

FORTUNE BAY CORP.

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

and

MANAGEMENT INFORMATION CIRCULAR

**1969 Upper Water Street, Suite 2001
Halifax, Nova Scotia, B3J 3R7**

**June 23, 2021
3:00 p.m. Halifax Local Time**

Circular dated May 19, 2021

FORTUNE BAY CORP.
NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE is hereby given that the Annual General and Special Meeting (the "**Meeting**") of the shareholders (the "**Shareholders**") of Fortune Bay Corp. (the "**Company**") will be held at the office of the Company, 1969 Upper Water Street, Suite 2001, in the City of Halifax on Wednesday, June 23, 2021 at 3:00 p.m. (Atlantic Time) for the following purposes:

- i. to receive and consider the audited consolidated financial statements of the Company for the fiscal year ended December 31, 2020, together with the report of the auditors thereon;
- ii. to elect directors of the Company for the forthcoming year;
- iii. to appoint as auditors for the forthcoming year, PricewaterhouseCoopers LLP, at a remuneration to be fixed by the directors;
- iv. to confirm the Company's Stock Option Plan (the "**Plan**"), as required annually under the policies of the TSX Venture Exchange; and
- v. to transact other business as may be brought before the Meeting or adjournment thereof.

The Company's board of directors has fixed the close of business on May 19, 2021 as the record date for determining Shareholders entitled to receive notice of, and to vote at, the Meeting and any postponement or adjournment of the Meeting. A form of proxy solicited by management of the Company in respect of the Meeting is enclosed herewith.

Shareholders who are unable to be present at the Meeting are requested to sign the enclosed form of proxy and return it in the envelope provided for that purpose. To be effective, the form of proxy must be received at the offices of Computershare, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, by not later than 3:00 p.m. (Halifax time) on June 21, 2021 or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays or holidays, preceding the time of such adjourned Meeting, or in either case by such later date and time as the board of directors of the Company may determine in its sole discretion. The accompanying Circular provides additional information relating to the matters to be dealt with at the Meeting.

DATED at the City of Halifax, in the Province of Nova Scotia, this 19th day of May, 2021.

BY ORDER OF THE BOARD OF DIRECTORS,

Signed: "*Wade K. Dawe*"
Wade K. Dawe, Executive Chairman

FORTUNE BAY CORP.

1969 Upper Water Street, Suite 2001
Halifax, Nova Scotia, B3J 3R7

MANAGEMENT INFORMATION CIRCULAR

as at May 19, 2021 unless otherwise noted

GENERAL VOTING AND PROXY INFORMATION

Solicitation of Proxies

This Information Circular (the "Circular") is furnished in connection with the solicitation by the management of Fortune Bay Corp. ("Fortune Bay" or the "Company") of proxies to be used at the annual general and special meeting (the "Meeting") of shareholders of the Company (the "Shareholders"), and any adjournment thereof, to be held at the time and place and for the purposes set forth in the accompanying notice of meeting (the "Notice of Meeting"). The solicitation of proxies is intended to be primarily by mail but may also be made by telephone, fax, email or other electronic means of communication or in person by the directors and officers of the Company. The Company does not reimburse Shareholders, nominees, or agents for their costs of obtaining authorization from their principals to sign forms of proxy. All costs of solicitation by management will be borne by the Company.

Appointment and Revocation of Proxies

General

Shareholders may be "Registered Shareholders" or "Non-Registered Shareholders". If common shares of the Company (the "Common Shares") are registered in the name of an intermediary and not registered in the Shareholder's name, they are said to be owned by a "Non-Registered Shareholder". An intermediary is usually a bank, trust company, securities dealer or broker, or a clearing agency in which an intermediary participates. The instructions provided below set forth the different procedures for voting Common Shares at the Meeting to be followed by Registered Shareholders and Non-Registered Shareholders.

The persons named in the enclosed form of proxy are officers and/or directors of the Company. **Each Shareholder has the right to appoint a person or company (who need not be a Shareholder) to attend and act for him/her at the Meeting other than the persons designated in the enclosed form of proxy. Shareholders who have given a proxy also have the right to revoke it insofar as it has not been exercised.** The right to appoint an alternate proxyholder and the right to revoke a proxy may be exercised by following the procedures set out below under "Registered Shareholders" or "Non-Registered Shareholders", as applicable.

If any Shareholder receives more than one proxy or voting instruction form, it is because that Shareholder's Common Shares are registered in more than one form. In such cases, Shareholders should sign and submit all proxies or voting instruction forms received by them in accordance with the instructions provided.

Registered Shareholders

Registered Shareholders have two methods by which they can vote their Common Shares at the Meeting, namely in person or by proxy. To assure representation at the Meeting, Registered Shareholders are encouraged to return the proxy included with this Circular. Voting by proxy will not prevent a Registered Shareholder from voting in person if they attend the Meeting and duly revoke their previously granted proxy, but will ensure that their vote is counted if they are unable to attend the Meeting. Registered Shareholders who do not plan to attend the Meeting or do not wish to vote in person can vote by proxy.

Completed forms of proxy must be deposited at the office of the Company's registrar and transfer agent, Computershare Investor Services Inc. ("**Computershare**"), 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

Any Registered Shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a Registered Shareholder, his attorney authorized in writing or, if the Registered Shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting or an adjournment thereof.

Non-Registered Shareholders

Non-Registered Shareholders who have not objected to their intermediary disclosing certain ownership information about themselves to the Company are referred to as "**NOBOs**". Non-Registered Shareholders who have objected to their intermediary disclosing the ownership information about themselves to the Company are referred to as "**OBOs**".

Pursuant to National Instrument 54-101 of the Canadian Securities Administrators ("**NI 54-101**"), the Company has distributed copies of proxy-related materials in connection with this Meeting (including this Circular) directly to NOBOs and indirectly to OBOs.

The Company is not relying on the notice and access delivery procedures outlined in NI 54-101 to distribute copies of proxy-related materials in connection with the Meeting.

The Company will not be paying for intermediaries to deliver to OBOs (who have not otherwise waived their right to receive proxy-related materials) copies of the proxy-related materials and related documents. Accordingly, an OBO will not receive copies of the proxy-related materials and related documents unless the OBO's intermediary assumes the costs of delivery.

Meeting Materials Received by OBOs from Intermediaries

OBOs who receive meeting materials will typically be given the ability to provide voting instructions in one of two ways:

- i. Usually, an OBO will be given a Voting Instruction Form ("**VIF**"), which must be completed and signed by the OBO in accordance with the instructions provided by the intermediary. In this case,

the mechanisms described above for Registered Shareholders cannot be used and the instructions provided by the intermediary must be followed.

- ii. Occasionally, an OBO may be given a proxy that has already been signed by the intermediary. This form of proxy is restricted to the number of Common Shares owned by the OBO but is otherwise not completed. This form of proxy does not need to be signed by the OBO but must be completed by the OBO and returned to Computershare in the manner described above for Registered Shareholders.

The purpose of these procedures is to allow OBOs to direct the proxy voting of the Common Shares that they own but that are not registered in their name. **Should an OBO who receives either a form of proxy or a VIF wish to attend and vote at the Meeting in person (or have another person attend and vote on their behalf), the OBO should strike out the names of the persons designated on the enclosed form of proxy and insert the OBO's name (or the name of his or her alternate appointee) in the blank space provided for that purpose or, in the case of a VIF, follow the corresponding instructions provided by the intermediary.** In either case, OBOs who received meeting materials from their intermediary should carefully follow the instructions provided by the intermediary.

To exercise the right to revoke a proxy, an OBO who has completed a proxy (or a VIF, as applicable) should carefully follow the instructions provided by the intermediary.

Proxies returned by intermediaries as "non-votes" because the intermediary has not received instructions from the OBO with respect to the voting of certain Common Shares or, under applicable stock exchange or other rules, the intermediary does not have the discretion to vote those Common Shares on one or more of the matters that come before the Meeting, will be treated as not entitled to vote on any such matter and will not be counted as having been voted in respect of any such matter. Common Shares represented by such "non-votes" will, however, be counted in determining whether there is a quorum.

Meeting Materials Received by NOBOs from the Company

As permitted under NI 54-101, the Company has used a NOBO list to send the meeting materials directly to the NOBOs whose names appear on that list. If you are a NOBO and the Company's transfer agent, Computershare, has sent these materials directly to you, your name and address and information about your holdings of Common Shares have been obtained from the intermediary holding such Common Shares on your behalf in accordance with applicable securities regulatory requirements.

As a result, any NOBO of the Company can expect to receive a scannable VIF from Computershare. Please complete and return the VIF to Computershare in the envelope provided. In addition, telephone voting and internet voting are available as further described in the VIF. Instructions in respect of the procedure for telephone and internet voting can be found in the VIF. Computershare will tabulate the results of the VIFs received from the Company's NOBOs and will provide appropriate instructions at the Meeting with respect to the Common Shares represented by the VIFs received by Computershare.

By choosing to send these materials to you directly, the Company (and not the intermediary holding Common Shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. The intermediary holding Common Shares on your behalf has appointed you as the proxyholder of such Common Shares, and therefore you can provide your voting instructions by completing the proxy included with this Circular in the same way as a Registered Shareholder. Please refer to the information under the heading "*Registered Shareholders*" for a description of the procedure to return a proxy, your right to appoint another person or company to attend the meeting, and your right to revoke the proxy.

