



**FORTRESS
MINERALS CORP.**

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The annual general meeting (the "**Meeting**") of the shareholders of **FORTRESS MINERALS CORP.** (the "Corporation") will be held at the offices of the Corporation at Suite 2101, 885 West Georgia Street, Vancouver, British Columbia, on Tuesday, the 21st day of June, 2011, at the hour of 10:00 a.m. (PST) for the following purposes:

1. To receive the audited consolidated financial statements of the Corporation for the year ended December 31, 2010, together with the report of the auditors thereon;
2. To appoint auditors for the Corporation for the ensuing year, at a remuneration to be fixed by the directors of the Corporation;
3. To set the number of directors at five (5);
4. To elect directors for the ensuing year;
5. To ratify and approve the Corporation's rolling stock option plan; and
6. To consider amendments to or variations of any matter identified in this Notice of Meeting.

This Notice is accompanied by a management information circular and a form of proxy. The audited consolidated financial statements and accompanying management discussion and analysis of the Corporation for the year ended December 31, 2010, was filed via SEDAR at www.sedar.com and mailed to those shareholders who requested same on March 29, 2011.

If you are a *registered shareholder* of the Corporation and are unable to attend the Meeting in person, please complete, sign, date and return the enclosed form of Proxy either in the addressed envelope enclosed to Proxy Department, Computershare Investor Services Inc. of Canada, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, or by fax to 1-866-249-7775. Proxies must be received not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the Meeting or any adjournment thereof.

If you are a *non-registered shareholder* of the Corporation and receive these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or such other intermediary. **If you are a non-registered shareholder and do not complete and return the materials in accordance with such instructions, you may not be entitled to vote at the Meeting, either in person or by proxy.**

If you have any questions about the procedures required to qualify to vote at the Meeting or about obtaining, completing and depositing the required form of proxy, you should contact Computershare Investor Services Inc. by telephone (toll free within North America) at 1-800-564-6253 or 1-514-982-7555 for international callers or by e-mail at service@computershare.com.

DATED at Vancouver, British Columbia the 18th day of May, 2011.

BY ORDER OF THE BOARD

(Signed) Lukas H. Lundin
President and CEO



MANAGEMENT INFORMATION CIRCULAR
(as at May 18, 2011, unless otherwise noted)

SOLICITATION OF PROXIES

This Management Information Circular ("**Circular**") is furnished in connection with the solicitation by the management of FORTRESS MINERALS CORP. (the "**Corporation**") of proxies to be voted at the annual general meeting of shareholders of the Corporation to be held at 10:00 a.m. (PST) on Tuesday, June 21, 2011, at the offices of the Corporation at Suite 2101, 885 West Georgia Street, Vancouver, British Columbia, and any adjournment thereof (the "**Meeting**").

Management's solicitation of proxies will be conducted primarily by mail and may be supplemented by telephone or other means of communication to be made without special compensation by directors, officers and regular employees of the Corporation or by the Corporation's registrar and transfer agent. The Corporation may retain other persons or companies to solicit proxies on behalf of management, in which event customary fees for such services will be paid. All costs of solicitation will be borne by the Corporation.

Unless the context otherwise requires, references herein to the "Corporation" mean the Corporation and its subsidiaries. The principal executive office of the Corporation is located at Suite 2101, 885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3E8. The registered and records office of the Corporation is located at Suite 2610, Oceanic Plaza, 1066 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3X1. The Corporation's website address is www.fortressminerals.com. The information on that website is not incorporated by reference into this Circular.

Unless otherwise indicated, all monetary amounts referred to herein are stated in Canadian dollars. All references herein to "Common Shares" refer to the common shares of the Corporation as consolidated on a one (1) new for every twenty (20) old basis effected on December 1, 2010. .

APPOINTMENT OF PROXYHOLDER AND VOTING BY PROXY

The individuals named in the accompanying form of proxy (the "Proxy") are directors or officers of the Corporation (the "Management Proxyholders"). **A shareholder wishing to appoint a person or company other than Management Proxyholders to attend and act for the shareholder and on the shareholder's behalf at the meeting has the right to do so, by striking out the names of the Management Proxyholders and by inserting the desired person's or company's name in the blank space provided in the proxy, or by executing a proxy in a form similar to the enclosed form. In either case, the completed form of proxy must be delivered to Computershare prior to the Meeting or any adjournment thereof. A proxyholder need not be a shareholder.**

You can choose to vote your common shares by proxy by mail, by telephone or on the Internet. If you vote your common shares by proxy by mail, completed forms of proxies must be delivered to the Corporation's transfer agent, Computershare Investor Services Inc. ("Computershare"), at Proxy Department, at 100 University Avenue, 9th Floor, Toronto, Ontario, Canada M5J 2Y1, in the envelope provided for that purpose. Telephone and Internet voting can also be completed 24 hours a day, 7 days a week. For telephone voting call 1-866-732-VOTE (8683) (toll free in Canada and the United States) from a touch-tone telephone and follow the voting instructions. International holders wishing to vote by telephone can dial 312-588-4290 to place their vote. If you vote by telephone, you cannot appoint anyone other than the appointees named on the proxy form as your proxyholder. For internet voting, go to www.investorvote.com and follow the instructions on the screen. For either telephone or internet voting, you will need your 15 digit control number which is noted on your proxy form. Duly completed forms of proxy or a vote using the telephone or over the Internet must be completed no later than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting, or any adjournment thereof, unless the chairman of the Meeting elects to exercise his discretion to accept

proxies subsequently received.

If you are a Beneficial Shareholder and receive these materials through your broker or through another intermediary, please complete and return the form of proxy in accordance with the instructions provided by your broker or other intermediary.

NON-REGISTERED HOLDERS OF COMMON SHARES

The information set forth in this section is of significant importance to many shareholders as a substantial number of shareholders do not hold securities of the Corporation in their own name. Shareholders who hold their securities through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their securities in their own name (referred to in this Circular as "**Beneficial Shareholders**") should note that only proxies deposited by shareholders who appear on the records maintained by the Corporation's registrar and transfer agent as registered holders of voting securities will be recognized and acted upon at the Meeting. If voting securities are listed in an account statement provided to a Beneficial Shareholder by a broker, those voting securities will, in all likelihood, not be registered in the shareholder's name. Such voting securities more likely will be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name of the Canadian Depositary for Securities which acts as nominee for many Canadian brokerage firms). Voting securities held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their voting securities are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the instrument of proxy provided directly to registered shareholders by the Corporation and is commonly referred to as a "**voting instruction form**". However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. ("**Broadridge**") (formerly known as ADP Investor Communications) in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails such forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote their securities directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of securities must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the securities voted. If you have any questions respecting the voting of securities held through a broker or other intermediary, please contact that broker or other intermediary promptly for assistance.** Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting securities registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the securities in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their securities 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 to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**

REVOCATION OF PROXIES

A registered shareholder who has given a Proxy may revoke it by an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing or, if the shareholder is a corporation, by a duly authorized officer or

attorney of the corporation, and delivered either to the registered office of the Corporation at Suite 2610, Oceanic Plaza, 1066 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3X1, at any time up to and including the last business day preceding the day of the Meeting or any adjournment of it or to the chair of the Meeting on the day of the Meeting or any adjournment of it. **Only registered shareholders have the right to revoke a Proxy. Beneficial Shareholders who wish to change their vote must, at least seven days before the Meeting, arrange for their respective intermediaries to revoke the Proxy on their behalf.** A revocation of a Proxy does not affect any matter on which a vote has been taken prior to the revocation.

