



489 MacDougall Street Matheson, Ontario P0K 1N0

May 6, 2024

Dear Valued Shareholder,

You are cordially invited to attend the annual general and special meeting (the “**Meeting**”) of shareholders of Mayfair Gold Corp. (“**Mayfair**” or the “**Company**”) to be held on June 5, 2024 at 2:00 p.m. (Vancouver time) at 1200 Waterfront Centre, 200 Burrard St., Vancouver, BC, V7X 1T2. The Meeting has been called as a result of a requisition (the “**Requisition**”) made by MWCGOF SPV III LP, an investment fund controlled by Muddy Waters Capital LLC (“**Muddy Waters**”), to consider Muddy Waters’ proposal to remove the directors of the Company and replace them with four of Muddy Waters’ nominees (the “**Muddy Waters Nominees**”). Information provided in the attached information circular is provided as at May 6, 2024 unless otherwise noted.

**WE RECOMMEND VOTING AGAINST THE MUDDY WATERS NOMINEES**

**The Company’s board of directors (the “Board”) recommends that shareholders vote AGAINST the Muddy Waters Nominees, who are inexperienced, unqualified and without a business plan. The current Board has the experience, track record, and strategic vision to continue creating value for shareholders, and its consistent delivery on key objectives warrants reappointment for another year.**

As Chairman of Mayfair, I write this letter from an unusual position. I speak on behalf of a leadership team that has created significant value for our shareholders over the past three years and achieved results at the high end of our peer group. We nevertheless face the prospect of being unseated in favour of an alternative slate of directors with no relevant mining or public company experience, no specific or clear plan to advance our project, no substantive objections to the performance of the current team, and apparently no regard for the potential negative consequences inherent in the disruption they propose.

We fully respect the rights of shareholders to make their own decisions about the Company, and recognize that the dissident group has lined up significant support for its position. That being said, it is our fiduciary duty to act in the best interests of the Company. That duty requires us to ensure that all shareholders are fully informed about the choices available to them in a vote which will have major consequences for the future of the Company.

## THE EXISTING TEAM HAS EXECUTED EFFECTIVELY WITH POSITIVE RESULTS

It is useful to summarize the progress made since Mayfair acquired the Fenn-Gib gold project in 2020. Most notably, we have grown the indicated mineral resource by 63%, from 2.08 million ounces of gold<sup>1</sup> to 3.38 million ounces<sup>2</sup>. Based on continuing positive drill results, Mayfair has provided guidance that it expects to grow the Fenn-Gib mineral resource estimate to approximately 4 million ounces by the end of 2024. That result was achieved through the rigorous and disciplined application of proven mining exploration and development strategies and the exercise of professional judgement by the experienced management team.

Mayfair acquired Fenn-Gib for \$14 million plus a 1% royalty. Since that purchase, we have invested approximately \$18.5 million on mineral resource drilling, adding gold ounces at a drilling cost of less than US\$10 per ounce. This represents significant value creation reflected in a market capitalization today of approximately \$249 million.

Key accomplishments that have enabled this growth in the mineral resource and de-risked the Fenn-Gib Project have included the following:

- Completion of more than 200,000 metres of drilling to help expand and define the deposit.
- Completion of geotechnical and hydrogeology studies confirming the potential to extend the Fenn-Gib open-pit to below 550 metres, exceeding previous expectations. The studies were prepared to pre-feasibility study (“PFS”) standards, in support of the next phase of study.
- Completion of metallurgical studies that project overall gold recoveries of 94%, well in excess of the 74% recoveries projected by previous owners of Fenn-Gib. This study was also prepared to PFS standards.
- Two new discoveries at the Footwall Zone and Contact Zone, both immediately adjacent to the main Fenn-Gib deposit.
- Ongoing baseline environmental studies to confirm that there are no species at risk within the project area.
- Most recently, the initiation of the PFS in March 2024 to build upon the work already completed and further define development options for the project.

