Mayfair Gold Supplements Disclosure Contained in Management Information Circular

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MATHESON, May 29, 2024 - Mayfair Gold Corp. ("Mayfair" or the "Company") (TSX-V: MFG; OTCQB: MFGCF) provides the following disclosure to supplement its management information circular dated May 6, 2024 (the "Circular") for the annual general and special meeting of shareholders to be held on June 5, 2024 (the "Meeting"). Shareholders are encouraged to read the Circular, which is available on www.sedarplus.ca, as well as the Investor Resources section of the Company's website at https://mayfairgold.ca/investor-resources/, in conjunction with this news release.

Amendments to Employment Agreements

In March 2020, Mayfair entered into an agreement to acquire the Fenn-Gib gold project in the Timmins region of Ontario. In August 2020, the Board of Directors of Mayfair (the "Board"), comprised of Henry Heeney and Sean Pi, the two founders and promoters, approached Patrick Evans to offer him the position of President and CEO of the Company. On acceptance of the position, Mr. Evans approached a retired senior geologist, Howard Bird, to offer him the position of Vice President, Exploration. Mr. Bird, in turn, approached another retired senior geologist, Paul Degagne, to offer him the position of Manager, Exploration. Messrs. Bird and Degagne were persuaded to come out of retirement on the understanding that they would be joining a strong management team led by Patrick Evans, and a company that would have a diverse and experienced Board.

In and around February 2024, management of Mayfair expressed to Patrick Evans, the Chief Executive Officer of the Company (the "CEO") and members of the Compensation Committee of the Company (the "Compensation Committee") that they were concerned that a change of control may occur in respect of the Company. This concern was based on several factors, including:

- conversations between management and Darren McLean, a consultant of Muddy Waters Capital LLC ("Muddy Waters") in which comments were made regarding November 2023 stock option grants;
- proposals made by Henry Heeney, a co-founder, former director and insider of the Company to nominate to the Board:
    - Kyle McLean, the brother of Darren McLean. Kyle McLean is also an investment advisor at Haywood Securities Inc. ("Haywood"), who is the custodian of certain funds directed by Muddy Waters; and
    - Mr. Heeney himself,

(collectively, the "Heeney Nominations") pursuant to the board nomination rights agreement between the Company and 1191123 B.C. Ltd. (a corporation controlled by Mr. Heeney) dated March 4, 2020 (the "Heeney Nomination Agreement");

- Mr. Heeney's request that the Company have weekly meetings with Kyle McLean, who was not a director or employee of the Company;
- a proposal made by Kyle McLean that Paul Harbridge, the former CEO of GT Gold Corp. which was also the subject to a proxy contest involving Muddy Waters, be nominated to the Board; and
- Sean Pi's actions as chairman of the Governance Committee to support the Heeney Nominations.

Kyle McLean has no previous experience managing a mining company or serving as a director of a public company. Henry Heeney also has no previous experience serving as a director of a public company. The Company's management and employees were also concerned about the potential nomination of other or additional directors who could be unqualified under the Heeney Nomination Agreement and the board nomination rights agreement between the Company and 1249495 B.C. Ltd. (a corporation controlled by Sean Pi, a former founder and director of the Company) dated March 4, 2020.

Management and the employees expressed concerns to the Board that they did not wish to be in a position where they would be pressured to work under the leadership of an inexperienced or unqualified board and requested that the "change of control" provisions in their respective employment agreements be updated to address scenarios involving shareholders working together to effect control of the Company, and instances where the current board members were either replaced or no longer constituted a majority of the Board.

Management and the employees requested that the following language be inserted into the definition of "Change of Control" (the "Change of Control Provisions"):

"A Change of Control occurs following the sale of all or substantially all of the assets of the Corporation; by or into another corporation, entity or person; the acquisition by any Person or Persons acting together of sufficient voting rights to affect the control of the Corporation; any change in ownership of fifty percent (50%) or more of the voting capital stock of the Corporation; or a change in the composition of the Board that results in the current directors of the Board constituting less than a majority members of the Board".