Although a Non-Registered Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker, a Non-Registered Shareholder may attend the Meeting as proxyholder for the Registered Shareholder and vote the Common Shares in that capacity. Non-Registered Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the Registered Shareholder should enter their own names in the blank space on the form of proxy provided to them and return the same in accordance with the instructions provided.

Exercise of Proxies

Where a choice is specified, the Common Shares represented by proxy will be voted for, withheld from voting or voted against, as directed by the Shareholders, on any poll or ballot that may be called. **Where no choice is specified, the proxy will confer discretionary authority and will be voted in favour of all matters referred to on the form of proxy. The proxy also confers discretionary authority on the persons designated in the proxy to vote for, withhold from voting, or vote against amendments or variations to the matters identified in the Notice of Meeting and with respect to other matters not specifically mentioned in the Notice of Meeting but which may properly come before the Meeting.**

Management has no present knowledge of any amendments or variations to matters identified in the Notice of Meeting or any business that will be presented at the Meeting other than that referred to in the Notice of Meeting. However, if any other matters properly come before the Meeting, it is the intention of the person named in the enclosed instrument appointing proxy to vote in accordance with the recommendations of the management of the Company.

Voting Shares and Principal Holders Thereof

The Company is authorized to issue an unlimited number of Common Shares without nominal or par value. As at the date of this Circular, there are 32,875,771 Common Shares issued and outstanding, each of which carries the right to one vote at meetings of the Shareholders. Persons who are Registered Shareholders at the close of business on May 19, 2021 are entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each Common Share held.

As at May 19, 2021, to the knowledge of directors and officers of the Company, the following person beneficially owned, directly or indirectly, or exercised control or direction over, more than 10% of the voting Common Shares of the Company.

Name and place of business	Number of Common Shares	Percentage of Common Shares of the Company
Wade K. Dawe Halifax, Nova Scotia	5,362,240	16.3%

Quorum

The by-laws of the Company provide that two persons present and entitled to vote at the meeting constitute a quorum for the meeting.

Interest of Certain Persons or Companies in Matters to Be Acted Upon

No director or executive officer of the Company, nor any person who has held such a position since incorporation, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election

of director and the approval of the Company's stock option plan (the "**Stock Option Plan**" or the "**Plan**") (insofar as such directors and/or officers hold stock options). See "*Particulars of Matters to be Acted Upon*" and "*Executive Compensation*" below for particulars on the options held by directors and officers.

PARTICULARS OF MATTERS TO BE ACTED UPON

Audited Financial Statements

The audited financial statements of the Company for the fiscal year ended December 31, 2020 and the reports of the auditors thereon will be submitted to the Meeting. Receipt at such Meeting of the auditors' report and the Company's financial statements for the above noted fiscal period will not constitute approval or disapproval of any matters referred to therein.

Election of Directors

Directors of the Company are elected annually by the Shareholders and will hold office until the next annual meeting of Shareholders, or until his successor is duly elected or appointed, unless: (i) his office is earlier vacated in accordance with the articles and by-laws of Fortune Bay; or (ii) he becomes disqualified to act as a director. The constating documents of the Company provide that the number of directors to be elected shall be a minimum of one (1) and a maximum of ten (10). A Board of five (5) directors is to be elected at the Meeting.

The term of office of all present directors of the Company expires at the Meeting. Management has been informed by each nominee that he/she is willing to stand for election or re-election, as applicable, and serve as a director. Each of the directors will be elected on an individual basis.

The Company's board of directors (the "**Board of Directors**" or the "**Board**") has unanimously adopted a majority voting policy in director elections that will apply at any meeting of Shareholders where an uncontested election of directors is held. Pursuant to this policy, if the number of proxy votes withheld for a particular director nominee is greater than the votes for such director, the director nominee will be required to submit his or her resignation to the Chairman of the Board promptly following the applicable Shareholders' meeting. Following receipt of the resignation, the Company's Board will consider whether or not to accept the offer of resignation. In considering whether or not to accept the resignation, the Board will consider all factors deemed relevant by its members. The Board will be expected to accept the resignation except in situations where the considerations would warrant the applicable director to continue to serve on the Board. The Board will publicly disclose its final decision within 90 days following the Meeting. A director who tenders his or her resignation pursuant to this policy will not participate in any meeting of the Board at which the resignation is considered.

In the absence of instructions to the contrary, the Common Shares represented by a properly executed form of proxy in favour of the persons designated by management of the Company will be voted FOR the election as directors of the nominees whose names are set forth below.

Name and Municipality of Residence and Date First Become a Director	Current Position(s) with the Company	Present Principal Occupation	Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly ⁽¹⁾ as at the date of this Circular	Percentage of Total Outstanding Common Shares at the date of this Circular
WADE K. DAWE Halifax, Nova Scotia, Canada May 13, 2016	Executive Chairman	Executive Chairman of the Company, Chief Executive Officer of Numus Financial Inc. and Torrent Capital Ltd.	5,362,240 ⁽⁶⁾	16.3%
DERRICK GILL ⁽²⁾ ⁽³⁾ St. John's, Newfoundland, Canada May 13, 2016	Director	Co-founder and a director of Strategic Concepts and SCI Software	53,500	0.2%
MICHAEL GROSS ⁽⁴⁾ ⁽⁵⁾ Halifax, Nova Scotia, Canada May 13, 2016	Director	Professor of Orthopaedic surgery at Dalhousie University	350,362 ⁽⁷⁾	1.1%
MELINDA LEE ⁽²⁾ Halifax, Nova Scotia, Canada October 1, 2020	Director	Self employed financial consultant	15,000	0.1%
ROBERT SHAW Kelowna, British Columbia, Canada October 1, 2020	Director	Consulting Economic Geologist	nil	nil

Notes:

- (1) The information as to Common Shares beneficially owned or over which control or direction is exercised, not being within the knowledge of the Company, has been furnished by the respective parties as of May 19, 2021.
- (2) Member of the Audit Committee.
- (3) Member of the Nominations and Compensation Committee.
- (4) Chair of the Audit Committee.
- (5) Chair of the Nominations and Compensation Committee.
- (6) 1,230,668 Common Shares are owned by Mr. Dawe directly. 4,131,572 Common Shares are owned indirectly.
- (7) 229,691 Common Shares are owned by Dr. Gross directly. 120,671 Common Shares are owned indirectly.

As at the date hereof, the directors and executive officers of the Company as a group owned beneficially, directly or indirectly, controlled or exercised direction over, 5,968,246 Common Shares representing approximately 18.2% of the outstanding Common Shares.

The following are brief profiles of the directors of the Company, including a brief description of each individual's principal occupation within the past five years.

Mr. Wade K. Dawe — Executive Chairman

Mr. Dawe is an accomplished entrepreneur, financier and investor based in Halifax, Nova Scotia. During his career, he has completed deals valued in excess of \$1 billion, and he has founded or co-founded a number of successful companies, both public and private. Mr. Dawe is the Executive Chairman of the Company and the former CEO. He is also the CEO of Numus Financial Inc. and the President of Brigus Capital Inc. In addition, Mr. Dawe is CEO and a Board Member of Torrent Capital Ltd., a director of kneat.com, inc. and former Chairman of Pivot Technology Solutions Inc. Mr. Dawe holds a Bachelor of Commerce degree from Memorial University (MUN), where he sits on the President's Advisory Council.

His philanthropic activities include establishing and personally funding the annual James R. Pearcey Entrepreneurial Scholarship at MUN, and he funded DC Makes, an entrepreneurship-based program at the Discovery Centre in Halifax, Nova Scotia. Mr. Dawe, originally from Newfoundland, is also a member of the Young Presidents' Organization (YPO) and is a fellow of the Creative Destruction Lab (CDL) in Halifax, Nova Scotia.

Mr. Derrick Gill – Director

Mr. Gill is co-founder and a director of Strategic Concepts and SCI Resource Software which provides strategic planning, financial modeling and business development consultation to major mining and oil and gas projects in Canada. He was previously a member of the advisory board of the Atlantic Canada Opportunities Agency's Atlantic Innovation Fund. Mr. Gill's 30+ year career has included executive roles at Voisey's Bay Nickel, Diamond Fields Resources and Bristol Communications. Mr. Gill received his undergraduate degree in business administration from Memorial University.

Dr. Michael Gross, ICD.D – Director

Dr. Gross has extensive capital markets experience, having served as either an executive or as a director with a number of venture stage companies. Dr. Gross was a founder of Linear Gold, Linear Metals, and he stayed through the development of the company to Brigus Gold before its sale to Primero. He is a board member of Sona Nanotech Inc. He is currently the Chair of the Board of Boomerswork, a startup company working to provide a platform of benefits for Boomers as they transition from work to retirement. Dr. Gross has been a Professor of Orthopaedic surgery for over 40 years, he has consulted extensively in design of prostheses and implantation techniques with the Orthopaedic manufacturing industry. Dr. Gross is also the founder of a startup company specializing in post-surgical discharge out-patient management, for which he has recently received independent investment funding. He received his degree in medicine from the University of Newcastle Upon Tyne in England. He obtained a Fellowship in Surgery in London and a Canadian Fellowship in Orthopaedic Surgery in 1981. Dr. Gross has completed the Rotman Directorship program and is a member of the Institute of Directors. He is the Medical Director of the Regional Tissue bank which is ISO certified.

