

**FORTUNE BAY CORP.**

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

**and**

**MANAGEMENT INFORMATION CIRCULAR**

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

**June 25, 2020  
2:00 p.m. Halifax Local Time**

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**Circular dated May 21, 2020**

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

**NOTICE** is hereby given that the Annual General and Special Meeting (the “**Meeting**”) of the shareholders (the “**Shareholders**”) of Fortune Bay Corp. (the “**Company**”) will be held at the office of the Company, 1969 Upper Water Street, Suite 2001, in the City of Halifax on Thursday, June 25, 2020 at 2:00 p.m. (Atlantic Time) for the following purposes:

- i. to receive and consider the audited consolidated financial statements of the Company for the fiscal year ended December 31, 2019, together with the report of the auditors thereon;
- ii. to elect directors of the Company for the forthcoming year;
- iii. to appoint as auditors for the forthcoming year, PricewaterhouseCoopers LLP, at a remuneration to be fixed by the directors;
- iv. to confirm the Company’s Stock Option Plan (the “**Plan**”), as required annually under the policies of the TSX Venture Exchange;
- v. to consider and, if thought fit, pass, with or without variation, an ordinary resolution approving the implementation of a deferred share unit plan of the Company and the reservation of 500,000 common shares of the Company for issuance thereunder, all as more particularly set forth and described in the Circular; and
- vi. to transact other business as may be brought before the Meeting or adjournment thereof.

The Company’s board of directors has fixed the close of business on May 21, 2020 as the record date for determining Shareholders entitled to receive notice of, and to vote at, the Meeting and any postponement or adjournment of the Meeting. A form of proxy solicited by management of the Company in respect of the Meeting is enclosed herewith.

Shareholders who are unable to be present at the Meeting are requested to sign the enclosed form of proxy and return it in the envelope provided for that purpose. To be effective, the form of proxy must be received at the offices of Computershare, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, by not later than 2:00 p.m. (Halifax time) on June 23, 2020 or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays or holidays, preceding the time of such adjourned Meeting, or in either case by such later date and time as the board of directors of the Company may determine in its sole discretion. The accompanying Circular provides additional information relating to the matters to be dealt with at the Meeting.

DATED at the City of Halifax, in the Province of Nova Scotia, this 21<sup>st</sup> day of May, 2020.

BY ORDER OF THE BOARD OF DIRECTORS,

Signed: “*Wade K. Dawe*”  
Wade K. Dawe, Chairman and Chief Executive Officer

# FORTUNE BAY CORP.

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

## MANAGEMENT INFORMATION CIRCULAR

as at May 21, 2020 unless otherwise noted

### GENERAL VOTING AND PROXY INFORMATION

#### Solicitation of Proxies

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

#### Appointment and Revocation of Proxies

##### *General*

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

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

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

## ***Registered Shareholders***

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

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

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

## ***Non-Registered Shareholders***

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

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

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

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

## ***Meeting Materials Received by OBOs from Intermediaries***

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

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

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

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

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

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

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

#### Meeting Materials Received by NOBOs from the Company

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

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

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

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

#### **Exercise of Proxies**

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

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

#### **Voting Shares and Principal Holders Thereof**

The Company is authorized to issue an unlimited number of Common Shares without nominal or par value. As at the date of this Circular, there are 28,894,407 Common Shares issued and outstanding, each of which carries the right to one vote at meetings of the Shareholders. Persons who are Registered Shareholders at the close of business on May 21, 2020 are entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each Common Share held.

As at May 21, 2020, to the knowledge of directors and officers of the Company, the following person beneficially owned, directly or indirectly, or exercised control or direction over, more than 10% of the voting Common Shares of the Company.

<b>Name and place of business</b>	<b>Number of Common Shares</b>	<b>Percentage of Common Shares of the Company</b>
Wade K. Dawe Halifax, Nova Scotia	4,862,240	16.8%

#### **Quorum**

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

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

No director or executive officer of the Company, nor any person who has held such a position since incorporation, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial

ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of director and the approval of the Company's stock option plan (the "**Stock Option Plan**" or the "**Plan**") (insofar as such directors and/or officers hold stock options). See "*Particulars of Matters to be Acted Upon*" and "*Executive Compensation*" below for particulars on the options held by directors and officers.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **Audited Financial Statements**

The audited financial statements of the Company for the fiscal year ended December 31, 2019 and the reports of the auditors thereon will be submitted to the Meeting. Receipt at such Meeting of the auditors' report and the Company's financial statements for the above noted fiscal period will not constitute approval or disapproval of any matters referred to therein.