EXERCISE OF DISCRETION

The enclosed Proxy, when properly completed and delivered and not revoked, gives discretionary authority to the persons named therein with respect to any amendments or variations of matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. As at the date of this Circular, management of the Corporation knows of no such amendment, variation or other matter that may be presented to the Meeting.

If a shareholder does not specify a choice and the shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No director or executive officer of the Corporation, nor any person who has held such a position since the beginning of the last completed financial year end of the Corporation, nor any nominee for election as a director of the Corporation, 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 directors, the appointment of auditors and the ratification and approval of the Corporation's rolling stock option plan and as otherwise may be set out herein.

RECORD DATE

Shareholders registered as at May 17, 2011 (the "Record Date") are entitled to attend and vote at the Meeting. Shareholders who wish to be represented by proxy at the Meeting must, to entitle the person appointed by the Proxy to attend and vote, deliver their Proxies at the place and within the time set forth in the notes to the Proxy.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Common Shares of which 14,831,768 Common Shares are issued and outstanding as at the date hereof. Each Common Share is entitled to one vote.

To the knowledge of the directors and executive officers of the Corporation, the following persons beneficially own, directly or indirectly, or exercise control or direction over, directly or indirectly, 10% or more of the issued and outstanding Common Shares of the Corporation:

Name	Number of Common Shares	Percentage
Zebra Holdings and Investments S.à.r.l. ("Zebra") ⁽¹⁾	2,769,825	18.7%
Lorito Holdings S.à.r.l. ("Lorito") ⁽¹⁾	3,009,167	20.3%

⁽¹⁾ Lorito and Zebra, who report their security holdings as joint actors, are private corporations owned by a trust whose settler is the Estate of Adolf H. Lundin. Together, Lorito and Zebra hold a total of 5,778,992 Common Shares, which represents approximately 39.0% of the current issued and outstanding Common Shares.

MATTERS TO BE PRESENTED BEFORE THE MEETING

Appointment and Remuneration of Auditors

The directors of the Corporation recommend the re-appointment of Davidson & Company LLP, Chartered Accountants, Vancouver, British Columbia, as auditors of the Corporation to hold office until the termination of the next annual meeting of the shareholders of the Corporation. Davidson and Company LLP, Chartered Accountants have served as auditors of the Corporation since June 27, 2003. As in past years, it is proposed that the remuneration to be paid to the auditors be determined by the directors of the Corporation.

The persons named in the accompanying Proxy, if not expressly directed to the contrary in such Proxy, will vote the Common Shares in respect of which they have been appointed proxyholder for the re-appointment of Davidson & Company LLP, Chartered Accountants, as auditors of the Corporation at remuneration to be determined by the Board.

Election of Directors

Directors are elected annually. At the Meeting, shareholders will be asked to pass an ordinary resolution to set the number of directors at five (5) and the five (5) persons named hereunder will be proposed for election as directors of the Corporation (the "Nominees"). Unless authority to vote is withheld, the shares represented by the proxies hereby solicited will be voted by the persons named therein **FOR** the election of the Nominees whose names are set forth below. All of the Nominees are presently members of the Board, with the exception of Mr. Adam Lundin. Management does not contemplate that any nominee will be unable or unwilling to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote **FOR** another nominee in their discretion, unless the shareholder has specified in the accompanying form of proxy that such shareholder's shares are to be withheld from voting on the election of directors.

The following table and notes thereto state the name of the Nominees proposed for nomination by management for election as a director; all other positions and offices with the Corporation, now held by each of them, if any; their principal occupation or employment; their period or periods of service as a director of the Corporation; and the approximate number of shares of the Corporation beneficially owned directly or indirectly by each of them or over which each of them exercises control or direction:

Name, Position held with the Corporation and Jurisdiction of Residence	Period of Service as a Director ⁽¹⁾	Common Shares Beneficially Owned or Controlled or Directed, Directly or Indirectly ⁽²⁾	Present Principal Occupation, Business or Employment ⁽²⁾
Ron F. Hochstein Chairman Coquitlam, British Columbia	May 25/04 to present	19,250	President and CEO, Denison Mines Corp.
Lukas H. Lundin President and Chief Executive Officer Vancouver, British Columbia	May 23/08 to present	278,750	President and Chief Executive Officer of the Corporation; Director of a number of other publicly traded resource-based companies
Ian Gibbs Surrey, British Columbia	June 10/05 to present	12,500	Chief Financial Officer, Africa Oil Corp.
James K. Cambon Vancouver, British Columbia	March 28/06 to present	Nil	Vice President-Project Development of Hudson Resources

Name, Position held with the Corporation and Jurisdiction of Residence	Period of Service as a Director ⁽¹⁾	Common Shares Beneficially Owned or Controlled or Directed, Directly or Indirectly ⁽²⁾	Present Principal Occupation, Business or Employment ⁽²⁾
Adam I. Lundin Vancouver, British Columbia	N/A	7,000	November 2008 to present; trade processor - mutual funds, Odlum Brown Limited; prior thereto, post-secondary attendance at British Columbia Institute of Technology (mining and marketing management).

⁽¹⁾ With the exception of Mr. Adam Lundin, each of the above proposed nominees for election as directors was previously elected to his/her present term of office by a vote of shareholders of the Corporation at a meeting the notice of which was accompanied by a management information circular and have previously disclosed their principal occupations during the five preceding years in a prior management information circular.

⁽²⁾ The information as to principal occupation, business or employment and Common Shares beneficially owned, or controlled or direction, directly or indirectly, not being within the knowledge of the Corporation, has been furnished by the respective proposed nominees individually.

It is intended that on any ballot that may be called for relating to the election of directors, the shares represented by proxies in favour of a Management Proxyholder will be voted in favour of the election of each of the persons named above as directors of the Corporation, unless a shareholder has specified in its Proxy that the shareholder's Common Shares are to be withheld from voting in the election of directors. **Although management does not contemplate that any of the above nominees will be unavailable to stand for election or will decline to serve if elected, in the event of any vacancy among the nominees occasioned by an unexpected occurrence, the proxies given pursuant to this solicitation will be voted in favour of the remaining nominees and for such other substitute nominees as the Board of Directors (the "Board") may designate in such event, unless the shareholder has specified in the Proxy that its shares are to be withheld from voting in the election of directors.**

The Board does not have an executive committee. There are presently three committees of the Board; namely, the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee. The following table sets out the current members of such Committees:

Audit Committee ⁽¹⁾	Compensation Committee ⁽¹⁾	Corporate Governance and Nominating Committee ⁽¹⁾
Ian Gibbs (Chair) Eira M. Thomas James K. Cambon	Eira M. Thomas (Chair) Ian Gibbs James K. Cambon	Eira M. Thomas (Chair) Ron F. Hochstein Ian Gibbs

⁽¹⁾ Ms. Thomas will not be standing for re-election at the Meeting.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

To the knowledge of the Corporation, no proposed nominee for election as director is, at the date of this Circular, or was, within the 10 years before the date of this Circular, a director, executive officer or chief financial officer of any company (including the Corporation) that:

- (a) 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
- (b) 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.

For the purposes of the above section, “**order**” means:

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) 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.

Bankruptcies

To the knowledge of the Corporation, no proposed nominee for election as director:

- (a) is, as at the date of this Circular or has been within the 10 years before the date of this Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or became 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 the proposed nominee for election as director.