Ms. Melinda Lee, CPA, CA, ICD.D – Director

Ms. Lee is a Chartered Professional Accountant with over 20 years of professional experience in both private and public companies, including nine years of experience at the Board of Director level. As a member of the senior executive team of private and public investment companies, she is knowledgeable of securities laws and has a broad range of experience in investing, corporate finance and transactions including mergers, acquisitions and take-over bids. Through her experience as a director of several publicly-traded companies in diverse industries, Ms. Lee has experience dealing with the high level issues facing public entities, particularly with respect to financial issues through active participation in the Audit Committees. Ms. Lee received her undergraduate degree in Business Administration from St. Francis Xavier University and her ICD.D designation from the Institute of Corporate Directors and the Rotman School of Management.

Mr. Robert Shaw – Director

Mr. Shaw has over 30 years of mineral exploration experience throughout the Americas. With Golden Star Resources/Cambior Inc. he worked with the generative and development teams at Omai (Guyana) and Gros Rosebel (Suriname). He was a founding member and Exploration Manager with Metallica Resources Inc. (Cerro San Pedro, Mexico; Gramalote, Colombia; Mara Rosa, Brasil; El Morro-La Fortuna, Chile). In Perú he was co-founder of Compañía Minera Phosphex, responsible for re-discovery of the giant Mantaro phosphate deposits (Spratt Resource Corp.-Stonegate Agricom). With AngloGold Ashanti he served as

Chief Geologist, Colombia and Consultant for the Americas, and was a formulative member of the generative team which identified and advanced numerous projects including Gramalote, La Colosa and La Quebradona, which presently contain drill indicated resources exceeding 40 million ounces of gold. Mr. Shaw holds a Master of Science in Economic Geology (1990) from the University of Alberta, and most recently served as Editor and lead author for a major Springer Nature volume (2019) describing the geology, tectonics and metallogeny of the northern Andean region.

Orders, Penalties and Bankruptcies

To the knowledge of the Company, no director to be nominated for election at the Meeting:

- (a) is at the date of this Circular, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company) that:
 - (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
 - (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer,
- (b) is at the date of this Circular, or has been, within 10 years before the date hereof, a director or executive officer of any company (including the Company) that, while such nominee was acting in that capacity, or within a year of such nominee 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 its assets; or
- (c) has, within 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 the assets of such nominee.

For the purposes of the above section, the term "order" means:

- (i) a cease trade order;
- (ii) an order similar to a cease trade order; or
- (iii) an order that denied the relevant company access to any exemption under securities legislation

that was in effect for a period of more than 30 consecutive days.

To the knowledge of the Company, as of the date hereof, no director nominated for election at the Meeting 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.

Appointment of Auditors

Management recommends the appointment of PricewaterhouseCoopers LLP as auditors of the Company to hold office until the close of the next annual meeting of the Shareholders, and to authorize the Board to fix the remuneration of the auditors. PricewaterhouseCoopers LLP were first appointed as auditors of the Company on November 24, 2016.

This resolution requires the approval of a simple majority of the votes cast at the Meeting, in person or by proxy, in order to be approved.

In the absence of instructions to the contrary, the Common Shares represented by a properly executed form of proxy in favour of the persons designated by management of the Company will be voted FOR the re-appointment of PricewaterhouseCoopers LLP as auditors of the Company.

Special Business - Confirming the Company's Stock Option Plan

Shareholders are being asked to confirm re-approval of the Company's Stock Option Plan (the "Plan"), as outlined under "Securities Authorized for Issuance under Equity Compensation Plans" and accepted by the TSX-V. There have been no changes to the Stock Option Plan since the Plan was approved at the Annual General and Special Meeting of Shareholders held on June 25, 2020.

The Plan is a "rolling" or "evergreen" plan pursuant to which 10% of the issued and outstanding common shares of the Company on the date of option grant are reserved for issuance upon the exercise of stock options. For further details regarding the Stock Option Plan, see "Securities Authorized for Issuance under Equity Compensation Plans".

Whether or not the resolution is approved, all stock options currently outstanding under the Stock Option Plan will remain in effect in accordance with their terms. If the resolution is not approved, any currently unallocated options, rights or entitlements under the Stock Option Plan will no longer be available for grant, and previously granted options will not be available for reallocation if they are cancelled prior to exercise.

In accordance with the policies of the TSX-V, a plan with a rolling 10% maximum must be confirmed by shareholders at each annual general meeting. Accordingly, at the Meeting, the shareholders will be asked to pass the following resolution:

"WHEREAS

- i. The Board of Directors of the Company adopted a Stock Option Plan, which reserves for issuance pursuant to stock options a maximum number of common shares of the Company equal to 10% of the aggregate issued and outstanding common shares on the date of grant;

BE IT RESOLVED THAT:

- i. All unallocated stock options under the Stock Option Plan be and are hereby approved; and
- ii. Any officer or director of the Company be and is hereby authorized for and on behalf of the Company to execute and deliver all documents and instruments, and to take all such other actions as such officer or director may deem necessary or desirable to implement the foregoing resolution and the matters authorized hereby, such determinations to be conclusively evidenced by the execution and delivery of such documents and other instruments and the taking of any such action."

The Board of Directors has determined that the approval of the unallocated options, rights or other entitlements pursuant to the Stock Option Plan is in the best interests of the Company and its shareholders. **The Board of Directors recommends that shareholders vote FOR the adoption of the resolution set forth herein. Unless contrary instructions are indicated on the form of proxy, the persons designated in the accompanying form of proxy intend to vote FOR the approval of the unallocated options, rights or other entitlements pursuant to the Stock Option Plan.**

ANY OTHER MATTERS

Management of the Company knows of no matters to come before the Meeting other than those referred to in the Notice of Meeting accompanying this Circular. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Circular to vote the same in accordance with their best judgment of such matters.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Canadian Securities Administrators have published National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, National Policy 58-201 – *Corporate Governance Guidelines* ("**NP 58-201**") and National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). These instruments set out a series of guidelines and requirements for effective corporate governance (collectively, the "**Guidelines**"). The Guidelines address matters such as the constitution and independence of corporate boards, the functions to be performed by boards and their committees and the effectiveness and education of board members. NI 58-101 requires disclosure by each listed corporation of its approach to corporate governance with reference to the Guidelines.

Set out below is a description of the Company's approach to corporate governance in relation to the Guidelines.

Board of Directors

NI 52-110 sets out the standard for director independence. Under NI 52-110, a director is independent if he or she has no direct or indirect material relationship with the Company. Under NI 52-110, a material relationship is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment. NI 52-110 also sets out certain situations where a director will automatically be considered to have a material relationship with the Company. The Board currently consists of five members, namely Wade Dawe, Derrick Gill, Michael Gross, Melinda Lee, and Robert Shaw. With the exception of Wade Dawe, the Executive Chairman and former CEO of the Company, they are considered to be independent directors since they, in the view of the Board, do not have a direct or indirect material relationship with the Company which could reasonably be expected to interfere with the exercise of such director's independent judgement.

The Board relies on senior outside legal counsel to provide advice and consultation on current and anticipated matters of corporate governance. The independent directors may meet in-camera, from time to time, with the Company's outside legal counsel participating by invitation, when deemed appropriate by the independent directors. At the present time, the Board believes that the knowledge, experience and qualifications of its independent directors are sufficient to ensure that the Board can function independently of management and discharge its responsibilities.

During the year ended December 31, 2020, there were five meetings of the Company's Board of Directors and Mr. Dawe, Dr. Gross and Mr. Gill attended all meetings. Ms. Lee and Mr. Shaw attended one meeting

during the year ended December 31, 2020 which was the only meeting during the year since they were appointed to the Board.