### **Election of Directors**

Directors of the Company are elected annually by the Shareholders and will hold office until the next annual meeting of Shareholders, or until his successor is duly elected or appointed, unless: (i) his office is earlier vacated in accordance with the articles and by-laws of Fortune Bay; or (ii) he becomes disqualified to act as a director. The constating documents of the Company provide that the number of directors to be elected shall be a minimum of one (1) and a maximum of ten (10). A Board of three (3) directors is to be elected at the Meeting.

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

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

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

Name and Municipality of Residence and Date First Become a Director	Current Position(s) with the Company	Present Principal Occupation	Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly <sup>(1)</sup> as at the date of this Circular	Percentage of Total Outstanding Common Shares at the date of this Circular
WADE K. DAWE <sup>(2)</sup> Halifax, Nova Scotia, Canada May 13, 2016	Chairman and Chief Executive Officer, Director	Chairman and Chief Executive Officer of the Company	4,862,240 <sup>(6)</sup>	16.8%
DERRICK GILL <sup>(2) (3)</sup> St. John's, Newfoundland, Canada May 13, 2016	Director	Co-founder and a director of Strategic Concepts and SCI Software	41,000	0.1%
MICHAEL GROSS <sup>(4)(5)</sup> Halifax, Nova Scotia, Canada May 13, 2016	Director	Professor of Orthopaedic surgery at Dalhousie University	350,362 <sup>(7)</sup>	1.2%

Notes:

- (1) The information as to Common Shares beneficially owned or over which control or direction is exercised, not being within the knowledge of the Company, has been furnished by the respective parties.
- (2) Member of the Audit Committee.
- (3) Member of the Nominations and Compensation Committee.
- (4) Chairman of the Audit Committee.
- (5) Chairman of the Nominations and Compensation Committee.
- (6) 1,230,668 Common Shares are owned by Mr. Dawe directly. 3,631,572 Common Shares are owned indirectly.
- (7) 229,691 Common Shares are owned by Dr. Gross directly. 120,671 Common Shares are owned indirectly.

As at the date hereof, the directors and executive officers of the Company as a group owned beneficially, directly or indirectly, controlled or exercised direction over, 5,366,936 Common Shares representing approximately 18.6% of the outstanding Common Shares.

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

*Mr. Wade K. Dawe — Chairman and Chief Executive Officer*

Mr. Dawe is an accomplished entrepreneur, financier and investor based in Halifax, Nova Scotia. During his career, he has completed deals valued in excess of \$1 billion, and he has founded or co-founded a number of successful companies, both public and private. Mr. Dawe is the Chairman and CEO of the Company and Numus Financial Inc. and President of Brigus Capital Inc. In addition, Mr. Dawe is CEO and a Board Member of Torrent Capital Ltd., and serves as Chairman of the Board for Pivot Technology Solutions Inc. Mr. Dawe holds a Bachelor of Commerce degree from Memorial University (MUN), where he sits on the Advisory Board to the Faculty of Business Administration. His philanthropic activities include establishing and personally funding the annual James R. Pearcey Entrepreneurial Scholarship at MUN, and he funded DC Makes, a new entrepreneurship-based program at the Discovery Centre in Halifax, Nova Scotia. Mr. Dawe, originally from Newfoundland, is also a member of the Young Presidents' Organization (YPO) and is a fellow of the Creative Destruction Lab (CDL) in Halifax, Nova Scotia.

*Mr. Derrick Gill – Director*

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

*Dr. Michael Gross, ICD – Director*

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

**Orders, Penalties and Bankruptcies**

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

- (a) is at the date of this Circular, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company) that:
  - (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
  - (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer,
- (b) is at the date of this Circular, or has been, within 10 years before the date hereof, a director or executive officer of any company (including the Company) that, while such nominee was acting in that capacity, or within a year of such nominee ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such nominee.

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

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

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

To the knowledge of the Company, as of the date hereof, no director nominated for election at the Meeting has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body.

### **Appointment of Auditors**

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

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

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

### **Special Business - Confirming the Company's Stock Option Plan**

Shareholders are being asked to confirm re-approval of the Company's Stock Option Plan (the "Plan"), as outlined under "Securities Authorized for Issuance under Equity Compensation Plans" and accepted by the TSX-V. There have been no changes to the Stock Option Plan since the Plan was approved at the Annual General and Special Meeting of Shareholders held on June 20, 2019.