Penalties or Sanctions

To the knowledge of the Corporation, no proposed nominee for election as director, as at the date of this Circular, has been subject to:

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

AUDIT COMMITTEE AND NATIONAL INSTRUMENT 52-110, *AUDIT COMMITTEES (“NI 52-110”)* DISCLOSURE

The Audit Committee oversees the accounting and financial reporting processes of the Corporation and its subsidiaries and all audits and external reviews of the financial statements of the Corporation on behalf of the Board, and has general responsibility for oversight of internal controls, accounting and auditing activities of the Corporation and its subsidiaries. All auditing services and non-audit services to be provided to the Corporation by the Corporation’s auditors are pre-approved by the Audit Committee. The Audit Committee is responsible for examining all financial information, including annual and quarterly financial statements, prepared for securities commissions and similar regulatory bodies prior to filing or delivery of the same. The Audit Committee also oversees the annual audit process, quarterly review engagements, the Corporation’s internal accounting controls, the Code of Business Conduct and Ethics, any complaints and concerns regarding accounting, internal controls or auditing matters and the resolution of issues identified by the Corporation’s external auditors. The Audit Committee recommends to the Board the firm of independent auditors to be nominated for appointment by the shareholders and the compensation of the auditors. The Audit Committee meets a minimum of four times per year. The Audit Committee’s Charter is attached as Exhibit II to this Circular.

Composition of the Audit Committee

The members of the Audit Committee are Ian Gibbs, Eira Thomas and James Cambon. All of the members of the Audit Committee are independent and all are considered to be “financially literate” within the meaning of applicable Canadian securities regulations in that they each have 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 Corporation’s financial statements.

Relevant Education and Experience of Audit Committee Members

Each current member of the Audit Committee has extensive experience in dealing with financial statements, accounting issues, internal control and other related matters relating to public resource-based companies. The education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as a member of the Audit Committee are as follows:

Ian Gibbs	Mr. Gibbs holds a Bachelor of Commerce degree from the University of Calgary and is a member of the Canadian Institute of Chartered Accountants. Mr. Gibbs has spent over ten years working with public and private energy companies with international operations and has served as the Chief Financial Officer for several Canadian public oil companies since September 2004.
Eira M. Thomas ⁽¹⁾	Ms. Thomas is a geologist with approximately 20 years experience in the diamond industry. Ms. Thomas has served as an executive officer, director and audit committee member of several other public resource-based companies. Ms. Thomas also serves as a Director of the NT Chamber of Mines and is a director of the Prospectors and Developers Association of Canada (PDAC).
James K. Cambon	Mr. Cambon holds a Bachelor of Science (geology) from the University of Western Ontario. Mr. Cambon has attained financial experience and exposure to accounting and financial issues as an independent consultant, as well as his roles with other publicly-traded companies.

⁽¹⁾ Ms. Thomas will not be standing for re-election at the Meeting.

Audit Committee Oversight

Since the commencement of the Corporation’s most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor that was not adopted by the Board.

Reliance on Certain Exemptions

Since the commencement of the Corporation’s recently completed financial year, the Corporation has not relied on the exemptions contained in §2.4 (*De Minimis Non-audit Services*) or an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*) of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Audit Committee Charter attached as Exhibit II to this Circular.

External Auditor Service Fees (By Category)

The following table discloses the fees billed to the Corporation by its external auditor during the last two fiscal years ended December 31, 2009 and 2010.

Financial Year Ending	Audit Fees ⁽¹⁾	Audit Related Fees ⁽²⁾	Tax Fees ⁽³⁾	All Other Fees ⁽⁴⁾
December 31, 2010	\$81,600	\$16,830	Nil	Nil
December 31, 2009	\$91,764	\$20,000	Nil	Nil

Notes:

⁽¹⁾ The aggregate billed for audit services.

⁽²⁾ Pertains to assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and that are not disclosed in the "Audit Fees" column.

⁽³⁾ Pertains to profession services for tax compliance, tax advice and tax planning.

⁽⁴⁾ No fees were billed for professional services other than those listed in the other three columns.

Exemption

As a "venture issuer" (a company whose securities are not listed or quoted on any of the Toronto Stock Exchange, a market in the United States of America, or a market outside of Canada and the U.S.A.), the Corporation is exempt from the requirements of Part 3 (*Composition of the Audit Committee*), and Part 5 (*Reporting Obligations*), of NI 52-110. The Corporation has elected to comply with the requirements of Part 3 but is relying on the exemption provided for in Section 6.1 of NI 52-110 in relation to Part 5.

STATEMENT OF EXECUTIVE COMPENSATION

Named Executive Officers

For the purposes of this Circular, "Named Executive Officer" means: (a) each Chief Executive Officer, (b) each Chief Financial Officer, (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000; and (d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of that financial year.

During the financial year ended December 31, 2010, the Corporation had two Named Executive Officers (each a "NEO", and collectively, the "NEO's"), being: Lukas H. Lundin, President and Chief Executive Officer of the Corporation and Ryan Torvik, Chief Financial Officer of the Corporation.

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

The following compensation discussion and analysis describes the Corporation's policies and practices with respect to the compensation of its NEO's.

Overview of Compensation Philosophy

The Corporation's compensation philosophy is to structure remuneration packages that are sufficiently attractive to recruit, retain and motivate the kind of executives who will be instrumental in helping the Corporation achieve its short and long-term objectives, to provide executives with compensation that is in accordance with existing market standards generally, to align the interests of executive officers with those of the Corporation's shareholders and to link individual executive compensation to the performance of both the Corporation and the individual executive.

Compensation Committee

The Compensation Committee, on behalf of the Board, monitors compensation for the executive officers of the Corporation. The Compensation Committee currently has three members: Ms. Eira Thomas and Messrs. Ian Gibbs and James Cambon. All of the members of the Compensation Committee are independent. Since 2005, the Compensation Committee has maintained a mandate and meets as frequently as necessary in order to fulfill its responsibilities and in any event, at least annually.

The following is a summary description of the mandate and responsibilities of the Compensation Committee as it relates to NEO compensation:

- to review and approve corporate goals and objectives relevant to NEO compensation, including the evaluation and performance of the CEO in light of those corporate goals and objectives, and to make recommendations to the Board with respect to NEO compensation levels (including the award of any cash bonuses or share ownership opportunities);
- to consider the implementation of short and long-term incentive plans, including equity-based plans, proposed by management, to make recommendations to the Board with respect to these plans and to annually review such plans after their implementation; and
- to annually review any other benefit plans proposed by management and to make recommendations to the Board with respect to their implementation.

Performance Factors

Although no formal performance goals or benchmarks have been put in place for the NEOs, there are general factors that come into play when the members of the Compensation Committee are considering NEO compensation. These factors include, but are not limited to:

- the progression of the Corporation's projects;
- the Corporation's cash position;
- the NEO's individual contribution to the benefit of the Corporation;
- the long-term interests of the Corporation and its shareholders;
- the Board's assessment of each NEO's individual performance;
- the Corporation's share price, earnings per share and market capitalization; and
- the NEO's responsibilities, length of service and levels of compensation provided by industry competitors.

The Compensation Committee does not have a pre-determined, performance-based compensation plan but rather generally reviews the performance of the NEOs on at least a yearly basis. The Corporation's compensation structure is designed to reward performance and to be competitive with the compensation arrangements of other resource companies of similar size and scope of operations. The members of the Compensation Committee are all well-versed members of the resource industry and, as such, have intimate knowledge with respect to how their peers are compensating their respective NEOs. With each compensation award (i.e., salaries, cash bonuses or stock option grants), the Compensation Committee considers the industry as a whole and each member provides his or her input as to whether the compensation grant is fair to the NEO, the Corporation and its shareholders. Ultimately however, performance based reward has to be underpinned by the Corporation's ability to pay.