Currently, the following directors serve on the boards of directors of other public companies, as listed below:

Director	Public Company Board Member
Wade Dawe	Torrent Capital Ltd. (TSX-V) kneat.com, inc. (TSX-V)
Michael Gross	Sona Nanotech Inc. (CSE:SONA)
Melinda Lee	Aegis Brands Inc. (TSX:AEG)

Board Mandate

The Charter of the Board of Directors outlines the mandate of the Board. The Board has the following duties and responsibilities, which may be initially reviewed by the applicable committees of the Board before being recommended to the full Board for approval:

- (a) Strategic Planning:
 - (i) Ensuring that a company-wide strategic planning process is in place and approving the resulting business plan on at least an annual basis. This business plan should take into account, at a minimum the short and longer term opportunities and risks of the business;
 - (ii) Approving Fortune Bay's annual operating and capital budgets; and
 - (iii) Reviewing performance results in relation to the business plan and budgets.
- (b) Risk Management and Internal Controls:
 - (i) Identifying and assessing the principal risks of Fortune Bay's business and ensuring the implementation of systems to mitigate these risks;
 - (ii) Ensuring the integrity of Fortune Bay's internal control and management information systems and the safeguarding of Fortune Bay's assets;
 - (iii) Reviewing, approving, and as required, overseeing compliance with Fortune Bay's Disclosure Policy by directors, officers, senior management and other employees;
 - (iv) Reviewing, approving and overseeing Fortune Bay's disclosure, controls and procedures; and
 - (v) Reviewing and approving the Code of Business Conduct of Fortune Bay with the purpose of promoting integrity and deterring wrongdoing, and encouraging and promoting a culture of ethical business conduct, and as required, overseeing compliance with Fortune Bay's Code of Business Conduct by directors, officers, senior management and other employees.
- (c) Chief Executive Officer and Senior Management:
 - (i) Appointing the CEO of Fortune Bay and determining the terms and conditions of his appointment;
 - (ii) Developing, along with the CEO, a written position description for the role of the CEO;
 - (iii) Satisfying itself as to the integrity of the CEO; and
 - (iv) Providing attention to succession planning, including the appointment, training, monitoring and continuing education of the CEO, officers and senior management.
- (d) Governance:
 - (i) Developing Fortune Bay's approach to governance practices, including expectations and responsibilities of individual directors, including expectations for attendance at meetings and the level of engagement that is expected of members of the Board;
 - (ii) Approving the nomination of directors to the Board, as well as:
 - (l) determining which directors, in the reasonable opinion of the Board, are

- (f) Determine, in consultation with the CEO, the Secretary, the Chairs of Committees, the frequency, dates and location of meetings of the Board, the Committees of the Board, and of the shareholders;
- (g) Review the meeting agendas to ensure that all required business comes before the Board so that it may effectively and efficiently carry out its duties and responsibilities;
- (h) Ensure that all items requiring Board and Committee approval are tabled as appropriate;
- (i) Ensure the proper flow of information to the Board;
- (j) Review, with the corporate secretary and CEO, the adequacy and timing of information and materials in support of management proposals to the Board;
- (k) In conjunction with the relevant Committee of the Board and its Chair, review and assess individual director's meeting attendance records and the effectiveness and performance of the Board, its Committees, Committee Chairs and individual directors;
- (l) Act for the CEO and exercise his/her authority in the event that the CEO is absent and is unable to act where action by the CEO is necessary to protect the interests of Fortune Bay;
- (m) Attend Committee meetings in a non-voting capacity as deemed appropriate;
- (n) Ensure that an opportunity exists at each regular meeting for the independent directors to meet separately without non-independent directors and management personnel present; and
- (o) Carry out other functions or assignments as requested by the Board.

Orientation and Continuing Education

The Board does not provide an orientation or education program for Board members, as it believes that such programs are generally more appropriate for companies of significantly larger size and complexity than the Company. The Company's Board members have considerable industry and public company experience and rely on this experience and their backgrounds in business to best determine how to maintain and enhance their skills.

Ethical Business Conduct

The Company has adopted a Code of Business Conduct and Ethics (the "**Code**") to which all directors, officers and employees of the Company must adhere. The Code is a comprehensive set of expectations, obligations and responsibilities relating to ethical conduct, corporate reporting, conflicts of interests and compliance with legal and regulatory obligations and with the Company's policies, including its environmental, health and safety, non-discrimination and other policies. A copy of the Code may be examined and/or obtained by accessing the Company's website at www.fortunebaycorp.com.

Under the Code, directors, officers and employees are required to promptly report any problems or concerns and any actual or potential violation of the Code to their supervisor. The Board monitors compliance with the Code by requiring management to advise it of any reports received regarding violations of the Code.

The Company also has a Whistleblower Policy which sets out the procedures for the receipt and treatment of complaints or concerns received by the Company regarding any impropriety or inaccuracy in respect of its financial statement disclosure or regarding its accounting procedures or practices, internal accounting controls, auditing matters or any violations of the Code. The policy includes provision for the submission or reporting by employees (including officers) of the Company or others, on a confidential and anonymous basis, of any such complaints or concerns to the Chairman of the Audit Committee. Complaints or concerns are investigated by the Audit Committee or by persons designated by the Audit Committee.

In respect of any transactions or agreements involving the Company and in respect of which a director of the Company has a material interest or a conflict or potential conflict of interest, that director, in order that the members of the Board exercise independent judgment in respect thereto, is required to disclose such to the Board prior to any such transaction or agreement being considered by the Board and is not permitted to vote on any Board resolution with respect thereto.

Should any officer similarly have any such material interest or conflict or potential conflict of interest, such officer must similarly disclose such to the Board.

Nomination of Directors

Prior to their standing for election, new nominees to the Board will be reviewed by the entire Board. The Nominations and Compensation Committee will have the responsibility of making recommendations to the Fortune Bay Board with respect to the new nominees and for assessing directors on an on-going basis. The Company considers it important to retain directors with significant business experience in the industry, and therefore the Company's practice is to not set term limits for its directors. Individual directors are invited to propose new nominees to the Board having regard to the Company's business strategy and the current composition of the Board.

Board Committees

The Board currently has two committees: (i) the Audit Committee and (ii) the Nominations and Compensation Committee. All such committees report directly to the Board. From time-to-time, based on need, ad hoc committees of the Board may also be appointed.

The Audit Committee

The Audit Committee is currently composed of three directors, being Michael Gross (Chair), Melinda Lee, and Derrick Gill. The Company's Audit Committee members are considered to be independent directors. All such members are "financially literate", as such term is used in NI 52-110 (i.e., having the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the relevant entity's financial statements). The Audit Committee operates under a written charter as included in Appendix A to this Circular.

The Audit Committee meets with the Company's Chief Financial Officer and financial management personnel and/or its independent auditors once a quarter or as needed throughout the year, to review and assist, as part of its Audit Committee Charter, the Board in its oversight responsibilities relating to, among other matters, the quality and integrity of the Company's financial statements and MD&A, the accounting and financial reporting principles and procedures of the Company and the adequacy of the Company's system of internal controls. The Audit Committee meets with the Company's independent auditors at least once per year without the presence of management and as well communicates directly with such auditors as circumstances warrant. The Audit Committee reviews, among other things, the Company's financial reporting practices and procedures, the Company's annual and quarterly financial statements and MD&A prior to their issuance to shareholders and filing with regulatory agencies, actual and prospective changes in significant accounting policies and their effect, the planned scope of examinations by the Company's independent auditors and their findings and recommendations and the scope of audit and non-audit services provided by the independent auditors. It also recommends to the Board the independent auditors to be proposed to the Shareholders for appointment at the Company's

annual meeting and approves the remuneration of such auditors.

During the year ended December 31, 2020, there was one formal meeting of the Company's Audit Committee, and all Audit Committee members attended the meetings. In lieu of additional formal meetings, the financial statements, MD&A and financial matters were approved by resolution or discussed and approved at the Board meetings.

The Audit Committee has also reviewed the Company's use of its independent auditors for non-audit services. The aggregate fees incurred for audit and non-audit services provided by PricewaterhouseCoopers LLP for the financial years ended December 31, 2020 and 2019 are as follows:

Nature of Services	December 31, 2020	December 31, 2019
Audit fees ⁽¹⁾	\$22,470	\$22,000
Tax services	\$nil	\$nil
All other fees	N/A	N/A
Total	\$22,470	\$22,000

(1) Audit fees include fees necessary to perform the annual audit of the Corporation's financial statements.

The Audit Committee believes that the extent to which the Company uses its independent auditors for non-audit services is not significant and accordingly does not affect their independence.

The Nominations and Compensation Committee

The Nominations and Compensation Committee is currently composed of the following two independent directors: Michael Gross (Chair) and Derrick Gill. The Board has adopted a Nominations and Compensation Committee Charter, which, among other responsibilities, requires the Nominations and Compensation Committee is to identify individuals qualified to become board members, recommend to the Board proposed nominees for membership on the Board, and to establish, administer, and evaluate the compensation philosophy, policies and plans for non-employee directors and executive officers; make recommendations to the Board regarding director and executive compensation; and review the performance and determine the compensation of the Chief Executive Officer, based on criteria including the Company's performance and accomplishment of long-term strategic objectives.

The Nominations and Compensation Committee did not conduct a meeting during the year ended December 31, 2020 as business of the Nominations and Compensation Committee was conducted by resolution as needed.

Assessments

Board effectiveness is assessed by the Board as a whole, considering the operation of the Board committees, the adequacy of information provided to directors, the quality of communication between the Board and management and the historic growth and performance of the Company. The Board believes that this informal assessment has permitted the Board to operate effectively.

Director Term Limits

The Company has not adopted director term limits for directors. However, the Chairman and/or lead independent director and the Board regularly assess the effectiveness and contribution of directors. The Company feels that its current governance system is sufficient to ensure that the Board from year to year is composed of directors with the appropriate knowledge and skills necessary to enhance the long-term performance of the Company. Furthermore, the Company recognizes the significant value that can be

offered by long-serving directors, including the breadth of experience and familiarity with the Company and its industry of those members that have joined the Board. As such, the Company believes that it would not be best suited to the needs of the Company to adopt director terms limits or any formal board renewal mechanisms other than those already in place and discussed in this Circular.