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

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

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

“WHEREAS

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

BE IT RESOLVED THAT:

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

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

#### **Approval of Deferred Share Unit Plan**

Management and the Board of Directors believe it is important for the Company to implement the Deferred Share Unit Plan (“DSUP”) for the directors and senior officers of the Company such as the Chief Executive Officer, and the Chief Financial Officer (the “Senior Officers”). The DSUP was approved by the Board of Directors on May 21, 2020 (subject to receiving Shareholder approval at the Meeting and the TSX-V approval). The DSUP is intended to further align the interests of directors and Senior Officers with Shareholders’ interests and the Company’s values of behaving like an owner, continuously improving the Company and delivering results, so as to increase the value of the Common Shares going forward. The TSX-V has approved the Deferred Share Unit Plan, subject to obtaining Shareholder approval at the Meeting.

At the Meeting, the Shareholders (excluding those insiders entitled to receive a benefit under the DSUP) will be asked to approve the Deferred Share Unit Plan. The insiders excluded from voting on approval of the DSUP hold 5,366,936 Common Shares, which represent approximately 18.6% of the outstanding Common Shares. The following information is intended as a brief description of the DSUP and is qualified in its entirety by the full text of the DSUP, a copy of which is attached to this Circular as Schedule “A”.

#### ***Summary of the Deferred Share Unit Plan***

##### Payment of Director’s Retainer; Discretionary Grants; Limitations on Common Shares to Be Issued

Directors may elect each year to receive all or part of their annual retainer in deferred share units (“**DSUs**”) having a market value equal to the portion of the retainer to be received in that form, subject to such

limits as the Board may impose. The Board may also grant, each year, DSUs to directors or Senior Officers having a market value not greater than the annual retainer or base salary for each such director or Senior Officer, respectively. The maximum number of Common Shares that may be issued under the DSUP is 500,000, representing approximately 1.7% of the outstanding Common Shares as of May 21, 2020. The number of DSUs to be issued will be determined by dividing the amount of the retainer or base salary determined as the basis for the award by the volume-weighted average trading price of the Common Shares of the Company (as reported by the TSX-V) for the five (5) trading days immediately preceding the date the DSUs are awarded. Subject to vesting, each DSU may be redeemed for one Common Share upon the participant ceasing to hold any position with the Company (whether by termination, retirement, change of control or death).

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

#### Vesting

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

#### Redemption of Deferred Share Units

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

#### Death of Participant Prior to Redemption

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

### Adjustment Provisions

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

### Assignability and Transferability

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

### Amendments, Suspension or Termination of the DSUP

The Board may, in its sole discretion, at any time and from time to time:

- (i) amend or suspend the DSUP in whole or in part;
- (ii) amend or discontinue any DSUs granted under the DSUP; and
- (iii) terminate the DSUP, without prior notice to or approval by any participants or Shareholders of the Company.

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

- (i) make amendments of a "housekeeping" nature, including any amendment for the purpose of curing any ambiguity, error or omission in the Plan or to correct or supplement any provision of the Plan that is inconsistent with any other provision hereof;
- (ii) amend the manner in which Participants may elect to participate in the Plan or elect Settlement Dates;
- (iv) amend the provisions of this Plan relating to the redemption of Deferred Share Units and the dates for the redemption of the same;
- (v) make any amendment which is intended to ensure compliance with Applicable Laws and the requirements of the Stock Exchange;
- (vi) make any amendment which is intended to provide additional protection to shareholders of the Company (as determined at the discretion of the Board);
- (vii) make any amendment which is intended to remove any conflicts or other inconsistencies which may exist between any terms of the Plan and any provisions of any Applicable Laws and the requirements of the Stock Exchange;
- (viii) make any amendment which is intended to cure or correct any typographical error, ambiguity, defective or inconsistent provision, clerical omission, mistake or manifest error;

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

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

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

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

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

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

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

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

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

### **Recommendation of the Board of Directors**

The Board has determined that the DSUP is in the best interests of Shareholders and the Company. The Board unanimously recommends that Shareholders vote FOR the Deferred Share Unit Plan Resolution (as hereinafter defined) approving the DSUP and the DSUs to be issued pursuant thereto.

### **Deferred Share Unit Plan Resolution**

At the Meeting, Shareholders (excluding those insiders entitled to receive a benefit under the DSUP) will be asked to consider and, if deemed appropriate, to pass a resolution substantially in the following form (the "**Deferred Share Unit Plan Resolution**"):

## TEXT OF THE DEFERRED SHARE UNIT PLAN RESOLUTION

BE IT RESOLVED THAT:

1. the adoption of the deferred share unit plan of Fortune Bay Corp. (the "**Company**") and the reservation of 500,000 common shares of the Company for issuance thereunder, substantially as described in the management information circular of the Company dated May 21, 2020 be approved;
2. the board of directors of the Company may revoke this resolution before it is acted upon, without further approval of the shareholders of the Company; and
3. any one officer or one director of the Company is hereby authorized and directed to do and perform all things, including, the execution of documents which may be necessary or desirable to give effect to the foregoing resolution, including making appropriate filings with regulatory authorities including the TSX Venture Stock Exchange.