Recruiting and Retention

The Corporation recognizes that its compensation package has to be sufficient to attract and retain the right level of skill, expertise and talent in an increasingly competitive global market.

The structure of the remuneration package must be well-balanced across the short, medium and longer term elements, so that it is both attractive to the individual and cost effective for the Corporation. This balance is achieved by providing base salary at a reasonable median level as an anchor which makes the Corporation a realistic prospect for talented candidates. However, the short term incentive (discretionary bonuses) provides recruits with the opportunity to achieve superior total annual reward through their own delivery of excellence at individual and business levels. Finally, the longer term reward element (stock option grants), which is described in greater detail below, provides the opportunity to build ownership and growth in the medium and longer term future in line with the opportunities for success afforded to the shareholders.

Role of Management in Determining Compensation

The accountability for decisions on executive remuneration is clearly within the mandate of the Compensation Committee, but management has a key role in helping support the committee in fulfilling its obligations. For example, the CEO and other senior executives make recommendations to the Compensation Committee regarding executive officer base salary adjustments, stock-based grants and discretionary bonuses. The Compensation Committee reviews the basis for these recommendations and can exercise its discretion in modifying any of the recommendations prior to making its recommendations to the Board. The CEO does not make a recommendation to the Compensation Committee with respect to his own remuneration package.

Elements of Executive Compensation

Executive compensation is comprised of three elements:

- base salaries, which are set at levels which are competitive with the base salaries paid by corporations of a comparable size within the mineral exploration industry and with operations at approximately the same stage of development, thereby enabling the Corporation to compete for and retain executives critical to the Corporation's long-term success;
- discretionary cash bonuses, which are considered from time to time, based on individual and corporate performance criteria; and
- share ownership opportunities through a stock option plan, which provides additional incentive and aligns the interests of executive officers with the longer term interests of shareholders.

Base Salary

The Corporation strives to pay its executives in the mid-range for salaries of comparable positions and in comparable companies. It is at times difficult, however, to place full reliance on external surveys because of the years of service and experience of our executive team and the specific circumstances of the Corporation. In making its annual recommendations, the Compensation Committee also considered the distinct contributions of each executive, the financial performance and ability to pay of the Corporation and the experience and seniority of each executive.

The Compensation Committee provides recommendations on discretionary cash bonuses from time to time. In arriving at a decision to award and in determining the amount of discretionary cash bonuses the Compensation Committee considers the performance factors described above in the section under the heading "*Performance Factors*" as well as performance measures, including financials, budgetary, projects and other initiatives. There were no discretionary cash bonuses paid to the NEOs for fiscal 2010.

Option-Based Awards

Purpose of Long-Term Incentives

The Board has established an incentive stock option plan (the "10% Rolling Plan"). The Corporation provides long-term incentives through stock option grants under the 10% Rolling Plan. Stock options are considered to be an effective vehicle for deepening a sense of ownership amongst executives and increasing alignment with the interests of shareholders.

The purpose of the 10% Rolling Plan is to promote the interests of the Corporation by:

- providing its directors, senior officers, employees, management company employees and consultants (the “Eligible Persons”) with additional incentive;
- encouraging stock ownership by such Eligible Persons;
- increasing proprietary interest of Eligible Persons in the success of the Corporation;
- encouraging Eligible Persons to remain with the Corporation or its affiliates; and
- attracting new employees, directors and officers.

Within the limits of the Corporation’s 10% Rolling Plan, stock options granted are determined at the discretion of the Board with recommendations from the Compensation Committee. In arriving at the option grant amounts, the Compensation Committee considers previous grants of option-based awards and general performance factors described above in the section under the heading “*Performance Factors*”. During fiscal year 2010, no options were granted to NEOs under the Corporation’s 10% Rolling Plan.

The Corporation has no other long-term incentive plans in place.

2010 Approach

As the Corporation has not generated significant revenues from operations during the recently-completed fiscal year, traditional corporate and NEO performance standards such as share price and earnings per share were not considered relevant by the Compensation Committee in NEO performance evaluation. The Compensation Committee is satisfied that the Corporation’s compensation structure appropriately takes into account the factors relevant to the industry, the Corporation’s performance within that industry, and the individual contributions to the Corporation’s performance made by its NEOs.

SUMMARY COMPENSATION TABLE

The following table sets forth a summary of the total compensation paid to, or earned by the Corporation’s Named Executive Officers during the most recently completed financial year. The compensation reflected in the following table is presented in Canadian dollars, which is the functional currency of the Corporation.

Name and Principal Position	Year Ended Dec. 31	Salary (\$)	Option-based Awards ⁽¹⁾ (\$)	Non-equity Incentive Plan Compensation (\$)	All Other ⁽⁴⁾ Compensation (\$)	Total Compensation (\$)
				Annual Incentive Plans ⁽²⁾ (\$)		
Lukas Lundin ⁽³⁾ President and Chief Executive Officer	2010	Nil	Nil	Nil	Nil	Nil
	2009	Nil	83,354	Nil	Nil	83,354
	2008	Nil	107,764	Nil	Nil	107,764
Ryan Torvik Chief Financial Officer	2010	190,000	Nil	Nil	Nil	190,000
	2009	139,583	72,255	27,000	Nil	238,838
	2008	135,000	39,503	10,000	Nil	184,503

⁽¹⁾ The value of the stock option grants has been determined using the Black-Scholes models on the date of grant and is consistent with the determinations used for financial statement purposes. The key assumptions used for this determination can be found in the notes to the Corporation’s consolidated financial statements for the respective periods. It should be recognized that the actual future value will be based on the difference between the market value at time of exercise and the exercise price. Therefore, the value attributed to the stock options under the Black-Scholes model does not necessarily correspond to the actual future value that will be realized.

⁽²⁾ Represent cash bonuses awarded during the financial year.

⁽³⁾ Mr. Lundin was appointed President and Chief Executive Officer of the Corporation on May 23, 2008.

⁽⁴⁾ Other than as set out above, perquisites have not been included as they do not reach the prescribed threshold of the lesser of CAD\$50,000 and 10% of total salary for the financial year.

Employment and Consulting Agreements

Ryan Torvik – Employment Agreement

Ryan Torvik acts as the Corporation’s Chief Financial Officer pursuant to an employment agreement with the Corporation dated effective June 11, 2007, as amended on November 25, 2009 and on December 30, 2010 (the “Torvik Agreement”). The Torvik Agreement automatically renews each year unless either party gives one month’s written notice of termination. On November 25, 2009, the Torvik Agreement was amended and Mr. Torvik’s annual base salary was increased from \$135,000 to \$190,000. On December 30, 2010, the Torvik Agreement was further amended to address resignation requirements precipitated by a change in control provision in the Torvik Agreement (see “Termination and Change in Control Benefits” below).

