



## TAX INSTRUCTION LETTER

**To: Former holders of common shares of Eastmain Resources Inc. (“Eastmain”) who exchanged their common shares of Eastmain directly with Fury Gold Mines Limited (“Fury Gold” and formerly Auryn Resources Inc.) for common shares of Fury Gold effective October 9, 2020.**

This tax instruction letter is for use by the former holders (“**Eastmain Shareholders**”) of common shares of Eastmain (“**Eastmain Shares**”) who are resident in Canada for tax purposes and who choose to recognize a portion of any capital gain on the exchange of Eastmain Shares for Fury Gold shares, pursuant to the Eastmain information circular dated September 3, 2020 (the “**Circular**”). Those shareholders may make a joint tax election with Fury Gold under subsection 85(1) of the *Income Tax Act* (Canada) (the “**Tax Act**”) or, in the case of a Eastmain Shareholder that is a partnership, under subsection 85(2) of the Tax Act (in either case, a “**Tax Election**”). A further discussion of the tax consequences of making a Tax Election is contained in the Circular under the heading “*Certain Canadian Federal Income Tax Considerations*”. The procedure for making a Tax Election (the “**Tax Election Procedure**”) is discussed herein, and in the Circular under the heading “*Certain Canadian Federal Income Tax Considerations*”.

The Fury Gold website contains one copy of Canada Revenue Agency (“**CRA**”) Form T2057 and one copy of Form T2058. Form T2058 is to be used in the event that the Eastmain Shares were held as partnership property, otherwise Form T2057 is to be used. Additional copies of the relevant Tax Election forms may be obtained by contacting the CRA or from their website (<http://www.cra-arc.gc.ca>).

**If you download and use the pre-signed Form T2057 or T2058, do not send the completed form to Fury Gold, instead file it with the Canada Revenue Agency (CRA).**

Fury Gold will only make a Tax Election with an Eastmain Shareholder who is a “**Qualifying Eastmain Shareholder**”. A Qualifying Eastmain Shareholder is a shareholder who is: (i) a resident of Canada for purposes of the Tax Act, or (ii) a partnership that is a Canadian partnership for the purposes of the Tax Act.

**Fury Gold is not required to make a Tax Election with anyone who is not a Qualifying Eastmain Shareholder.**

**These instructions are of a general nature only and are not intended to be (nor should they be construed to be) legal or tax advice to any particular Eastmain Shareholder concerning the Tax Election or the Tax Election Procedure. Further, apart from providing these materials to Eastmain Shareholders for their convenience, Fury Gold will not provide Eastmain Shareholders with any advice on making the Tax Election. Accordingly, Eastmain Shareholders should consult with their own tax advisors for specific advice in respect of whether to make a Tax Election, making the Tax Election and complying with the Tax Election Procedure having regard to their own particular circumstances.**

**Please review the enclosed forms very carefully and consult your tax advisor as to their proper completion and delivery and any filing deadlines. You are also advised to review Information Circular 76-19R3 and Interpretation Bulletin IT-291R3 issued by the CRA for information in respect of the Tax Election.**

## **PROVINCIAL OR TERRITORIAL ELECTIONS**

In order to achieve a deferral of tax in some provinces or territories similar to that resulting from the Tax Election, it may be necessary to file a separate copy of the Tax Election or a separate provincial or territorial tax election analogous to the Tax Election with the taxing authority of such province or territory.

Fury Gold will also make such a provincial or territorial tax election with a Qualifying Eastmain Shareholder under the same conditions that it is willing to make the Tax Election. Eastmain Shareholders are entirely responsible for determining whether any such separate provincial or territorial election is applicable and appropriate in their circumstances and (if so) obtaining, completing and forwarding the related forms to Fury Gold for execution by Fury Gold. These completed forms must be received by Fury Gold on or before February 28, 2021 at:

Suite 601, 34 King St. East Toronto,  
ON Canada M5C 2X8  
phone: 778.729.0600  
email: info@furygoldmines.com  
Attention: Corporate Secretary

Fury Gold will assume that any representative that signs the Tax Election forms on behalf of a corporation, trust or estate has been duly authorized to do so, and will not take any action to verify the validity of any such authorization. Eastmain Shareholders that are corporations, trusts or estates should consult their own legal advisors in determining whether such authorization has been properly given.