All of the above-noted steps are prerequisites for the permitting and environmental assessment process expected to commence in 2025. While certain of the milestones were reached slightly later than originally anticipated, any delays were associated with additional work which led directly to more thorough analyses and meaningful growth in the mineral resource estimate. I am confident anyone with advanced exploration and mining operations

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<sup>1</sup> At an average grade of 0.921 grams per tonne (see the Company’s technical report titled “*NI 43-101 Technical Report Fenn-Gib Project Ontario, Canada*” with an effective date of December 31, 2020).

<sup>2</sup> At an average grade of 0.93 grams per tonne (see the Company’s technical report titled “*National Instrument 43 101 Technical Report Fenn-Gib Project, Ontario, Canada*” with an effective date of April 6, 2023).

experience would recognize that every development-stage project sees variations in timing, and that the exploration programs at Fenn-Gib have been executed effectively.

Until quite recently, Muddy Waters appeared to agree. Upon purchasing 1,714,000 common shares of Mayfair for \$1.75 per share in a private placement last June, they supplied the following quote for publication in the news release the Company issued on June 8, 2023:

*Mr. Carson Block, Chief Investment Officer of Muddy Waters Capital, noted: “Consistent with our strategy of identifying resources with outstanding potential, we have invested in Mayfair because its Fenn-Gib project has the rare combination of scale, surrounding infrastructure, and the stability of Canada. CEO Patrick Evans and his team have done an excellent job developing the resource.” (Emphasis added.)*

By the time Muddy Waters announced its intention to reconstitute our Board on March 19, 2024, those shares had appreciated in value by approximately 22%. Muddy Waters continued to increase its holdings in the Company by purchasing 2.33 million more shares between June and September of 2023, according to its regulatory filings, and a further 2.52 million shares since that time

#### **SUCCESSFUL EXECUTION HAS BEEN REFLECTED IN THE COMPANY’S VALUATION**

The achievements outlined above have been recognized by investors, resulting in solid returns for our shareholders.

- **Superior share price performance.** Over the past year, the Company is among the top-performing gold stocks among Canadian gold mining exploration and development companies. The Company’s share price is up approximately 27%, compared to the average of its peer group<sup>3</sup> which are down approximately 19%. Notably the Company’s share price has outperformed the increase in the price of gold, which only saw a 17% increase during the same time period.
- **Premier valuation.** The Company has a price to net asset value multiple of 0.56 which far exceeds its peer group average of 0.26. Similarly, on an enterprise value per ounce basis, the Company’s Common Shares trade at \$72 per ounce which is well above the peer group average of \$39 per ounce.
- **Access to capital and share price resilience.** The Company has been successful in accessing equity capital to fund the development of the Fenn-Gib Project, raising net proceeds of \$23.4 million in 2023. At the closing share price as of the date of the Information Circular of \$2.44 the Company’s common shares (“**Common Shares**”) are trading above the last Common Share issue price of \$2.10 (November 11, 2023 private placement) and \$1.75 (June 8, 2023 private placement).

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<sup>3</sup> The Company’s peer group includes: Osisko Mining Inc., Skeena Resources Limited, Probe Gold Inc., Tudor Gold Corp., Troilus Gold Corp., O3 Mining Inc., STLLR Gold Inc., First Mining Gold Corp., Fury Gold Mines Limited, Northern Superior Resources Inc., Radisson Mining Resources Inc., Cartier Resources Inc., Cassiar Gold Corp., Treasury Metals Inc., and Talisker Resources Ltd.

Mayfair Gold has clearly been a top performer. It is more common to see underperforming and undervalued companies attract the attention of dissident shareholders, rather than top performers.

#### **APPOINTING THE MUDDY WATERS NOMINEES WOULD INTRODUCE SUBSTANTIAL RISKS**

Shareholders should be aware of the material risks to the Company and to the value of their investment if they vote to replace the current Board with the Muddy Waters Nominees. To the knowledge of the Company, none of the Muddy Waters Nominees have experience as a director or officer of a Canadian public company or experience operating a mining or mineral exploration company.