INCENTIVE PLAN AWARDS

Outstanding Option-based Awards

The following table sets forth the outstanding option-based awards held by the Named Executive Officers of the Corporation at the end of the most recently completed financial year:

Option-based Awards				
Name	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-money Options (\$)⁽¹⁾
Lukas H. Lundin	12,500	24.20	June 15, 2011	Nil
	20,000	6.40	April 24, 2012	Nil
	4,250	8.40	November 27, 2012	Nil
Ryan Torvik	5,000	20.00	July 28, 2011	Nil
	18,750	6.40	April 26, 2012	Nil
	2,500	8.40	November 27, 2012	Nil

⁽¹⁾ Calculated using the closing price of the common shares on the TSX Venture Exchange on December 31, 2010 of \$4.35 and subtracting the exercise price of in-the-money stock options. These stock options have not been, and may never be, exercised and actual gains, if any, on exercise will depend on the value of the common shares on the date of exercise.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth details of the value vested or earned for all incentive plan awards during the most recently completed financial year by each Named Executive Officer:

Name	Option-based awards – Value vested during the year⁽¹⁾ (\$)
Lukas H. Lundin	\$0
Ryan Torvik	\$0

⁽¹⁾ Calculated using the closing price of the common shares on the TSX Venture Exchange on the dates on which stock options vested during the financial year ended December 31, 2010, and subtracting the exercise price of in-the-money stock options.

Stock Option Plan

The 10% Rolling Plan was first adopted by the Board and the Corporation’s shareholders in 2004, subsequently amended in 2006, and thereafter ratified by shareholders on an annual basis. On May 18, 2011, the Board approved several housekeeping amendment to the 10% Rolling Plan.

The material terms of the 10% Rolling Plan remain unchanged and can be summarized as follows:

General

The Board may from time to time grant to Eligible Persons options to acquire common shares of the Corporation. The 10% Rolling Plan is administered by the Board of the Corporation, or if appointed, by a special committee of directors appointed from time to time by the Board (such committee, or if no such committee is appointed, the Board, is hereinafter referred to as the "Committee") pursuant to rules of procedure fixed by the Board.

The maximum number of common shares issuable under the 10% Rolling Plan, together with the number of common shares issuable under outstanding options granted otherwise than under the 10% Rolling Plan, shall not in the aggregate exceed 10% of the issued and outstanding common shares (calculated as at the award date of such options).

The Corporation may not grant:

1. more than 5% of the issued and outstanding common shares of the Corporation (determined at the date of such grant) to any one Eligible Person in any twelve (12) month period, unless the Corporation has obtained disinterested shareholder approval;
2. more than 2% of the issued and outstanding common shares of the Corporation (determined at the date of such grant) to any one consultant in any twelve (12) month period; or
3. more than an aggregate of 2% of the issued and outstanding common shares of the Corporation (determined at the date of such grant) to all Eligible Persons conducting investor relations activities in any twelve (12) month period;
4. to Insiders, within a twelve (12) month period, a number of options exceeding 10% of the issued shares, unless the Corporation has obtained disinterested shareholder approval.

Term and Expiry of Options

Each option granted pursuant to the 10% Rolling Plan shall, subject to early termination as set out below, expire automatically on the earlier of:

- (a) the date on which such option is exercised in respect of all of the common shares of the Corporation that may be purchased thereunder; and
- (b) the expiry date of such option as determined by the Committee, which in no event may exceed ten (10) years from the date of grant of the option.

Unless otherwise determined by the Board, each option granted shall expire within thirty (30) days following the date the optionee ceases to be an Eligible Person. Notwithstanding the foregoing, if an optionee ceased to be an Eligible Person:

- (a) due to a termination for cause, then such optionee's option shall expire immediately upon the occurrence of such termination for cause.
- (b) by reason of the death of such optionee, subject to Article 11 of 10% Rolling Plan, all or any of the common shares then issuable pursuant to the exercise of such optionee's options remain exercisable by the optionee's heirs or administrators, until the earlier of:
 - (i) the date that is one (1) year after the date of the death of such optionee; and
 - (ii) the expiry date of such optionee's options as set forth in the applicable option agreements between such optionee and the Corporation.

Exercise Price

The exercise price of options shall be determined by the Committee, but such price shall not be less than the Market Price (as such term is defined by the policies of the Exchange) of the Corporation's common shares. The option exercise price determined for any option shall be subject to adjustment pursuant to the terms of the 10% Rolling Plan.

Vesting of Options

All options granted pursuant to the 10% Rolling Plan will be subject to such vesting requirements as may be prescribed by the Exchange, if applicable, or as may be imposed by the Board. Each option agreement will disclose the vesting conditions if any. Notwithstanding the foregoing, any option granted to a person providing investor relations services shall be subject to vesting with no more than one quarter of the options vesting in every three month period from the date of grant.

Non-Transferability of Options

Options are non-assignable and non-transferable. Notwithstanding the foregoing, an option holder may transfer or assign an option by will or the laws of devolution or distribution and descent.

Amendment of Options

The Board shall have the right at any time to suspend, amend or terminate the 10% Rolling Plan in any manner including, without limitation, to reflect any requirements of applicable regulatory bodies or stock exchanges, and on behalf of the Corporation to enter into amendments to any option agreement, subject to the prior written consent of the Exchange. Subject to applicable regulatory and, if required by any relevant law, rule or regulation applicable to the 10% Rolling Plan, the Board may from time to time retrospectively amend the terms and conditions of any option which have been previously granted. For greater certainty, the policies of the Exchange currently require that disinterested shareholder approval be obtained or any reduction in the exercise price of any option held by an insider of the Corporation.

Termination of Plan

The Board may terminate the 10% Rolling Plan at any time provided that such termination shall not alter the terms or conditions of any option or impair any right of any optionee pursuant to any option granted prior to the date of such termination. Notwithstanding the termination of the 10% Rolling Plan, the Corporation, options granted under the 10% Rolling Plan, optionees and common shares issuable upon the exercise of options granted under the 10% Rolling Plan shall continue to be governed by the provisions of the 10% Rolling Plan.

TERMINATION AND CHANGE OF CONTROL BENEFITS

The Corporation and its subsidiaries have not entered into any compensatory plan or arrangement in respect of compensation received or that may be received by any of the NEOs during the Corporation's most recently completed or current financial year to compensate such executive officers in the event of the termination of employment (resignation, retirement, change of control) or in the event of a change in responsibilities following a change in control, where in respect of the NEOs the value of such compensation exceeds CDN\$100,000, other than as follows:

Ryan Torvik (Chief Financial Officer)

Pursuant to the terms of the Torvik Agreement, as amended, Mr. Torvik will remain an employee of the Corporation until December 31, 2010, or such later date as either party may elect with appropriate notice. Pursuant to the terms of the Torvik Agreement, as amended, Mr. Torvik agreed to irrevocably waive any right at law or equity to receive any severance should the Corporation undergo a change of control as such term is defined by the Torvik Agreement. On January 1, 2011,

the Corporation paid Mr. Torvik the equivalent of fifteen (15) months' base salary with the equivalent of a further three (3) months' base salary to be paid on termination of the Torvik Agreement, as amended, by either party.

DIRECTORS' COMPENSATION

There were no fees paid to directors in their capacity as directors of the Corporation or its subsidiaries, in their capacity as members of the Board or of a committee of the Board of its subsidiaries, or as consultants or experts, during the Corporation's most recently completed financial year, nor were there any option-based awards made to directors during the Corporation's most recently completed financial year.