Diversity of Board and Management

The Canada Business Corporations Act, which governs the Company, has been recently amended to require the Company to disclose the number and percentage of Board seats and senior management positions occupied by women, aboriginal peoples, persons with disabilities, and members of visible minorities. The Company has one person in these categories who serves on the Board (20%) and has one (33%) in an executive officer position. The Company does not have a written policy relating to the identification and nomination of persons in such designated groups. The Board and management of the Company believe that diversity and inclusion is important to the future development and success of the Company, and qualified candidates in such designated groups will certainly be welcomed and considered for positions on the Board and in senior management as the Company grows.

Gender Diversity

The Company currently does not have a formal policy related to the representation of women on the Board or with the management team. However, the Board is aware of the benefit of diversity on the Board and within the management team of the Company. The Nominations and Compensation Committee takes gender diversity into consideration during the recruitment and selection process of Board and management positions.

The Company ensures there is a diverse Board, with a sufficient number of directors, to encourage a variety of opinions and insights on matters which come before the Board, while at the same time limiting its membership to a number of directors that facilitates effective and efficient decision-making. Recommendations concerning director appointments are based on merit and performance, with diversity taken into consideration. Diversity is considered advantageous as it relates to qualifications, insights and experiences.

The Board has not adopted targets regarding the representation of women on the Board and in executive officer positions due to the small size of the Company and the need to consider a balance of criteria in each individual appointment. It is important that each appointment to the Board or in executive officer positions be made based on the merits of the individual and the need of the Company at that point in time. In addition, targets based on specific criteria such as gender could limit the Board's ability to ensure that the overall composition of the Board or management of the Company meets the needs of the Company. Currently one out of three (33%) of the executive officers of the Company is a female, and one of five (20%) of the directors is female.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The following discussion and analysis sets out the Company's philosophy and objectives in determining executive compensation and explains how its policies and practices implement that philosophy. All dollar amounts in this Circular are expressed in Canadian dollars unless otherwise indicated. For purposes of this section, the term "Named Executive Officers" refers to the Executive Chairman, Chief Executive Officer and the Chief Financial Officer of the Company.

Overview

The Company's approach to executive compensation is to provide suitable compensation for executives that is internally equitable, externally competitive and reflects individual achievement. Fortune Bay will attempt to maintain compensation arrangements that will attract and retain highly qualified individuals who are able and capable of carrying out the objectives of the Company. Fortune Bay's compensation arrangements for the Named Executive Officers, in addition to salary, include compensation in the form of bonuses and, over a longer term, benefits arising from the grant of deferred share units ("DSUs") and stock options. Given the stage of development of Fortune Bay, compensation of the Named Executive Officers includes the granting of meaningful stock option and DSU awards so as to attract and retain management and, to a certain extent, to conserve cash. This policy may be re-evaluated in the future to instead emphasize increased base salaries and cash bonuses with a reduced reliance on option and DSU awards, depending upon the future development of the Company and other factors which may be considered relevant by the Board of Directors from time to time.

The Nominations and Compensation Committee of the Board of Directors consists of two directors appointed to review the compensation of the Company's officers and to make recommendations to the Board of Directors regarding base salary, bonuses, stock option awards and other benefits of Named Executive Officers, as well as negotiating services and employment agreements on behalf of the Company. Information on the Company's Nominations and Compensation Committee and the skills and experience of its members in making decisions with respect to compensation policies and practices of the Company can be found in *"Statement of Corporate Governance Practices" – "Board Committees" – "The Nominations and Compensation Committee"* in this Circular.

The Company's executive compensation program is designed to recognize the fundamental value added to the Company by having a motivated and committed management team whose short, medium and long-term objectives are aligned with those of Shareholders. In determining executive compensation, the Company's Nominations and Compensation Committee bears in mind the relatively small size of the Company, the financial resources of the Company and the size of the executive team. The Company's Nominations and Compensation Committee relies on general discussion and informal comparisons to similar exploration and development stage companies, while giving consideration to the experience, qualifications and performance of the executive, in determining executive compensation.

The Company's executive compensation is typically comprised of three primary components:

- i. base salary;
- ii. a short-term incentive plan, which includes the potential for cash bonuses; and
- iii. a long-term incentive plan, which consists of grants of stock options.

The base salary of each executive is reviewed and evaluated by the Company's Nominations and Compensation Committee annually based on the philosophy, objectives and criteria outlined above.

A short-term incentive award, if any, in the form of a cash bonus, may be awarded to an executive each year, as determined by the Company's Nominations and Compensation Committee, based on the philosophy, objectives and criteria outlined above, with some use of formal objectives.

With respect to long-term incentives, each year an executive may be awarded stock options. The amount of the long-term incentive shall be determined by the Nominations and Compensation Committee and recommended to the Board of Directors, based on the philosophy, objectives and criteria outlined above, taking into account previous stock option grants.

The Nominations and Compensation Committee has discretion in determining both short-term incentive awards and the grant of stock options. The Company has not engaged compensation advisors in the past and has no immediate plans to engage compensation advisors.

Approach to Risk

The Board is aware that compensation practices can have unintended risk consequences. The Nominations and Compensation Committee reviews the Company's compensation policies to identify any practice that might encourage an employee to expose the Company to unacceptable risk. At the present time, the Nominations and Compensation Committee is satisfied that the current executive compensation program does not encourage the executives to expose the business to inappropriate risk. The Board takes a conservative approach to executive compensation rewarding individuals for the success of the Company once that success has been demonstrated and incenting them to continue that success through the grant of long-term incentive awards.

Hedging Policy

No Named Executive Officer or director has purchased any financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive Officer or director, notwithstanding that there is no policy prohibiting such purchase as of the date of this Circular.

Summary Compensation Table

The following table sets forth the information required under Form 51-102F6V, *Statement of Executive Compensation – Venture Issuers* ("**Form 51-102F6V**") regarding all compensation, excluding stock options which are outlined further below, which was paid, payable, awarded, granted, given, or otherwise provided during the Corporation's most recently completed financial year to all persons acting as directors or as "**Named Executive Officers**" or "**NEOs**".

The following persons are Named Executive Officers of the Corporation under Form 51-102F6V:

- (a) the Corporation's chief executive officer ("**CEO**");
- (b) the Corporation's chief financial officer ("**CFO**");
- (c) the Corporation's executive chairman ("**Executive Chairman**")
- (d) in respect of the Corporation and its subsidiaries, the most highly compensated executive officer other than the CEO and CFO at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year; and
- (e) any additional individuals who would have been an NEO under (c) except that the individual was not an executive officer of the Corporation, nor acting in a similar capacity, at the end of the most recently completed financial year.

For the year ended December 31, 2020, the Corporation had three NEOs, being Wade K. Dawe, the Executive Chairman and former CEO (until June 15, 2020), Dale Verran, the current CEO (employment

effective June 15, 2020) and Sarah Oliver, the CFO. All references to “\$” or “dollars” in this Information Circular are in Canadian dollars unless otherwise noted.

Name and position	Year	Salary, consulting fee, director fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation ⁽⁵⁾ (\$)	Total compensation (\$)
Dale Verran ⁽¹⁾ , CEO	2020	108,333	-	-	-	-	108,333
Wade K. Dawe ^{(1) (3)} , Executive Chairman & Former CEO	2020	131,250	-	-	-	-	131,250
	2019	180,000 ⁽²⁾	-	-	-	-	180,000
Sarah Oliver, CFO	2020	48,000	-	-	-	-	48,000
	2019	48,000	4,000	-	-	-	52,000

(1) Mr. Verran was appointed the Company’s CEO effective June 15, 2020, replacing Mr. Dawe, who was appointed the Company’s Executive Chairman effective June 15, 2020. All 2020 compensation for Mr. Verran is from June 15, 2020 to December 31, 2020.

(2) Of the CEO salary earned by Mr. Dawe in 2019, \$150,000 remains payable as at December 31, 2020.

(3) The Company paid finder’s fees to Numus Capital Corp., a company of which Wade Dawe is a director, pursuant to the financings completed on May 7, 2020 and December 18, 2020. The finder’s fees consisted of \$333,413 in cash paid and 662,811 warrants issued to Numus Capital Corp. with a total value of \$223,021.

Stock Option Awards – Named Executive Officers

No options were exercised by any Named Executive Officer during the year ended December 31, 2020. The Company granted the following stock options to Named Executive Officers during the year ended December 31, 2020:

Compensation securities							
Name and position	Type of compensation security	Number of compensation securities issued (#)	Date of grant	Exercise Price (\$)	Closing price of underlying security on date of grant (\$)	Closing price of underlying security at year end (\$) ⁽¹⁾	Expiry date
Dale Verran, CEO	Stock options	500,000	June 15, 2020	\$0.79	\$0.79	\$1.13	June 15, 2025

(1) Based on the December 31, 2020 closing price of the Company’s common shares on the TSX-V of \$1.13 per share. 250,000 of the options issued on June 15, 2020 vest at a rate of 33.3% after 12 months from the grant date, 33.3% after 24 months from the grant date, and 33.4% after 36 months from the grant date. 250,000 of the options granted are performance based and vest according to performance terms specified in the option agreement.