Mining is a challenging business, where success is achieved on the ground by experienced operating teams, not on a spreadsheet. It requires a management team of proven project operators and knowledgeable, industry-focused directors with deep mining and exploration experience. It requires people who have demonstrated that they can create asset value and act in the best interest of the Company and its stakeholders. None of the Muddy Waters Nominees match the experience of Patrick Evans, Christopher Reynolds, Douglas Cater and myself (the “**Company Nominees**”). The Company Nominees have held operational or executive roles at more than 23 mining companies for a collective total of 90 years, and director positions at another 27 publicly traded mining companies.

The potential consequences of replacing proven directors with untried newcomers include the following:

- **Delisting of the Company’s shares.** The TSX Venture Exchange (the “**TSXV**”) requires directors have (a) adequate experience and technical expertise relevant to an issuer’s business and industry, and (b) adequate reporting issuer experience in Canada or a similar jurisdiction. The Muddy Waters Nominees have neither the public company nor the technical expertise required to meet the TSXV’s minimum requirements for directors. The TSXV further specifies that the majority of members of an issuer’s audit committee must not be officers, employees or control persons of the issuer or any of its associates or affiliates. The Muddy Waters Nominees would not satisfy this requirement due to their ties to Muddy Waters, which is an associate of the Company as a result of its shareholdings. These deficiencies create a risk of the Company being de-listed for failing to comply with the TSXV’s policies. The result would be a loss of liquidity for shareholders.
- **Loss of entire management team and change of control payments.** Like many other Canadian public mining company executives, Mayfair’s senior management have employment contracts which permit them to terminate their employment with the Company and receive a change of control payment at any time following a change of control. On May 1, 2024, Mayfair’s management team advised the Board that the actions of Muddy Waters constituted a change of control and that management would terminate their employment with the Company and require change of control payments to be made. The Board subsequently entered into arrangements for the management team to remain with the Company through the Meeting, to provide for continuity of operations. However, management has been extremely clear that following the Meeting, they are unwilling to continue their employment with the Company if the Board is comprised of inexperienced

Muddy Waters Nominees. Muddy Waters has not indicated whether they have a new management team in place to oversee the Company's operations following the Meeting. The loss of the Company's senior-level talent could set back the development of the Fenn-Gib Project materially and risk a delisting by the TSXV. In addition, the resulting change of control payments – which total approximately \$4.0 million – would deplete the treasury of funds that could be better spent on advancing the Fenn-Gib Project and may necessitate additional, potentially dilutive, financing.

- **Loss of foreign private issuer status.** According to the Requisition, three of the four Muddy Waters Nominees are resident in the United States. This risks the Company losing its foreign private issuer status under United States federal securities laws which may require the Company to incur additional expenses associated with compliance with the United States securities laws applicable to United States domestic issuers.
- **Damage to community relationships.** Mayfair currently enjoys a positive relationship with the Apitipi Anicinapek Nation (the “AAN”) on whose territory the Fenn-Gib Project is located. The Company has respected the rights and jurisdiction of the First Nation, understanding that this must be done to succeed in an era of de-colonialism and reconciliation. The Muddy Waters Nominees have not provided any plan for advancing the operations of the Company or maintaining the Company's integral relationship with AAN. To the knowledge of the Company, Muddy Waters has not consulted or engaged with the First Nation government during this proxy contest. Mayfair's work program on the Fenn-Gib Project is only possible under the terms of an exploration agreement between the Company and the AAN, one that honours AAN's role, rights and voice. In a recent meeting with management, the leadership of the AAN expressed deep concerns about the future of the relationship and this project, given the lack of contact from Muddy Waters and its lack of experience dealing with First Nations in today's climate of reasserting control. Replacing the Board with the Muddy Waters Nominees puts the Company at risk of losing the support of the local Indigenous communities and impeding development.
- **Fundamental skillset mismatch.** Muddy Waters operates as an investment research firm with a history as an activist short seller and with no technical mineral exploration or development experience. As a short seller, Muddy Waters profits when its targets' share values fall, typically in the wake of a negative research report. The skillset of the Muddy Waters Nominees as financial actors who take advantage of short-term downswings in a company's share price is very different from, indeed almost antithetical to, the long-term outlook and highly technically geoscience and engineering skill-sets needed to advance a mine development project and ultimately create value for shareholders.
- **Jeopardizing further value creation.** Given the lack of mining industry experience of the Muddy Waters Nominees and their lack of any business plan, it is reasonable to surmise that further value creation for Mayfair shareholders may be jeopardized. We believe there is significant additional value to be created by continuing to pursue our proven strategy for developing the Fenn-Gib Project, including continued resource expansion and exploration drilling to potentially expand the current resource base and make new discoveries, continued baseline environmental studies in preparation for permitting, and completing the recently commissioned pre-feasibility engineering study.