**In order to make a provincial or territorial Tax Election (if applicable), two copies of the applicable Tax Election forms must be signed and properly completed with the necessary information, including the number of Eastmain Shares transferred, the consideration received therefor and the applicable elected amounts for the purposes of such elections, and must be received by Fury Gold at the address stated above no later than February 28, 2021. Fury Gold will execute all properly completed Tax Election forms submitted to it by a Qualifying Eastmain Shareholder and will return such Tax Elections by mail to the shareholder, for filing with the appropriate tax authorities, on or before March 31, 2021.**

## **PROCEDURE FOR COMPLETING PRESCRIBED FORM T2057**

The following section illustrates the information required to be provided by a Qualifying Eastmain Shareholder completing Form T2057. Please consult your advisor on the completion of any additional prescribed forms (such as Form T2058 and any applicable provincial or territorial tax forms).

Note: Do not write the required information on this letter of instructions. The information should be typed or legibly printed on the prescribed forms.

**Page 1 of Form T2057**

Complete the information in this first box for the Qualifying Eastmain Shareholder making the election:

Name of taxpayer (transferor) (print)					Social insurance number or Business Number			
Address					Postal code			
Tax year of taxpayer for the period from	Year	Month	Day	to	Year	Month	Day	Tax services office

The taxation year for individuals is January 1, 2020 to December 31, 2020.

Complete the information in this box if the Eastmain Shares are held in joint ownership, otherwise enter "N/A" or leave the box blank:

Name of co-owner(s), if any (if more than one, attach schedule giving similar details) (print)		Social insurance number	
Address		Postal code	Tax services office

Fury Gold has partially completed the next section as follows:

Name of corporation (transferee) (print)					Business Number			
Fury Gold Mines Limited					80139 4818 RC0001			
Address					Postal code			
Suite 601, 34 King St. East, Toronto, ON					M5C 2X8			
Tax year of taxpayer for the period from	Year	Month	Day	to	Year	Month	Day	Tax services office
	2020	01	01		2020	12	31	Vancouver

Complete the last line of this section by filling in your name and telephone number or, if appropriate, the name and telephone number of your tax advisor:

Name of person to contact for additional information	Area code	Telephone number
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The final section on page 1 of Form T2057 relates to late-filed elections and is only applicable to Qualifying Eastmain Shareholders whose elections will be filed late.

**Page 2 of Form T2057**

Fury Gold has completed the answers to the first five questions as follows:

1 – Is there a written agreement relating to this transfer.....  Yes  No

- 2 – Does a price adjustment clause apply to any of the properties? (See the Interpretation Bulletin IT-169 for details) .....  Yes  No
- 3 – Do any persons other than the taxpayer own or control directly or indirectly any shares of any class of the transferee? .....  Yes  No
- 4 – Does a non-arm’s length rollover exist between 2 or more corporations?  
a) Have all or substantially all (90% or more) of all the properties of the corporation(s) been transferred to the transferee corporation?.....  Yes  No
- 5 – Is the taxpayer a non-resident of Canada? .....  Yes  No

Qualifying Eastmain Shareholders should answer the question 6 and 6(b) based on their particular circumstances:

- 6 – Are any of the properties transferred capital properties .....  Yes  No

Whether the Eastmain Shares are capital properties to a particular Qualifying Eastmain Shareholder is a question of fact and law that must be determined by each Qualifying Eastmain Shareholder based on a consideration of all the relevant facts and circumstances.

If Yes,

- (a) have they been owned continuously since Valuation-Day (V-Day - Dec 31,1971)? .....  Yes  No
- (b) have they been acquired after V-Day in a transaction considered not to be at arm’s length? ....  Yes  No
- (c) since V-Day, has the taxpayer or any person from whom shares were acquired in a non-arm’s length transaction received any subsection 83(1) dividends for transferred shares? (If yes, provide details of amounts and dates received and attach a schedule).....  Yes  No

Qualifying Eastmain Shareholders who hold their Eastmain Shares as capital property and acquired their Eastmain Shares in an arm’s length transaction should check “No” in answer to question 6(b).

Fury Gold has completed the answers to questions 7 and 8 as follows:

- 7 – Is the agreed amount of any of the transferred properties based on an estimate of fair market value on V-Day?  
a) If yes, does a formal documented V-Day value report exist? .....  Yes  No
- 8 – Has an election under subsection 26(7) of the Income Tax Act Application Rules (Form T2076) been filed by or on behalf of the taxpayer? .....  Yes  No

Fury Gold has completed the final part of this section as follows

Name of corporation (print)	Business Number	Paid-up capital of shares transferred
N/A		

Fury Gold has partially completed the section titled “Description of shares received” at the bottom of page 2, to indicate that Fury Gold Shares are non-retractable voting common shares with no stated redemption value. Qualifying Eastmain Shareholders must complete the information in the two blank boxes in this section, as follows:

Number of shares transferor received	Class of shares	Redemption value per share	Paid-up Capital	Voting or non-voting	Are shares retractable?
	Common Shares	Not Applicable		Voting	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

↑  
Enter the number of Fury Gold Shares received by the Qualifying Eastmain Shareholder on the sale.