Given the actions by Darren McLean, Henry Heeney, Kyle McLean and Sean Pi noted above, Mr. Evans and members of the Compensation Committee took management's concerns seriously

It is the view of the Compensation Committee that the continuity of the management team is critical to the ongoing success of the Company. Mr. Evans and the Compensation Committee were concerned that, without acceptable change of control provisions in their employment agreements, there could be departures by members of management or senior employees. Mr. Evans and the Compensation Committee also were concerned that such departures could have an immediate adverse impact on the Company and its operations, adverse impacts on the Company's important relationships with First Nations, vendors, and other stakeholder groups.

The Company's track record of strong financial performance and continued positive development of the Fenn-Gib Project is largely attributable to the strength of the management team. The Company's recent achievements have been recognized by investors, resulting in solid returns for our shareholders. Including, for example:[1]

- 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 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 common shares of the Company ("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 Circular of $2.44, the Common Shares are trading above the Common Share issue price of $2.10 (November 11, 2023 private placement) and $1.75 (June 8, 2023 private placement).

[1] The share price data included in this news release for the Company and its peer group is based on the information provided in the Circular.

Accordingly, the members of the Compensation Committee determined that the requests of management were reasonable, and that it would be in the best interests of Mayfair to include the amended change of control language in their employment agreements.

Between February 5, 2024 and February 27, 2024, the following management personnel and employees executed amended versions of their respective employment agreements, effective January 1, 2024, which reflected annual salary increases and had the effect of adopting the Change of Control Provisions, or amending the previously included definition of "change of control" included in their respective employment agreements to align with the Change of Control Provisions:

- Howard Bird, Vice President, Exploration;

- Justin Byrd (through Aurous Consulting LLC), Chief Financial Officer;
- Matthew Evans, Vice President, Corporate Affairs;
- Wallace Smith, Senior Geologist;
- Paul Degagne, Exploration Manager at the Fenn-Gib Project;
- Alexandra Gelinas-Dechene, Senior Geologist;
- Ryan Hoefs, Senior Geologist; and
- Ian Chappell, Senior Geologist.

On or about March 5, 2024, the employment agreement for Mr. Evans, the CEO of the Company, was amended to align the definition of "change of control" with the Change of Control Provisions. Previously, Mr. Evans' employment agreement, entered into on August 12, 2020, negotiated with Henry Heeney and Sean Pi, had a broader definition for "change of control" than the Change of Control Provisions of the other management personnel and employees. Accordingly, the amendments to Mr. Evans' employment agreement served to narrow the scope of circumstances where a "change of control" would apply.

There have been no changes or amendments to the Change of Control Provisions or any other provisions of the relevant employees' employment agreements applicable to a "change of control" following March 5, 2024.

Settlement Agreement

On or about April 19, 2024, the Company received letter correspondence from Carson Block, a partner at Muddy Waters, stating that Muddy Waters and certain investment funds managed by it, had obtained support agreements from shareholders comprising at least 50.68% of the outstanding voting share capital of Mayfair (the "April 19 Letter") in support of Muddy Waters' efforts to reconstitute the Board (the "Reconstitution"). The April 19 Letter enclosed support agreements (the "Support Agreements") signed by Kyle McLean, William Smith, a broker at Haywood, and Michael Simpson, an investment advisor at Haywood who both share a commission pool with Kyle McLean, Mireille Potentier (Michael Simpson's spouse), Henry Heeney, 1249487 B.C. Ltd. (a corporation controlled by Henry Heeney's mother), and 1249495 B.C. Ltd. (a corporation controlled by Mr. Pi) (collectively, the "Supporting Shareholders"). The Supporting Shareholders have extensive family, business and financial relationships with Muddy Waters or each other, over and above the Support Agreements.