Stock Options Held – Named Executive Officers

The following table sets forth the number of stock options held by NEOs as at December 31, 2020.

Name and principal position	Number of stock options held (#)	Number of underlying securities related to stock options held (#)	Percentage of class (%) ⁽¹⁾	Value of unexercised in-the-money options (\$) ⁽²⁾
Dale Verran, CEO	500,000	500,000	26%	21,250
Wade K. Dawe, Executive Chairman and former CEO	600,000	600,000	31%	415,167
Sarah Oliver, CFO	250,000	250,000	13%	145,833

(1) As a percentage of the 1,955,000 stock options outstanding at December 31, 2020. 65% of the Company's outstanding options were exercisable at December 31, 2020 at an average exercise price of \$0.42 per share.

(2) Based on the December 31, 2020 closing price of the Company's common shares on the TSX-V of \$1.13 per share.

Options Re-pricings

The Company did not re-price any options during the financial year ended December 31, 2020.

Long-Term Incentive Plan and Pension Plans

The Company does not currently have a long-term incentive plan or pension plan for directors or executive officers, other than the Company's Stock Option Plan and its Deferred Share Unit Plan.

Termination and Change of Control Benefits

Effective June 27, 2016, Sarah Oliver was appointed Chief Financial Officer of the Company. Effective January 1, 2018, Ms. Oliver is entitled to an annual salary of \$48,000, payable monthly. Should a "change in control" event, as defined in the related employment contract, occur for the Company, Ms. Oliver will receive a lump sum payment equal to 12 months of her then current base salary.

Effective June 15, 2020, Dale Verran was appointed Chief Executive Officer of the Company. Pursuant to his employment contract, Mr. Verran is entitled to an annual salary of \$200,000, payable monthly. Should a "change in control" event, as defined in the related employment contract, occur for the Company, Mr. Verran will receive a lump sum payment between 18 and 36 months of his then current base salary depending on conditions in place at the time of the change of control.

Effective June 15, 2020, Wade Dawe was appointed Executive Chairman of the Company. Pursuant to his Executive Chairman contract, Mr. Dawe is entitled to an annual salary of \$90,000, payable monthly. Should a "change in control" event, as defined in the related employment contract, occur for the Company, Mr. Dawe will receive a lump sum payment equal to 72 months of his then current base salary.

The advisory services for the Vice-President-Exploration position are provided by an independent consultant, as required.

Director Compensation

For the year-ended December 31, 2020, independent directors were compensated by cash payments and the issuance of DSUs. The Company is eligible to grant stock options to directors under the Company's

Stock Option Plan however no stock options were granted during the year-ended December 31, 2020. At the year-ended December 31, 2020, there were no director fees accrued relating to independent directors of the Company.

The following chart provides an overview of the total number of DSUs and stock options granted to independent directors during the year ended 2020:

Name and position	Year	Salary, consulting fee, director fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation ⁽²⁾ (\$)	Total compensation (\$)
Derrick Gill, Director	2020	16,333	-	-	-	16,667	33,000
	2019	12,000	-	-	-	-	12,000
Michael Gross, Director	2020	16,333	-	-	-	16,667	33,000
	2019	12,000	-	-	-	-	12,000
Melinda Lee ⁽¹⁾ , Director	2020	6,250	-	-	-	12,500	18,750
Robert Shaw ⁽¹⁾ , Director	2020	6,250	-	-	-	12,500	18,750

(1) Melinda Lee and Robert Shaw were appointed to the Board of Directors effective October 1, 2020.

(2) In addition to director fees, the independent directors were issued DSUs in accordance with the Company's DSU Plan. Dr. Gross and Mr. Gill each received 4,045 DSUs on September 30, 2020 with a value of \$4,167, and each independent director received 11,062 DSUs on December 31, 2020 with a value of \$12,500.

Stock Options Held - Directors

The following table sets forth the number of stock options held by independent directors as at December 31, 2020.

Name and principal position	Number of stock options held (#)	Number of underlying securities related to stock options held (#)	Percentage of class (%) ⁽¹⁾	Value of unexercised in-the-money options (\$) ⁽²⁾
Michael Gross, Director	200,000	200,000	10%	109,333
Derrick Gill, Director	200,000	200,000	10%	109,333
Melinda Lee, Director	Nil	Nil	N/A	N/A
Robert Shaw, Director	Nil	Nil	N/A	N/A

(1) As a percentage of the 1,955,000 stock options outstanding at December 31, 2020. 65% of the Company's outstanding options were exercisable at December 31, 2020 at an average exercise price of \$0.42 per share.

(2) Based on the December 31, 2020 closing price of the Company's common shares on the TSX-V of \$1.13 per share.

DSUs Held - Directors

The following table sets forth the number of DSUs held by independent directors as at December 31, 2020.

Name and principal position	Number of DSUs granted during the year and held (#)
Michael Gross, Director	15,107
Derrick Gill, Director	15,107
Melinda Lee, Director	11,062
Robert Shaw, Director	11,062

The directors are indemnified by the Company against all costs, charges and expenses reasonably incurred by such director in respect of any action or proceeding to which such director is made a party by reason of being a director of the Company, subject to the limitations in respect thereof contained in the *Canada Business Corporations Act*. Directors are reimbursed for their out-of-pocket expenses incurred in attending directors' and committee meetings.

EQUITY COMPENSATION PLAN INFORMATION

Securities Authorized for Issuance under Equity Compensation Plans

The Company's current Stock Option Plan was approved at the Annual General and Special Meeting of Shareholders of Fortune Bay Corp. held on June 25, 2020. The Plan is designed to comply with the policies of the TSX Venture Exchange and requires annual shareholder approval.

The Company is seeking re-approval of the Plan by the shareholders in accordance with the rules and policies of the TSX-V.

The Purpose of the Plan

The purpose of the Plan is to attract and retain directors, officers, employees and consultants of, and service providers to, the Company and to align their interests with Shareholders by allowing them to directly participate in an increase in per share value created for the Company's Shareholders.

Summary of the Plan

The principal features of the Fortune Bay Corp. Stock Option Plan are as follows:

1. The Plan is administered by the Fortune Bay Board which shall, without limitation, subject to the approval of the TSX-V, have full and final authority in its discretion, but subject to the express provisions of the Plan, to prescribe, amend and rescind rules and regulations relating to it and to make all other determinations deemed necessary or advisable for the administration of the Plan.
2. Options may be granted under the Plan to Directors, Employees, Consultants and Management Company Employees (as those terms are defined in Policy 4.4 – *Incentive Stock Options* of the TSX-V) of the Company and any of its subsidiaries.
3. The aggregate number of Fortune Bay shares (the "Optioned Shares") that may be issuable pursuant to options granted under the Plan cannot exceed 10% of the number of issued Fortune Bay shares at the time of the granting of options under the Plan.

4. No more than 5% of the issued Fortune Bay shares, calculated at the date the option is granted, may be granted to any one optionee in any 12 month period.
5. No more than 10% of the issued Fortune Bay shares, calculated at the date the option is granted, may be granted to Insiders in any 12 month period.
6. No more than 2% of the issued Fortune Bay shares, calculated at the date the option is granted, may be granted to any one consultant in any 12 month period.
7. No more than an aggregate of 2% of the issued Fortune Bay shares, calculated at the date the option is granted, may be granted to all consultants and employees conducting "Investor Relations Activities" (as that term is defined in Policy 1.1 – *Interpretation* of the TSXV ("Policy 1.1")) in any 12-month period.
8. The exercise price to each optionee for each Optioned Share shall be determined by the Fortune Bay Board but cannot, in any event, be less than the "Discounted Market Price" of the Fortune Bay shares as traded on the TSXV (as that term is defined in Policy 1.1), or such other price as may be agreed to by Fortune Bay and accepted by the TSXV; provided that the exercise price for each Optioned Share in respect of options granted within 90 days of a "Distribution" by a "Prospectus" (as those terms are defined in Policy 1.1) shall not be less than the greater of the Discounted Market Price and the price per Fortune Bay Share paid by public investors for listed Fortune Bay shares under the Distribution.
9. In the event Fortune Bay wishes to reduce the exercise price of any options held by Insiders at the time of the proposed reduction, the approval of the disinterested shareholders of Fortune Bay will be required prior to the exercise of any such options at the reduced exercise price.
10. The options may be exercisable for a period of up to five years from the date such options are granted.
11. The options are non-transferable or assignable, except in certain circumstances. The options can only be exercised by the optionee as long as the optionee remains an eligible optionee pursuant to the Plan or within a period of not more than 90 days (30 days for providers of Investor Relations Activities) after ceasing to be an eligible optionee or, if the optionee dies, within one year from the date of the optionee's death.
12. An optionee who is a consultant conducting Investor Relations Activities who is granted an option under the Plan will become vested with the right to exercise one-quarter (1/4) of the option upon the conclusion of every three (3) months subsequent to the date of the grant of the option, such that that optionee will be vested with the right to exercise one hundred percent (100%) of his or her option upon the conclusion of 12 months from the date of the grant of the option (by way of example, in the event that optionee did not exercise one-quarter (1/4) of his option at the conclusion of three (3) months from the date of the grant of the option, he or she would be entitled to exercise one-half (1/2) of his or her option upon the conclusion of six (6) months from the date of the grant of the option).
13. In the event of a stock dividend, subdivision, redivision, consolidation, share reclassification (other than pursuant to the Plan), amalgamation, merger, corporate arrangement, reorganization, liquidation or the like of or by Fortune Bay, the Fortune Bay Board may make such adjustment, if any, of the number of Optioned Shares, or of the exercise price, or both, as it shall deem appropriate to give proper effect to such event.
14. If an optionee ceases to be either a Director, Employee, Consultant or Management Company Employee of Fortune Bay or of any of its subsidiaries as a result of having been dismissed from any such position for cause, all unexercised option rights of that optionee under the Plan shall immediately become terminated and shall lapse.
15. If an optionee ceases to be either a Director, Employee, Consultant or Management Company Employee of Fortune Bay or any of its subsidiaries for any reason other than as a result of having