Shareholders may forego considerable upside in their share price if these value-enhancing milestones are not achieved.

A central goal of a development-stage mining company is to increase value by de-risking the assets. We believe introducing material risks for no discernible gain is contrary to the best interests of shareholders.

For full details regarding the risks associated with the Muddy Waters Nominees, please see “*Muddy Waters Nominees*”.

#### **WE ARE COMMITTED TO GOOD GOVERNANCE**

Our Board takes corporate governance seriously. That includes endeavouring to have sound policies in place, and to administer them faithfully and in the best interests of the Company.

We continue to follow the compensation policies that were put in place prior to the Company’s initial public offering (“**IPO**”) in early 2021 by the Company’s two co-founders, Henry Heeney and Sean Pi (the “**Co-founders**”). While the Co-founders have now committed to support Muddy Waters at the upcoming Meeting, we note that neither of them had previously objected to these or any other governance policies, nor to the way they have been implemented. Mr. Pi was a director at the time of the most recent grant of incentive stock options on November 14, 2023; in fact, he was granted 125,000 options at that time, the same number as the other independent directors. Muddy Waters now suggests that the “excessive distribution of options” has been problematic. The Board’s view continues to be that the use of incentive options has served its intended purpose of recruiting, retaining and rewarding top talent and aligning their interests with those of shareholders.

The current directors and officers are largely unchanged from the roster that was recruited in 2020 during the lead-up to the IPO. The Co-founders and their advisors at the time recognized that investors would expect a team with deep mining experience to be at the helm to lead the advancement and development of an unproven asset. That team has delivered on, and in many cases, exceeded expectations and has been re-elected with resounding support from shareholders at each annual meeting.

While Muddy Waters is now trying to remove me as Chair of the Company’s Board, they previously supported me. In early 2021, Muddy Waters, together with K2 & Associates Investment Management Inc. (“**K2**”), led a proxy contest to reconstitute the board of directors of GT Gold Corp. (the “**GT Gold Proxy Contest**”). On January 25, 2021, Muddy Waters announced that it intended to vote in favour of the slate of directors proposed by K2, a slate on which I was included. Presumably Muddy Waters had a different view of my reputation and qualifications when it looked to support my appointment during the GT Gold Proxy Contest. The Board believes Muddy Waters had it right in 2021 when it saw my years of industry experience and trusted judgement and there is no reason why I should not continue to be Chair of the Board now. I have been advised that I continue to have the full support of Management and the rest of the Board.

There is no attempt by the Board to entrench itself, and the Board and management welcomes ongoing engagement with shareholders. In response to Muddy Waters’ letter received March 14, 2024, the Board indicated a willingness to consider Darren McLean’s candidacy

as part of a comprehensive and proactive process to identify suitable candidates for recruitment to the Board. Muddy Waters refused and demanded Mr. McLean be immediately appointed as a director and Chair of the Board despite not providing any *bona fides* of Mr. McLean and Mr. McLean never having served as a director or officer of a Canadian public company.