On or about May 1, 2024, as a direct consequence of Muddy Waters' repeated threats of litigation and demands that the Company not honour its employment contracts with its employees, Patrick Evans (CEO), Justin Byrd (CFO), Howard Bird (Vice President of Exploration) and certain other employees listed above (the "Terminating Employees") delivered notices (the "Terminating Notices") to the Board terminating their respective employment agreement. The Terminating Employees took the position that the actions of Muddy Waters and the Supporting Shareholders as detailed in the April 19 Letter and Support Agreements constituted a change of control in accordance with the Change of Control Provisions in the respective employment agreements (the "Change of Control Event").

That same day, Harry Pokrandt, the Chair of the Board, wrote to the Terminating Employees requesting they hold their Terminating Notices in abeyance until the Company could meet with them to discuss a solution which would avoid disruption to the Company's operations. The Terminating Employees agreed.

Over the next several days, counsel to the Company and counsel to the Terminating Employees drew up terms of a settlement agreement whereby the Terminating Employees agreed to hold in abeyance their Terminating Notices and continue their employment with the Company up to the Meeting. The proposed settlement agreement included, among others, the following terms:

- "Trust Release Condition" means a change in the composition of the Board at the Meeting that results in the current directors constituting less than a majority of the members of the Board;
- the Company shall deliver the aggregate amount of C$3,998,585, such amount representing the aggregate termination payments payable in respect of the Change of Control Event pursuant to the employment agreements into a non-interest bearing trust account (the "Change of Control Payment");

- each Terminating Notice shall be held in abeyance, and shall have no legal effect upon their respective employment agreements, pending fulfillment of either:
  - the Change of Control Payment being released by the trustee to the employees in their respective portions immediately following the passing of a motion or series of motions at the Meeting whereby the Trust Release Condition is satisfied; or
  - if the Trust Release Condition is not satisfied, following the election of the Board at the Meeting, each Terminating Employee shall immediately provide written notification to the trustee and the Company indicating if: (i) their Terminating Notice is to have immediate effect as a result of the Change of Control Event; or (ii) their Terminating Notice is to be rescinded with immediate effect,
- each Terminating Employee shall release the Company from any and all claims and proceedings of every nature and kind whatsoever in connection with the Settlement Agreement.

The settlement agreement, effective May 6, 2024, was agreed to by the Terminating Employees and the Company following a meeting of the Board held on May 6, 2024 (the "Settlement Agreement").

The Board considered the following actions of Muddy Waters in light of the Terminating Employees position in respect of the Change of Control Event:

- Muddy Waters' acquisition of shares on April 11, 2024, after it had entered into a voting support agreement with Henry Heeney;
- the relationship between Muddy Waters and Henry Heeney, including the voting support agreement, would likely be viewed by a court that these shareholders were acting together;
- Henry Heeney's statements to Mr. Pokrandt that that he was a "price taker" in respect of the Reconstitution and that Mr. Heeney had to "go along with" anything Muddy Waters proposed;
- the combined Muddy Waters voting representation with Mr. Heeney's shareholding surpassed 20% of the voting rights and may have been sufficient to affect control within the meaning of the change of control provisions;
- the additional Support Agreements provided by Muddy Waters indicating in excess of 50% of the Company's outstanding voting capital; and
- Muddy Waters' demand that the Board resign immediately and be replaced by Muddy Waters' nominees.

The Board also obtained and considered a reasoned legal opinion from Borden Ladner Gervais LLP, its independent counsel, in respect of the Terminating Notices and whether the Change of Control Event qualified as a change of control pursuant to the Change of Control Provisions, dated May 6, 2024.

The Board ultimately determined that there was some level of risk that, despite the language of the Change of Control Provisions, the Change of Control Event may not qualify as a change of control under the Terminating Employees' employment agreements.

However, the Board determined that a change of control, as defined in the Terminating Employees' employment agreements, would occur if a majority of the current Board were not re-elected at the Meeting.

This left the Board with essentially three options to proceed:

- accept the Terminating Notices and make the Change of Control Payment;
- dispute the Terminating Notices and refuse to make the Change of Control Payment; or
- come to an agreement with the Terminating Employees that would see them maintain their positions until at least the Meeting.