- been dismissed for cause or as a result of the optionee's death, such optionee shall have the right for a period of 90 days (or until the normal expiry date of the option rights of such optionee if earlier) from the date of ceasing to be either a Director, Employee, Consultant or Management Company Employee to exercise the option under the Plan.
16. If an optionee engaged in providing Investor Relations Activities to Fortune Bay ceases to be employed in providing such Investor Relations Activities, such optionee shall have the right for a period of 30 days (or until the normal expiry date of the option rights of such optionee if earlier) from the date of ceasing to provide such Investor Relations Activities to exercise the option under the Plan.
 17. In the event of the death of any optionee, the legal representatives of the deceased optionee shall have the right for a period of one year (or until the normal expiry date of the option rights of such optionee if earlier) from the date of death of the deceased optionee to exercise the deceased optionee's options.
 18. Subject to the acceptance of the TSXV, the Fortune Bay Board may from time to time amend or revise the terms of the Plan or may discontinue the Plan at any time, provided that no such action may in any manner adversely affect the rights under any options earlier granted to an optionee under the Plan without the consent of that optionee.
 19. Upon exercise of an option, the optionee shall pay to Fortune Bay amounts necessary to satisfy applicable withholding tax requirements or shall otherwise make arrangements satisfactory to Fortune Bay for such requirements.

Renewal of the Plan

In accordance with the requirements of the TSX-V, the Plan shall be renewed at the annual general and special meeting of Shareholders every year.

The following table summarizes relevant information as of December 31, 2020 with respect to compensation plans under which equity securities are authorized for issuance.

Plan Category	Number of shares to be issued upon exercise of outstanding options and rights	Weighted-average exercise price of outstanding options and rights	Number of securities remaining available for future issuance under equity compensation plans
Stock option plan	1,955,000	\$0.50	1,126,671
Deferred share unit plan	53,338	N/A	446,662
Equity compensation plans not approved by shareholders	N/A	N/A	N/A

As at May 19, 2021, 2,555,000 options, being 7.8% of the 32,875,771 Common Shares of the Company as at May 19, 2021, were issued and outstanding.

In addition to the Stock Option Plan, the Company also has a Deferred Share Unit Plan ("DSUP"). As at May 19, 2021, 102,842 DSUs, being 0.3% of the 32,875,771 Common Shares of the Company as at May 19, 2021, were issued and outstanding.

Deferred Share Unit Plan

Directors may elect each year to receive all or part of their annual retainer in DSUs having a market value equal to the portion of the retainer to be received in that form, subject to such limits as the Board may impose. The Board may also grant, each year, DSUs to directors or Senior Officers having a market value not greater than the annual retainer or base salary for each such director or Senior Officer, respectively. The maximum number of Common Shares that may be issued under the DSUP is 500,000. The number of DSUs to be issued will be determined by dividing the amount of the retainer or base salary determined as the basis for the award by the volume-weighted average trading price of the Common Shares of the Company (as reported by the TSX-V) for the five (5) trading days immediately preceding the date the DSUs are awarded. Subject to vesting, each DSU may be redeemed for one Common Share upon the participant ceasing to hold any position with the Company (whether by termination, retirement, change of control or death).

The number of securities issuable to insiders, at any time, under all security-based compensation arrangements, cannot exceed 10% of the issued and outstanding Common Shares. The number of securities issued to insiders, within any one-year period, under all security based compensation arrangements, cannot exceed 10% of the issued and outstanding Common Shares.

Vesting

DSUs awarded to directors and Senior Officers will vest based on the following vesting schedule: 33.3% on the first anniversary of the Award Date, 33.3% on the second anniversary of the Award Date and 33.4% on the third anniversary of the Award Date. Early vesting is provided in the event a change of control (as defined in the DSUP) of the Company.

Redemption of Deferred Share Units

Subject to certain limitations and unless the DSUs have expired or been terminated in accordance with the DSUP, the DSUs shall be settled as per Section 5.5 of the DSUP. The participant (or, if deceased, his or her estate) shall receive as soon as practicable after the Settlement Date (as defined in the DSUP), but no later than the last business day of the calendar year following the calendar year in which the Separation Date (as defined in the DSUP) occurs, the number of Common Shares represented by the vested DSUs then recorded in the name of such participant, less any number of Common Shares representing the amount which may be required to be withheld or deducted under applicable taxation or other laws.

Death of Participant Prior to Redemption

If a participant dies prior to the redemption of the DSUs credited to the account of such participant under the DSUP, there shall be issued to the estate of such participant on or about the thirtieth (30th) day after the Company is notified of the death of the participant a number of Common Shares equivalent to the amount which would have been issued to the participant pursuant to the DSUP, calculated on the basis that the day on which the participant died is the Settlement Date and that all such DSUs vested on such date.

Adjustment Provisions

The number of Common Shares for which a DSU may be redeemed shall be adjusted proportionately in the event of (a) a subdivision, redivision or consolidation of the Common Shares of the Company into a greater or lesser number of Common Shares, (b) a reclassification or change of the Common Shares into a different class or type of securities, or (c) any other capital reorganization of the Company, or a consolidation, amalgamation or merger of the Company with or into any other entity or the sale of the properties and assets of the Company as or substantially as an entirety to any other entity.

Assignability and Transferability

Except as required by law, the rights of a participant under the DSUP are not capable of being assigned, transferred, alienated, sold, encumbered, pledged, mortgaged or charged and are not capable of being subject to attachment or legal process for the payment of any debts or obligations of the participant.

Amendments, Suspension or Termination of the DSUP

(a) The Board may, in its sole discretion, at any time and from time to time: (i) amend or suspend the Plan in whole or in part, (ii) amend or discontinue any Deferred Share Units granted under the Plan, and (iii) terminate the Plan, without prior notice to or approval by any Participants or shareholders of the Company.

Without limiting the generality of the foregoing, the Board may:

(i) make amendments of a "housekeeping" nature, including any amendment for the purpose of curing any ambiguity, error or omission in the Plan or to correct or supplement any provision of the Plan that is inconsistent with any other provision hereof;

(ii) amend the manner in which Participants may elect to participate in the Plan or elect Settlement Dates;

(iii) amend the provisions of this Plan relating to the redemption of Deferred Share Units and the dates for the redemption of the same;

(iv) make any amendment which is intended to ensure compliance with Applicable Laws and the requirements of the Stock Exchange;

(v) make any amendment which is intended to provide additional protection to shareholders of the Company (as determined at the discretion of the Board);

(vi) make any amendment which is intended to remove any conflicts or other inconsistencies which may exist between any terms of the Plan and any provisions of any Applicable Laws and the requirements of the Stock Exchange;

(vii) make any amendment which is intended to cure or correct any typographical error, ambiguity, defective or inconsistent provision, clerical omission, mistake or manifest error;

(viii) make any amendment which is not expected to materially adversely affect the interests of the shareholders of the Company; and

(ix) make any amendment which is intended to facilitate the administration of the Plan.

(b) Any such amendment, suspension, or termination shall not adversely affect the Deferred Share Units previously granted to a Participant at the time of such amendment, suspension or termination, without the consent of the affected Participant.

(c) No modification or amendment to the following provisions of the Plan shall be effective unless and until the Company has obtained the approval of the shareholders of the Company in accordance with the rules and policies of the Stock Exchange:

(i) the number of Shares reserved for issuance under the Plan (including a change from a fixed maximum number of Shares to a fixed maximum percentage of Shares);

(ii) the definition of "Participant" or the eligibility requirements for participating in the Plan;

(iii) the extension of any right of a Participant under the Plan beyond the date on which such right would originally have expired;

(d) No amendment, suspension or discontinuance of the Plan or of any granted Deferred Share Unit may contravene the requirements of the Stock Exchange or any securities commission or regulatory body to which the Plan or the Company is now or may hereafter be subject.