Outstanding Option-Based Awards

The following table sets forth the outstanding option-based awards held by the directors of the Corporation, other than Named Executive Officers, at the end of the most recently completed financial year:

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)
Ron F. Hochstein	2,500	24.20	June 15, 2011	Nil
	7,500	6.40	April 24, 2012	Nil
	2,500	8.40	November 27, 2012	Nil
Eira M. Thomas	2,500	24.20	June 15, 2011	Nil
	7,500	6.40	April 24, 2012	Nil
	1,750	8.40	November 27, 2012	Nil
Ian Gibbs	2,500	24.20	June 15, 2011	Nil
	7,500	6.40	April 24, 2012	Nil
	1,750	8.40	November 27, 2012	Nil
Richard J. Bailes	2,500	24.20	June 15, 2011	Nil
	7,500	6.40	April 24, 2012	Nil
	1,750	8.40	November 27, 2012	Nil
James K. Cambon	2,500	24.20	June 15, 2011	Nil
	7,500	6.40	April 24, 2012	Nil
	1,750	8.40	November 27, 2012	Nil

⁽¹⁾ Calculated using the closing price of the common shares on the TSX Venture Exchange on December 31, 2010 of \$4.35 and subtracting the exercise price of in-the-money stock options. These stock options have not been, and may never be, exercised and actual gains, if any, on exercise will depend on the value of the common shares on the date of exercise.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth details of the value vested or earned for all incentive plan awards during the most recently completed fiscal year by each director, other than the NEOs:

Name	Option-based awards – Value vested during the year (\$) ⁽¹⁾
Ron F. Hochstein	Nil
Eira M. Thomas	Nil
Ian Gibbs	Nil
Richard J. Bailes	Nil
James K. Cambon	Nil

⁽¹⁾ Calculated using the closing price of the common shares on the TSX Venture Exchange on the dates on which stock options vested during the financial year ended December 31, 2010, and subtracting the exercise price of in-the-money stock options.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLAN

The Corporation's 10% Rolling Plan is the only compensation plan under which equity securities of the Corporation are authorized for issuance.

The information in the following table is as of the fiscal year ended December 31, 2010:

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options (CDN\$)	Number of securities remaining available for future issuance under the Plan (excluding securities reflected in column (a))
Equity Compensation Plans approved by securityholders	193,000	\$16.00	790,176
Total	193,000		790,176

⁽¹⁾ During the fiscal year ended December 31, 2010, the Corporation did not grant any stock options.

⁽²⁾ During the fiscal year ended December 31, 2010, the Corporation did not issue any common shares as a result of the exercise of options.

⁽³⁾ During the fiscal year ended December 31, 2010, 42,000 stock options expired unexercised.

Indebtedness of Directors and Executive Officers

None of the directors or executive officers of the Corporation, proposed nominees for directors, or associates or affiliates of said persons, have been indebted to the Corporation at any time since the beginning of the last completed financial year of the Corporation.

STATEMENT OF CORPORATE GOVERNANCE PRACTICE

(presented by the Corporate Governance and Nominating Committee)

The Corporation, as a Tier 2 issuer listed on the TSX Venture Exchange, is not required to, but chooses to disclose its corporate governance practices using the disclosure requirements in National Instrument 58-101, *Disclosure of Corporate Governance Practices* ("NI 58-101") that apply to issuers listed on the Toronto Stock Exchange ("TSX"). The Corporation's statement of corporate governance practices is made with reference to National Policy 58-201, *Corporate Governance Guidelines* and NI 58-101 (hereinafter collectively the "Governance Guidelines") which are initiatives of the Canadian Securities Administrators ("CSA").

Exhibit I to this Circular sets forth the steps taken by the Corporation to comply with the Governance Guidelines. Further disclosure required by NI 52-110 relating to the Corporation's Audit Committee, including the Audit Committee Charter, the Composition of the Audit Committee, Relevant Education and Experience of Audit Committee members and External Auditor Service Fees, are disclosed in Exhibit II and elsewhere in this Circular.

MANAGEMENT CONTRACTS

Management functions of the Corporation and its subsidiaries are performed by directors, executive officers or senior officers of the Corporation and not, to any substantial degree, by any other person with whom the Corporation has contracted.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

During the fiscal year ended December 31, 2010, no informed person (as such term is defined in National Instrument 51-102 *Continuous Disclosure Obligations*) of the Corporation nor any proposed nominee for election as director, nor any

associate or affiliate of said persons has had any material interest, direct or indirect, in any transaction, which has materially affected or will materially affect the Corporation or any of its subsidiaries.

PARTICULARS OF MATTERS TO BE ACTED UPON

Ratification and Approval of 10% Rolling Stock Option Plan

Under TSX Venture Exchange policy, all rolling stock option plans which set the number of common shares issuable under such plan at a maximum of 10% of the issued and outstanding common shares must be ratified and approved by shareholders on an annual basis. On May 18, 2011, the Board approved several housekeeping amendments to the Corporation's 10% Rolling Plan. The full text of the 10% Rolling Plan will be available for review at the Meeting. For a summary of the 10% Rolling Plan, see the section title, "Stock Option Plan" above.

The persons named in the accompanying Proxy, if not expressly directed to the contrary in such proxy, will vote the Common Shares in respect of which they have been appointed proxyholder in favour of the following ordinary resolution:

"BE IT RESOLVED AS AN ORDINARY RESOLUTION OF SHAREHOLDERS THAT:

1. subject to regulatory approval, the 10% Rolling Stock Option Plan of the Corporation, as adopted by the Board of Directors, be and is hereby approved and ratified, and the Corporation be and is hereby authorized to reserve for issuance pursuant to the 10% Rolling Stock Option Plan up to 10% of the issued and outstanding common shares of the Corporation from time to time;
2. the Board of Directors be and is hereby authorized on behalf of the Corporation to make any additional amendments to the 10% Rolling Plan, as may be required by regulatory authorities, without further approval of the shareholders of the Corporation, in order to ensure the 10% Rolling Plan is in full compliance with current TSX Venture Exchange policy and applicable securities legislation; and
2. any director or officer of the Corporation is hereby authorized and directed, on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise, and to deliver or cause to be delivered, all such other documents, instruments and assurances, and to do or cause to be done all acts and things, as in the opinion of such director or officer of the Corporation may be necessary or desirable to carry out the intent of the foregoing resolutions."

The directors of the Corporation, having considered all factors they deemed necessary to be considered based on the information available to them, have concluded that the ratification and approval of the 10% Rolling Plan is appropriate and favourable for the Corporation. **Accordingly the Board unanimously recommends that the Shareholders vote FOR the 10% Rolling Plan resolution.**

The persons named as proxies in the enclosed Proxy intend to cast the votes represented by proxy in favour of the foregoing resolution unless the holder of Common Shares who has given such proxy has directed that the votes be otherwise cast.

OTHER MATTERS

Management of the Corporation knows of no other matters which will be brought before the Meeting, other than those referred to in the Notice of Meeting. Should any other matters properly be brought before the Meeting, the Common Shares represented by the proxies solicited hereby will be voted on those matters in accordance with the best judgment of the persons voting such proxies.

ADDITIONAL INFORMATION

The Board approves the Corporation's annual consolidated financial statements and annual management's discussion and analysis ("MD&A"), quarterly reports to shareholders and the content of the Corporation's other significant public disclosure documents. These and other prescribed documents are available on Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com. The Corporation has also established and maintains a corporate website at www.fortressminerals.com that includes, among other things, an investors section containing past annual and quarterly reports and press releases. Financial information regarding the Corporation is provided in the annual financial statements and annual MD&A for the period ended December 31, 2010. The Corporation will provide, without charge to a shareholder, a copy of its latest annual financial statements and annual MD&A for the period ended December 31, 2010, interim financial statements for subsequent periods, and this Circular upon request to the Corporation as follows:

- (i) e-mail: fortress@namdo.com
- (ii) telephone: 604-689-7842
- (iii) mail: Fortress Minerals Corp.
Suite 2101, 885 West Georgia Street
Vancouver, BC V6C 3E8
Attn: Corporate Development

CERTIFICATE

The contents and the distribution of this Circular have been approved by the Board.