The Board considered the first two options not to be in the best interests of the Company as each would involve the immediate departure of the Company's senior management and many of its key employees. For example, if the Terminating Employees terminated their employment (regardless of whether the Change of Control Payment was made), there would be:

- an immediate adverse impact on the Company, its operations, and its ability to comply with ongoing disclosure obligations under securities laws and stock exchange requirements;
- a potential adverse impact the Company's ability to recruit future employees;
- no ability to coordinate a smooth transition to a new management team;

- shareholder concerns, adverse impacts on the Company's share price with no warning to the shareholders or the market, and no opportunity for the Company's stakeholders to adjust their investment in light of a change to the management team resulting from Muddy Waters' actions; and
- adverse impacts on the Company's important relationships with First Nations, vendors, and other stakeholder groups, all of whom had already expressed serious concerns over Muddy Waters' actions; and
- the cost of potential litigation with the Terminating Employees if the Terminating Notices were disputed.

The Settlement Agreement, on the other hand, retains senior management and key employees through the Meeting, allows for a smoother transition of management, provides shareholders and the market with an opportunity to consider the changes to management resulting from Muddy Waters' actions, and allows the Company an opportunity to maintain, and if necessary, transition its relationships with First Nations, vendors, and other stakeholder groups.

Patrick Evans abstained from the Board's vote on whether to accept the Settlement Agreement, given his interest in the Settlement Agreement. The other Board members voted unanimously in favour of the Settlement Agreement.

Proxy Contest

The Board advises shareholders to vote the WHITE Proxy or voting instruction form well in advance of the deadline at 2:00 p.m. (Pacific time) on June 3, 2024, in connection with the upcoming Meeting. Shareholders who have any questions relating to the Meeting or about the completion and delivery of the WHITE Proxy or voting instruction form, may contact Alliance Advisors, LLC by telephone at 844-858-7380 or email at Mayfair@allianceadvisors.com.

Additional details relating to the matters to be voted upon at the Meeting and the Board's recommendations are included in the Circular, which is available on www.sedarplus.ca, as well as the Investor Resources section of the Company's website at https://mayfairgold.ca/investor-resources/.

Scientific and Technical Information

Scientific and technical information contained in this news release 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 Projects*.

About Mayfair

Mayfair Gold is a Canadian mineral exploration company focused on advancing the 100% controlled Fenn-Gib gold project in the Timmins region of Northern Ontario. The Fenn-Gib gold deposit is Mayfair's flagship asset and currently hosts an updated NI 43-101 resource estimate with an effective date of April 6, 2023 with a total Indicated Resource of 113.69M tonnes containing 3.38M ounces at a grade of 0.93 g/t Au and an Inferred Resource of 5.72M tonnes containing 0.16M ounces at a grade of 0.85 g/t Au at a 0.40 g/t Au cut-off grade. The Fenn-Gib deposit has a strike length of over 1.5km with widths ranging over 500m. The gold mineralized zones remain open at depth and along strike to the east and west. Recently completed metallurgical tests confirm that the Fenn-Gib deposit can deliver robust gold recoveries of up to 94%.

ON BEHALF OF THE BOARD OF DIRECTORS

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Forward Looking Statements

This news release contains forward-looking statements and forward-looking information within the meaning of Canadian securities legislation (collectively, "forward-looking statements") that relate to Mayfair's current expectations and views of future events. Forward-looking statements and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in such forward-looking statements. No assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this news release should not be unduly relied upon. These statements speak only as of the date of this news release.

Forward-looking statements are based on a number of assumptions and are subject to a number of risks and uncertainties, many of which are beyond Mayfair's control, which could cause actual results and events to differ materially from those that are disclosed in or implied by such forward- looking statements. Mayfair undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law. New factors emerge from time to time, and it is not possible for Mayfair to predict all of them, or assess the impact of each such factor or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. Any forward-looking statements contained in this news release are expressly qualified in their entirety by this cautionary statement.

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