↑  
Enter the amount added to paid-up capital, which will generally be equal to the “agreed amount” (as described below).

**Page 3 of Form T2057**

On the top line of this section, Fury Gold has entered the date on which it took up and paid for the Eastmain Shares:

Date of sale or transfer of all properties listed below:	Year	Month	Day	Note: For properties sold or transferred on different dates, use separate T2057's.
	2020	10	09	

If the Eastmain Shares were capital property of the Qualifying Eastmain Shareholder, complete the information in each column of this section (within the area designated by the title “Capital Property Excluding Depreciable Property”), according to the instructions referenced as follows:

Property Disposed of			Agreed Amount (cannot be zero) B	Amount to be reported B – A (If greater than 0 see Note 4)	Consideration Received		
Description	Elected Amount Limits				Non-share	Share	Fair Market Value of Total Consideration
	Fair Market Value	A			Description	Number and Class	
(1) _____ Eastmain common shares	\$ (2)	\$ (3)	\$ (4)	\$ (5)	\$ (6)	\$ (7) _____ Fury Gold common shares	\$ (8)

(1) Enter the number of Eastmain Shares sold.

- (2) Enter the total fair market value of Eastmain Shares sold, at the time of sale.
- (3) Enter the adjusted cost base (or cost amount in the case of inventory) of the Eastmain Shares.
- (4) Enter the total dollar amount which will be your deemed proceeds on sale of the Eastmain Shares, subject to the rules described below with respect to calculation of the agreed amount.
- (5) Enter the result of B minus A, if it is greater than \$0.
- (6) Leave this box blank.
- (7) Enter the number of Fury Gold Shares you received and their description as “Fury Gold Mines Limited common shares”.
- (8) Enter the total fair market value as at October 9, 2020 of the Fury Gold Shares received. The amount entered here should equal the amount entered in (2) above.

If the Eastmain Shares were inventory of the Qualifying Eastmain Shareholder, complete the above information within the area designated by the title “Inventory Excluding Real Property”.

#### Rules with Respect to Calculation of Agreed Amount

Subject to the rules set out below, Qualifying Eastmain Shareholders who wish to avoid a capital gain must elect an *agreed amount* equal to the adjusted cost base of the Eastmain Shares (or cost amount, if the Eastmain Shares are inventory). Qualifying Eastmain Shareholders who wish to trigger a capital gain should select an agreed amount that is higher than the adjusted cost base. The agreed amount must be determined in accordance with the following rules:

- (1) The *agreed amount* may not be less than the lesser of: (i) the adjusted cost base (or cost amount, if the Eastmain Shares are inventory) to the Qualifying Eastmain Shareholder of the Qualifying Eastmain Shareholder’s Eastmain Shares sold, determined immediately before the time of the sale, and (ii) the fair market value of the Eastmain Shares at that time.
- (2) The *agreed amount* may not exceed the fair market value of the Eastmain Shares at the time of the sale.

**Qualifying Eastmain Shareholders should consult their tax advisors regarding the selection of the agreed amount in respect of their Eastmain Shares.**

The Qualifying Eastmain Shareholder must sign and date Form T2057 in the last box on page 2 as indicated:

<b>Election and Certification</b>		
The taxpayer and corporation hereby jointly elect under subsection 85(1) in respect of the property specified, and certify that the information given in this election, and in any documents attached, is to the best of their knowledge, correct and complete.		
_____	and	_____
Signature of Transferor of Authorized Officer or Authorized Person*		Signature of Authorized Officer of Transferee
		Date
* attain a copy of an authorizing agreement		

Qualifying Eastmain Shareholder should sign here

An authorized officer of Fury Gold has signed here.

**PROCEDURE FOR COMPLETING FORM T2058 AND/OR PROVINCIAL OR TERRITORIAL TAX ELECTION FORMS**

Qualifying Eastmain Shareholders completing Form T2058 and/or any applicable provincial or territorial tax forms (such as TP-518V or TP-529V) may refer to the instructions set out above, although the order of presentation of the information on the other forms may differ from that of Form T2057, and some of the required information may be different.