DATED the 18th day of May, 2011

BY ORDER OF THE BOARD

(Signed) Lukas Lundin, President/Chief Executive Officer

EXHIBIT I

The following matrix indicates how the Corporation’s system of corporate governance aligns with **NATIONAL INSTRUMENT 58-101 – Disclosure of Corporate Governance Practices (“NI 58-101”)** and **NATIONAL POLICY 58-201 – Corporate Governance Guidelines (“NP 58-201”)**.

Required Disclosure Corporate Governance (NI 58-101)	Response
1. Board of Directors	
(a) Disclose the identity of directors who are independent.	<i>The Board has determined that each of Ron F. Hochstein, Ian Gibbs, James K. Cambon, Richard J. Bailes, and Eira M. Thomas are independent directors within the meaning NI 52-110. (Mr. Bailes and Ms. Thomas will not be standing for re-election at the next annual shareholder’s Meeting)</i>
(b) Disclose the identity of directors who are not independent and describe the basis for that determination.	<i>Mr. Lukas H. Lundin is considered non-independent directors within the meaning of NI 52-110 given that Mr. Lundin is an executive officer of the Corporation. Due to the fact that Mr. Lukas H. Lundin is an executive officer of the Corporation, Mr. Adam Lundin, a new nominee to the Board and relative of Mr. Lukas Lundin, will not be considered to be independent within the meaning of NI 52-110.</i>
(c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the board) does to facilitate its exercise of independent judgment in carrying out its responsibilities.	<i>A majority of the directors of the Corporation are independent.</i>
(d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	<i>The majority of the directors of the Corporation are directors and/or officers of other reporting issuers (see attached Schedule A for details).</i>
(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer’s most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.	<i>The Board has functioned, and is of the view that it can continue to function, independently of management, as required. The Board and its committees meet independently of management, where needed, but in any event hold at least one scheduled meeting every year at which non-independent directors and management are not in attendance.</i>
(f) Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.	<i>The chair of the board, Mr. Hochstein is considered an independent director within the meaning of NI 52-110. Mr. Hochstein ensures that the Board’s agenda will enable it to successfully carry out its duties, and to provide leadership for the Board’s independent directors.</i>
(g) Disclose the attendance record of each director for all board meetings held since the beginning of the issuer’s most recently completed financial year.	<i>(see attached Schedule B for details.)</i>

Required Disclosure Corporate Governance (NI 58-101)	Response
<p>2. Board Mandate – Disclose the text of the board’s written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.</p>	<p><i>The Board has a written mandate which includes responsibility for (i) satisfying itself as to the integrity of the CEO and other executive officers and that there is a culture of integrity throughout the Corporation; (ii) approving, supervising and providing guidance to management on the Corporation’s strategic planning process; (iii) identifying the principal risks of the Corporation’s business and ensuring management’s implementation and assessment of appropriate risk management systems; (iv) ensuring that the Corporation has highly qualified management and adequate and effective succession plans for senior management; (v) overseeing the Corporation’s communications policy with its shareholders and with the public generally; (vi) assessing directly and through its Audit Committee, the integrity of the Corporation’s internal control and Management Proxy systems; and (vii) providing for the independent functioning of the Board.</i></p>
<p>3. Position Descriptions</p>	
<p>(a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.</p>	<p><i>The Board has written position descriptions for the chair and the chair of each board committee.</i></p>
<p>(b) Disclose whether or not the board and the CEO have developed a written description for the CEO. If the board and the CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.</p>	<p><i>The Board and the CEO have developed a position description for the CEO.</i></p>
<p>4. Orientation and Continuing Education</p>	
<p>(a) Briefly describe what measures the board takes to orient new directors regarding:</p> <ul style="list-style-type: none"> (i) the role of the board, its committees and its directors; and (ii) the nature and operation of the issuer’s business. 	<p><i>The Corporation does not have a formal process and education program for new members of the Board due to the high level of sophistication of Board members. In addition, the President reviews with each new member (i) certain information and materials regarding the Corporation, including the role of the Board and its committees and (ii) the legal obligations of a director of the Corporation. Each new board member receives a comprehensive board manual which includes certain information and materials regarding the nature and operations of the Corporation’s business, corporate governance issues, including the role of the Board and its committees, the legal obligations of being a director of the Corporation and other matters required to be addressed under an orientation and education program required for new recruits to the Board. The Corporate Governance and Nominating Committee is responsible for developing any training programs for directors, if considered necessary.</i></p>
<p>(b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.</p>	<p><i>The Board encourages directors and senior management to participate in appropriate professional and personal development activities, courses and programs. The Corporation’s outside legal counsel also provides directors and senior officers with summary updates of any developments relating to the duties and responsibilities of directors and officers and corporate governance matters. In addition, the Corporation will provide any further continuing education opportunities for all directors, where required, so that individual directors may maintain or enhance their skills and abilities as directors, as well as to ensure that their knowledge and understanding of the Corporation’s business remains current.</i></p>

Required Disclosure Corporate Governance (NI 58-101)	Response
5. Ethical Business Conduct	
(a) Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:	<i>The Corporation is committed to conducting its business in compliance with the law and the highest ethical standards. Accordingly, the Board has adopted a written Code of Business Conduct and Ethics (the "Code") for directors, officers and employees of the Corporation.</i>
(i) disclose how a person or company may obtain a copy of the code;	<i>The Code is available on the Corporation's website and has been filed on and is accessible through SEDAR at www.sedar.com.</i>
(ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and	<i>Directors, officers or employees who have concerns or questions about violations of laws, rules or regulations, or of the Code, are required to report them to the Corporate Secretary or to the Chair of the Corporation's Audit Committee. Following receipt of any complaints, the Corporate Secretary or Chair of the Audit Committee, as the case may be, will investigate each matter so reported and report to the Audit Committee. The Audit Committee will have primary authority and responsibility for the enforcement of this Code, subject to the supervision of the Board of Directors. The Corporation encourages all directors, officers, and employees to report promptly any suspected violation of the Code to the Corporate Secretary or Chair of the Audit Committee.</i>
(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.	<i>There has been no departure from the Code during the Corporation's most recently completed financial year.</i>
(b) Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.	<i>All directors, officers and employees have an obligation to act in the best interest of the Corporation. Any situation that presents an actual or potential conflict between a director, officer or employee's personal interests and the interests of the Corporation are to be reported to the Chair of the Corporation's Audit Committee. The Audit Committee has also been mandated to approve, or disapprove, material contracts where the Board determines it has a conflict.</i>
(c) Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.	<i>In addition to the Code, the Audit Committee has established a Policy and Procedures for the Receipt, Retention and Treatment of Complaints Regarding Accounting or Auditing Matters (Whistleblower Policy) to encourage employees, officers and directors to raise concerns regarding accounting, internal controls or auditing matters, on a confidential basis free from discrimination, retaliation or harassment.</i>
6. Nomination of Directors	
(a) Describe the process by which the board identifies new candidates for board nomination.	<i>The Board has established a Corporate Governance and Nominating Committee, which has the responsibility of proposing nominees for director. The Committee considers the competencies and skills that the Board as a whole should possess, the competencies and skills of existing Board members and the competencies and skills of proposed new Board members. The Committee members utilize their extensive knowledge of the industry and personal contacts to identify potential nominees that possess the desired skills and competencies.</i>
(b) Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.	<i>The Corporate Governance and Nominating Committee consists of three directors, all of whom are independent within the meaning of the Governance Guidelines.</i>

