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 earned in 2015 are summarized in the following table.

Director Compensation Summary

Name ⁽¹⁾	Fees Paid in Year ⁽²⁾ (\$)	Share-based awards ⁽³⁾ (\$)	Option-based awards ⁽⁴⁾ (\$)	Non-equity incentive plan compensation ⁽⁵⁾ (\$)	Pension Value ⁽⁶⁾ (\$)	All other Compensation ⁽⁷⁾ (\$)	Total Compensation (\$)
Shou Wu (Grant) Chen	—	—	—	—	—	—	—
Carl L. Clouter ⁽⁸⁾	—	—	—	—	—	48,000	48,000
George M. Doumet ⁽⁹⁾	—	—	—	—	—	—	—
James D. Excell ⁽¹⁰⁾	—	—	—	—	—	—	—
David A. Knight ⁽¹¹⁾	—	—	—	—	—	— ⁽¹¹⁾	—
James W. Williams, Jr. ⁽¹²⁾	—	—	—	—	—	—	—
Edward Yurkowski	—	—	—	—	—	—	—

Notes:

- (1) Mr. Goad is the President and CEO of the Corporation and does not receive additional compensation for his services as a director. Compensation received by Mr. Goad, in his capacity as President & CEO, is reported in the “NEO Summary Compensation Table” above.
- (2) No fees were paid to directors in 2015.
- (3) The Corporation does not have any share-based plans and has not granted or awarded any share-based awards.
- (4) No options were granted to directors in 2015.
- (5) Includes the dollar value of all amounts earned for services performed in the financial year.
- (6) 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. Doumet resigned from the Board on September 14, 2015.
- (10) Mr. Excell did not stand for re-election at the 2015 Meeting.
- (11) Mr. Knight is a partner with the law firm Norton Rose Fulbright Canada LLP, Barristers and Solicitors. The law firm provides legal services to the Corporation. The Corporation incurred aggregate fees of \$375,500 to Norton Rose Fulbright Canada LLP, Barristers and Solicitors for services received in 2015. There was \$93,964 in outstanding fees payable at December 31, 2015. Mr. Knight resigned from the Board on September 23, 2015 but remains as Corporate Secretary.
- (12) Mr. Williams resigned from the Board on April 23, 2015.

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, 2015:

<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 ⁽¹⁾ (\$)	Number of shares or units that have not vested ⁽²⁾ (#)	Market or payout value of share-based awards that have not vested ⁽²⁾ (\$)
Shou Wu (Grant) Chen	100,000	0.37	04/02/19	Nil	—	—
	150,000	0.60	01/02/18	Nil	—	—
	75,000	0.84	27/10/16	Nil	—	—

<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 ⁽¹⁾ (\$)	Number of shares or units that have not vested ⁽²⁾ (#)	Market or payout value of share-based awards that have not vested ⁽²⁾ (\$)
Carl L. Clouter	100,000	0.37	04/02/19	Nil	—	—
	150,000	0.60	01/02/18	Nil	—	—
	75,000	0.84	27/10/16	Nil	—	—
Edward Yurkowski	100,000	0.37	04/02/19	Nil	—	—
	150,000	0.34	18/09/18	Nil	—	—

Notes:

- (1) The value of the unexercised in-the-money options is based on the closing price of the Corporation's Shares on the Toronto Stock Exchange on December 31, 2015 of \$0.02 per share.
- (2) The Corporation does not have any share-based award plans and has granted or awarded 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, 2015:

<i>Incentive plan awards - value vested or earned during the year</i>			
Name	Option-based awards - Value vested during the year ⁽¹⁾ (\$)	Share-based awards - Value vested during the year ⁽²⁾ (\$)	Non-equity incentive plan compensation - Value earned during the year ⁽³⁾ (\$)
Shou Wu (Grant) Chen	Nil	—	—
Carl L. Clouter	Nil	—	—
George M. Doumet ⁽⁴⁾	Nil	—	—
James D. Excell ⁽⁵⁾	Nil	—	—
David A. Knight ⁽⁶⁾	Nil	—	—
James W. Williams, Jr. ⁽⁷⁾	Nil	—	—
Edward Yurkowski	Nil	—	—