The Board does not believe it is in the best interest to blindly follow the wishes of a few shareholders and impulsively replace an experienced and long-standing Chair of the Board with an unknown and unqualified candidate.

Corporate governance is not just about setting policies; it is also about charting a strategic course for the Company, and measuring management's performance against that strategy. While there is always room to update and improve upon a strategy, the solution cannot be the absence of any plan at all. It is a well-established principle that those who seek to gain control of a public company bear the onus of articulating the strategy they intend to pursue. As noted previously in this letter, Muddy Waters has been silent on this crucial matter.

Another established principle is that those who seek to gain control of a public company should pay a change of control premium to the other shareholders. Muddy Waters seeks full control of the Board, but has made no offer to minority shareholders.

The Board and management remain committed to good governance and value creation and remain focused on progressing the Company's flagship asset, the 100% controlled Fenn-Gib Project in the Timmins region of Northern Ontario. The Board recommends that you allow it to continue to create substantial value for shareholders and develop this asset and vote **FOR** the Company Nominees.

Thank you for your continued support.

Very truly yours,

*(signed) "Harry Pokrandt"*

Harry Pokrandt  
Chairman

## SCIENTIFIC AND TECHNICAL INFORMATION

Except as otherwise indicated, scientific and technical information contained in this Letter to Shareholders, has been derived, in part, from the Company's technical report titled "National Instrument 43 101 Technical Report Fenn-Gib Project, Ontario, Canada" with an effective date of April 6, 2023 and reviewed and approved by Tim Maunula, an independent "qualified person" pursuant to National Instrument 43-101 – *Standards of Disclosure for Mineral Project*.

### CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

This Letter to Shareholders contains forward-looking information which reflects management's expectations regarding the Company's growth, results of operations, performance and business prospects and opportunities, including the Requisition, the timing and completion of the PFS, the Company's expectations that it will grow the Fenn-Gib mineral resource estimate to 4 million ounces by the end of 2024, the potential to extend the Fenn-Gib open-pit to below 550 metres, the Board's future relationship with local communities including the Apitipi Anicinapek Nation, the change of control rights under certain of the Company's employment agreements and payments made in connection therewith, and the Board's recommendation with respect to the election of directors at the Meeting. The use of words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", "outlook", "forecast" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements in this Letter to Shareholders include, but are not limited to, the Company's expectation of future activities and results, of its working capital needs and its ability to identify, evaluate and pursue suitable business opportunities. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in these forward-looking statements. Readers should not put undue reliance on forward-looking information.

Forward-looking information is based on various assumptions including, without limitation, the expectations and beliefs of management, the assumed long-term price of gold; that the Company can access financing, appropriate equipment and sufficient labour and that the political environment where the Company operates will continue to support the development and operation of mining projects. Should underlying assumptions prove incorrect, or one or more of the risks and uncertainties described below materialize, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

Forward-looking information is subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking information, including, without limitation, risks and uncertainties relating to foreign currency fluctuations; risks inherent in mining including environmental hazards, industrial accidents, unusual or unexpected geological formations, ground control problems and flooding; delays or the inability to obtain necessary governmental permits or financing; risks associated with the estimation of mineral resources and reserves and the geology, grade and continuity of mineral deposits; the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; the potential for and effects of labor



disputes or other unanticipated difficulties with or shortages of labor or interruptions in production; failure of plant, equipment or processes to operate as anticipated; actual minerals mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses, gold price fluctuations; uncertain political and economic environments; changes in laws or policies, expenses and delays related to the Meeting, matters pertaining to Muddy Waters' behaviour, the loss of senior management and employees upon a change of control, loss of social license with local communities including the Apitipi Anicinapek Nation, and other risks and uncertainties.

Historical results of operations and trends that may be inferred from the above discussions and analysis may not necessarily indicate future results from operations. The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise, other than as required under applicable securities laws.