(e) If the Board terminates the Plan, no new Deferred Share Units (other than Deferred Share Units that have been granted but vest subsequently pursuant to Section 5.1) will be credited to the account of a Participant, but previously credited (and subsequently vesting) Deferred Share Units shall be redeemed in accordance with the terms and conditions of the Plan existing at the time of termination. The Plan will finally cease to operate for all purposes when the last remaining Participant receives the redemption price for all Deferred Share Units recorded in the Participant's account. Termination of the Plan shall not affect the ability of the Board to exercise the powers granted to it hereunder with respect to Deferred Share Units granted under the Plan prior to the date of such termination.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS TO THE COMPANY

No director or senior officer of the Company, proposed management nominee for election as a director of the Company or associate or affiliate of any such director, senior officer or proposed nominee is or has been indebted to the Company or any of its subsidiaries at any time during the Company's last completed financial year, other than routine indebtedness.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth in this Circular, no director, executive officer, shareholder who beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the outstanding Common Shares, or any known associate or affiliate of any such person, has or had any material interest, direct or indirect, in any transaction since the incorporation of the Company or in any proposed transaction, that has materially affected or will materially affect the Company or a subsidiary of the Company.

ADDITIONAL INFORMATION

Additional information regarding the Company is available on SEDAR at www.sedar.com and on the Company's website at www.fortunebaycorp.com. Financial information regarding the Company is provided in the Company's Consolidated Financial Statements and Management Discussion and Analysis ("**MD&A**"), mailed to those Shareholders who requested such information. The Company's Consolidated Financial Statements and MD&A for the year ended December 31, 2020, together with the auditor's report thereon, and this Circular may be obtained from the Secretary of the Company upon request.

DIRECTORS' APPROVAL

The Board of Directors has approved the contents of this Circular and has authorized it to be sent to shareholders.

DATED at Halifax this 19th day of May, 2021.

Signed "*Wade K. Dawe*"

Wade K. Dawe, Executive Officer

APPENDIX A
CHARTER OF THE AUDIT COMMITTEE OF FORTUNE BAY CORP.

This Charter shall govern the activities of the audit committee (the "**Audit Committee**") of the board of directors (the "**Board**") of Fortune Bay Corp. (the "**Corporation**").

1. BACKGROUND

- 1.1 National Instrument 52-110 — *Audit Committees* (the "**Instrument**") relating to the composition and function of audit committees was implemented for reporting issuers and, accordingly, applies to every TSX Venture Exchange listed company, including the Corporation. The Instrument requires all affected issuers to have a written audit committee charter which must be disclosed, as stipulated by Form 52-110F2, in the management information circular of the Corporation wherein management solicits proxies from the security holders of the Corporation for the purpose of electing directors to the board of directors. The Corporation, as a TSX Venture Exchange-listed company is, however, exempt from certain requirements of the Instrument.
- 1.2 This Charter has been adopted by the board of directors in order to comply with the Instrument and to more properly define the role of the Audit Committee in the oversight of the financial reporting process of the Corporation. Nothing in this Charter is intended to restrict the ability of the Board or the Audit Committee to alter or vary procedures in order to comply more fully with the Instrument, as amended from time to time.

2 PURPOSE

- 2.1 The primary function of the Audit Committee is to assist the Board in fulfilling its financial reporting and controls responsibilities to the shareholders of the Corporation and the investment community. The external auditors will report directly to the Audit Committee. The Audit Committee's primary duties and responsibilities are:
- (a) overseeing the integrity of the Corporation's financial statements and reviewing the financial reports and other financial information provided by the Corporation to any governmental body or the public and other relevant documents and overseeing the Corporation's compliance with legal and regulatory requirements, including the Instrument;
 - (b) recommending the appointment and reviewing and appraising the audit efforts of the Corporation's external auditor, overseeing the external auditor's qualifications and independence and providing an open avenue of communication among the external auditor, financial and senior management and the Board;
 - (c) serving as an independent and objective party to oversee and monitor the Corporation's financial reporting process and internal controls, the Corporation's processes to manage business and financial risk, and its compliance with legal, ethical and regulatory requirements;
 - (d) encouraging continuous improvement of, and fostering adherence to, the Corporation's policies, procedures and practices at all levels.

3 COMPOSITION

- 3.1 The Audit Committee shall consist of a minimum of three Directors of the Corporation, including the Chair of the Audit Committee, all of whom shall meet the requirements of the Instrument. All

members should be, to the extent possible, to the satisfaction of the Board, be "financially literate" as defined in the Instrument. A majority of the members of the Audit Committee shall be "independent" as defined in the Instrument.

3.2 The members of the Audit Committee shall be elected by the Board at the annual organizational meeting of the Board or until their successors are duly elected. The Board may remove a member of the Audit Committee at any time in its sole discretion by resolution of the Board. Unless a Chair is elected by the full Board, the members of the Audit Committee may designate a Chair by majority vote of the full membership of the Audit Committee.

4 DUTIES AND RESPONSIBILITIES

4.1 The Audit Committee shall review and recommend to the Board for approval:

- (a) The annual audited consolidated financial statements.
- (b) Review with financial management and the external auditor the Corporation's financial statements, MD&A and annual and interim earnings releases to be filed with regulatory bodies such as securities commissions prior to filing or prior to the release of earnings, as well as financial information and earnings guidance provided to analysts and rating agencies.
- (c) Documents referencing, containing or incorporating by reference the annual audited consolidated financial statements or interim financial results (e.g., prospectuses, press releases with financial results and Annual Information Form when applicable) prior to their release.
- (d) Adequacy of this charter and revisions thereto as necessary.

4.2 The Audit Committee, in fulfilling its mandate, will:

- (a) Satisfy itself that adequate internal controls and procedures are in place to allow the Chief Executive Officer and the Chief Financial Officer to certify financial statements and other disclosure documents as required under securities laws. Review with management relationships with regulators, and the accuracy and timeliness of filing with regulatory authorities (when and if applicable).
- (b) Recommend to the Board the selection of the external auditor, consider the independence and effectiveness and approve the fees and other compensation to be paid to the external auditor. Review the performance of the external auditor and approve any proposed discharge and replacement of the external auditor when circumstances warrant. Review the annual audit plans of the internal and external auditors of the Corporation and discuss any significant changes required in the audit plan.
- (c) Monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor and discussing any material differences of opinion or disagreements between management and the external auditor.
- (d) Periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the organization's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.
- (e) Arrange for the external auditor to be available to the Audit Committee and the full Board as needed. Ensure that the auditor's report directly to the Audit Committee and are made accountable to the Board and the Audit Committee, as representatives of the shareholders to whom the auditors are ultimately responsible.

- (f) Ensure that the external auditors are prohibited from providing the following non-audit services and pre-approve any permissible non-audit engagements of the external auditors, in accordance with applicable legislation:
 - i. bookkeeping or other services related to the accounting records or financial statements of the Corporation;
 - ii. financial information systems design and implementation;
 - iii. appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
 - iv. actuarial services;
 - v. internal audit outsourcing services;
 - vi. management functions or human resources;
 - vii. broker or dealer, investment adviser or investment banking services; legal services and expert services unrelated to the audit; and
- (g) Review with management and the external auditor of the Corporation's major accounting policies, including the impact of alternative accounting policies and key management estimates and judgments that can materially affect the financial results.
- (h) Review with management their approach to controlling and securing corporate assets (including intellectual property) and information systems, the adequacy of staffing of key functions and their plans for improvements.
- (i) Review the expenses of the Chair and President of the Corporation annually.
- (j) Obtaining reports from management and the Corporation's external auditor that the Corporation is in conformity with legal requirements and the Corporation's Code of Ethics and Conduct (if applicable) and reviewing reports and disclosures of insider and related party transactions.
- (k) At least annually obtaining and reviewing a report prepared by the external auditors describing (i) the auditors' internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the auditors, or by any inquiry of investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditors, and any steps taken to deal with any such issues; and (iii) (to assess the auditors' independence) all relationships between the independent auditors and the Corporation.
- (l) Setting clear hiring policies for partners, employees or former partners and former employees of the present and former external auditors of the Corporation.
- (m) Reporting annually to the shareholders in the Corporation's Management Information Circular prepared for the annual meeting of shareholders on the carrying out of its responsibilities under this charter and on other matters as required by applicable securities regulatory authorities.
- (n) Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters, and for employees to submit confidential anonymous concerns regarding questionable accounting or auditing matters.
- (o) Perform such other duties as required by the Corporation's incorporating statute and applicable securities legislation and policies.

4.3 The Audit Committee may engage and communicate directly and independently with outside legal and other advisors for the Audit Committee as required.

5 SECRETARY

5.1 The Secretary of the Audit Committee will be appointed by the Chair.

6 MEETINGS

6.1 The Audit Committee shall meet at such times and places as the Audit Committee may determine, but no less than four times per year. In any event, the Audit Committee shall meet prior to the Corporation issuing a press release with its quarterly or annual earnings information. At least annually, the Audit Committee shall meet separately with management and with the external auditors.

6.2 Meetings may be conducted with members present, in person, by telephone or by video conference facilities.

6.3 A resolution in writing signed by all the members of the Audit Committee is valid as if it had been passed at a meeting of the Audit Committee.

6.4 The external auditors or any member of the Audit Committee may call a meeting of the Audit Committee.

6.5 The external auditors of the Corporation will receive notice of every meeting of the Audit Committee.

6.6 The Chairman of the Audit Committee will report periodically the committee's findings and recommendations to the Board of Directors.

7 QUORUM

7.1 A quorum is established with a minimum of two Audit Committee members.