Required Disclosure Corporate Governance (NI 58-101)	Response
(c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.	<i>The Corporate Governance and Nominating Committee, which meets at least once annually, is responsible for, among other things, ensuring that the Board can function independently of management. The Committee is responsible for identifying possible nominees for the Board and, with the assistance of the Board, where necessary, develops an orientation and education program for new recruits to the Board (see "Other Board Committees" below for a full description of the responsibilities and operation of the Corporate Governance and Nominating Committee).</i>
7. Compensation	
(a) Describe the process by which the board determines the compensation for the issuer's directors and officers.	<i>The Board has established a Compensation Committee (see 7(c) below for a summary of the Compensation Committee's responsibilities). Reference is made to the Compensation Discussion and Analysis contained in the Circular under the heading "Statement of Executive Compensation".</i> <i>Directors are not compensated for their participation on the Board or committees of the Board. Board members are, however, entitled to participate in the Corporation's incentive stock option plan. The extent and level of participation in this plan is determined by the Board, as a whole, after considering the recommendations of the Compensation Committee.</i>
(b) Disclose whether or not the board has a compensation committee composed entirely of independent directors. Describe what steps the board takes to ensure an objective process for determining such compensation.	<i>The Compensation Committee is currently comprised of three directors, all of whom are independent directors within the meaning of the NI 51-110.</i>
(c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	<i>The Compensation Committee establishes executive and senior officer compensation, determines the general compensation structure, policies and programs of the Corporation, including the extent and level of participation in incentive programs in conjunction with the Board, evaluates the performance of the CEO and delivers an annual report to shareholders on executive compensation. The Compensation Committee has also been mandated to review the adequacy and form of the compensation of directors and to ensure that such compensation realistically reflects the responsibilities and risk involved in being an effective director. The Compensation Committee is required to meet at least annually.</i>
(d) If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.	<i>The Corporation has not retained a compensation consultant or advisor at any time since the beginning of the issuer's most recently completed financial year to assist in determining compensation for any of the issuer's directors and officers.</i>

Required Disclosure Corporate Governance (NI 58-101)	Response
<p>8. Other Board Committees – If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.</p>	<p><i>In addition to the Audit Committee and Compensation Committee, the Board has established a Corporate Governance and Nominating Committee.</i></p> <p><i>The Corporate Governance and Nominating Committee consists of three directors, all of whom are independent within the meaning of NI 52-110. The Corporate Governance and Nominating Committee is responsible for developing and monitoring the Corporation’s approach to corporate governance issues. The Corporate Governance and Nominating Committee oversees the effective functioning of the Board, oversees the relationship between the Board and management, ensures that the Board can function independently of management at such times as is desirable or necessary, identifies possible nominees for the Board and, with the assistance of the Board and where necessary, develops an orientation and education program for new recruits to the Board. The Corporate Governance and Nominating Committee also annually reviews and makes recommendations to the Board with respect to: (i) the size and composition of the Board; (ii) the appropriateness of the committees of the Board; and (iii) the contribution of individual directors. In addition, the Corporate Governance and Nominating Committee delivers an annual statement on corporate governance to the Board for inclusion in either the Corporation’s annual report or management information circular.</i></p>
<p>9. Assessments – Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.</p>	<p><i>The Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. (See 8 above)</i></p>



AUDIT COMMITTEE CHARTER
 (Adopted by the Board of Directors on August 22, 2005, as amended April 25, 2008 and ratified on April 24, 2009, April 23, 2010 and May 18, 2011)

1.0 Purpose of the Committee

1.1 The Audit Committee represents the Board in discharging its responsibility relating to the accounting, reporting and financial practices of the Corporation and its subsidiaries, and has general responsibility for oversight of internal controls, accounting and auditing activities of the Corporation and its subsidiaries.

2.0 Members of the Committee

2.1 The Audit Committee shall consist of no less than three Directors. The members of the Committee shall be selected annually by the Board and shall serve at the pleasure of the Board.

2.2 At least one Member of the Audit Committee must be "financially literate" as defined under National Instrument 52-110, having sufficient accounting or related financial management expertise to read and understand a set of financial statements, including the related notes, that present a breadth and level of complexity of the accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

3.0 Meeting Requirements

3.1 The Committee will, where possible, meet on a regular basis at least once every quarter, and will hold special meetings as it deems necessary or appropriate in its judgment. Meetings may be held in person or telephonically, and shall be at such times and places as the Committee determines. Without a meeting, the Committee may act by unanimous written consent of all members.

3.2 A majority of the members of the Committee shall constitute a quorum.

4.0 Duties and Responsibilities

The Audit Committee's function is one of oversight only and shall not relieve the Corporation's management of its responsibilities for preparing financial statements which accurately and fairly present the Corporation's financial results and conditions or the responsibilities of the external auditors relating to the audit or review of financial statements. Specifically, the Audit Committee will:

- (a) have the authority with respect to the appointment, retention or discharge of the independent public accountants as auditors of the Corporation (the "auditors") who perform the annual audit in accordance with applicable securities laws, and who shall be ultimately accountable to the shareholders of the Corporation through the Audit Committee of the Board of Directors;
- (b) review with the auditors the scope of the audit and the results of the annual audit examination by the auditors, including any reports of the auditors prepared in connection with the annual audit;
- (c) review information, including written statements from the auditors, concerning any relationships between the auditors and the Corporation or any other relationships that may adversely affect the independence of the auditors and assess the independence of the auditors;
- (d) review and discuss with management and the auditors the Corporation's audited financial statements and accompanying Management's Discussion and Analysis of Financial Conditions ("MD&A"), including a discussion with the auditors of their judgments as to the quality of the Corporation's accounting principles and report on them to the Board;

- (e) review and discuss with management the Corporation's interim financial statements and interim MD&A and report on them to the Board;
- (f) pre-approve all auditing services and non-audit services provided to the Corporation by the auditors to the extent and in the manner required by applicable law or regulation. In no circumstances shall the auditors provide any non-audit services to the Corporation that are prohibited by applicable law or regulation;
- (g) evaluate the external auditor's performance for the preceding fiscal year, reviewing their fees and making recommendations to the Board;
- (h) periodically review the adequacy of the Corporation's internal controls and ensure that such internal controls are effective;
- (i) review changes in the accounting policies of the Corporation and accounting and financial reporting proposals that are provided by the auditors that may have a significant impact on the Corporation's financial reports, and report on them to the Board;
- (j) oversee and annually review the Corporation's Code of Business Conduct and Ethics;
- (k) approve material contracts where the Board of Directors determines that it has a conflict;
- (l) establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding the audit or other accounting matters;
- (m) where unanimously considered necessary by the Audit Committee, engage independent counsel and/or other advisors at the Corporation's expense to advise on material issues affecting the Corporation which the Audit Committee considers are not appropriate for the full Board;
- (n) satisfy itself that management has put into place procedures that facilitate compliance with the provisions of applicable securities laws and regulation relating to insider trading, continuous disclosure and financial reporting;
- (o) review and monitor all related party transactions which may be entered into by the Corporation; and
- (p) periodically review the adequacy of its charter and recommend any changes thereto to the Board.

5.0 Miscellaneous

- 5.1 Nothing contained in this Charter is intended to extend applicable standards of liability under statutory or regulatory requirements for the directors of the Corporation or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.