Notes:

- (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.
- (2) The Corporation does not have any share-based award plans and has not granted or awarded any share-based awards.
- (3) No bonuses were paid to Directors for services in 2015.
- (4) Mr. Doumet resigned from the Board on September 14, 2015.
- (5) Mr. Excell did not stand for re-election at the 2015 Meeting.
- (6) Mr. Knight resigned from the Board on September 23, 2015 but remains as Corporate Secretary.
- (7) Mr. Williams resigned from the Board on April 23, 2015.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth all compensation plans under which equity securities of the Corporation are authorized for issuance as of the end of the Corporation's most recently completed financial year.

Plan Category	As at December 31, 2015		
	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	65,775,424 ⁽¹⁾	\$0.26	18,737,758 ⁽²⁾
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	65,775,424	\$0.26	18,737,758

Notes:

- (1) As of the date of this Circular the total number of Shares issuable under outstanding options and warrants are 74,145,424, which is 29% of the number of Shares issued and outstanding.
- (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 for options granted within the previous three years. As at the date of this Circular the Corporation may issue up to an additional 12,194,901 options.

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, unallocated options under the Plan were reapproved by the shareholders on May 27, 2008, June 7, 2011, and June 24, 2014, respectively.

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 (as defined in the Plan) 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.

In connection with amendments to the *Income Tax Act* (Canada) requiring issuers to make withholdings in respect of exercised options under stock option plans such as the Plan, the Corporation made appropriate housekeeping amendments to the Plan, effective January 6, 2011, with the consent of the TSX. Pursuant to the amendments, the Corporation has the authority to take steps for the deduction and withholding, or for the advance payment or reimbursement by the Optionee to the Corporation, of any taxes or other required source deductions which the Corporation is required by law or regulation of any governmental authority whatsoever to remit in connection with the Plan, or any issuance of Shares.

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 and no proposed nominee for election as a director of the Corporation 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, other than the election of directors or the appointment of auditors.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person or any proposed director of the Corporation, or any of the associates or affiliates of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has, in either case, materially affected or would materially affect the Corporation or any of its subsidiaries, except as described below.

For the purposes of the above, "informed person" means: (a) a director or executive officer of the Corporation; (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Corporation; (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Corporation or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Corporation after having purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities. Both Procon and Mr. Williams are informed persons because each of them beneficially owns or control in excess of 10% of the outstanding Shares. See "Voting Shares and Principals thereof".

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Corporation maintains directors' and officers' liability insurance for the directors and officers of the Corporation, to a maximum amount in respect of the directors and officers as a group of \$5,000,000 in total and \$5,000,000 in respect of any one claim. The directors and officers of the Corporation do not pay

any premium in respect of this coverage. The Corporation is subject to a \$25,000 deductible for each claim. The policy is in effect until August 31, 2016 for an annual premium of \$21,000 paid by the Corporation in respect of directors and officers as a group.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is on SEDAR at 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, 2015. Shareholders who wish to receive copies of the Corporation's financial statements and MD&A may contact the Corporation in writing at 148 Fullarton Street, Suite 1600, London, Ontario N6A 5P3, by email at info@fortuneminerals.com, or by telephone at (519) 858-8188.

GENERAL

Information contained herein is given as of May 11th, 2016 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 Circular have been approved by the Board of the Corporation.

DATED at Toronto, Ontario this 11th day of May, 2016.

BY ORDER OF THE BOARD

(signed) "David A. Knight"

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.”¹

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.

¹ 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.² 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;

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;

² *Business Corporations Act* (Ontario) s. 115

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 Company³;
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances⁴;
- (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;
- (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;

³ *Business Corporations Act* (Ontario) section 134(1)(a)

⁴ *Business Corporations Act* (Ontario) section 134(1)(b)

- (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.

5.2 Compensation

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

5.4 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.

6. COMMUNICATION WITH THE BOARD

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

7. ACCESS TO INDEPENDENT ADVISORS

7.1 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.