**In the absence of instructions to the contrary, the Common Shares represented by a properly executed form of proxy in favour of the persons designated by management of the Company will be voted FOR the Deferred Share Unit Plan Resolution, as it may be amended or varied at the Meeting.**

## ANY OTHER MATTERS

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

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

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

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

### ***Board of Directors***

NI 52-110 sets out the standard for director independence. Under NI 52-110, a director is independent if he or she has no direct or indirect material relationship with the Company. Under NI 52-110, a material relationship is a relationship which could, in the view of the Board, be reasonably expected to interfere

with the exercise of a director’s independent judgment. NI 52-110 also sets out certain situations where a director will automatically be considered to have a material relationship with the Company. The Board currently consists of three members, namely Wade Dawe, Derrick Gill, and Michael Gross. Two of the directors are independent directors, namely Derrick Gill and Michael Gross. They are considered to be independent directors since neither of them, in the view of the Board, has a direct or indirect material relationship with the Company, which could reasonably be expected to interfere with the exercise of such director's independent judgement. Mr. Dawe is considered to be a non-independent director as he is the Chairman and Chief Executive Officer (“CEO”) of the Company.

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

During the year ended December 31, 2019, there were four meetings of the Company’s Board of Directors, and all directors attended these meetings.

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

<b>Director</b>	<b>Public Company Board Member</b>
Wade Dawe	Torrent Capital Ltd. (TSX-V) Pivot Technology Solutions, Inc.(TSX) kneat.com, inc. (TSX-V)
Michael Gross	Sona Nanotech Inc. (CSE)

**Board Mandate**

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

- (a) Strategic Planning:
  - (i) Ensuring that a company-wide strategic planning process is in place and approving the resulting business plan on at least an annual basis. This business plan should take into account, at a minimum the short and longer term opportunities and risks of the business;
  - (ii) Approving Fortune Bay's annual operating and capital budgets; and
  - (iii) Reviewing performance results in relation to the business plan and budgets.
- (b) Risk Management and Internal Controls:
  - (i) Identifying and assessing the principal risks of Fortune Bay's business and ensuring the implementation of systems to mitigate these risks;
  - (ii) Ensuring the integrity of Fortune Bay's internal control and management information systems and the safeguarding of Fortune Bay's assets;
  - (iii) Reviewing, approving, and as required, overseeing compliance with Fortune Bay's Disclosure Policy by directors, officers, senior management and other employees;
  - (iv) Reviewing, approving and overseeing Fortune Bay's disclosure, controls and procedures; and
  - (v) Reviewing and approving the Code of Business Conduct of Fortune Bay with the purpose of promoting integrity and deterring wrongdoing, and encouraging and promoting a

culture of ethical business conduct, and as required, overseeing compliance with Fortune Bay's Code of Business Conduct by directors, officers, senior management and other employees.

- (c) Chief Executive Officer and Senior Management:
  - (i) Appointing the CEO of Fortune Bay and determining the terms and conditions of his appointment;
  - (ii) Developing, along with the CEO, a written position description for the role of the CEO;
  - (iii) Satisfying itself as to the integrity of the CEO; and
  - (iv) Providing attention to succession planning, including the appointment, training, monitoring and continuing education of the CEO, officers and senior management.
- (d) Governance:
  - (i) Developing Fortune Bay's approach to governance practices, including expectations and responsibilities of individual directors, including expectations for attendance at meetings and the level of engagement that is expected of members of the Board;
  - (ii) Approving the nomination of directors to the Board, as well as:
    - (I) determining which directors, in the reasonable opinion of the Board, are independent pursuant to applicable legislation and regulatory requirements;
    - (II) developing qualifications and criteria for the selection of directors; and
    - (III) appointing the Board Chairman, lead independent director, if applicable, and the Chair and members of each Committee of the Board in consultation with the relevant Committee.
  - (iii) Determining that Audit Committee members meet all applicable legislative, regulatory and listing qualifications, including financial literacy and independence;
  - (iv) providing an orientation program for new directors and continuing education opportunities for all directors;
  - (v) Assessing annually the effectiveness of the Board Chairman and/or lead independent director, each Committee of the Board and their respective Chairs, as well as individual Directors;
  - (vi) Developing position descriptions for the Chairman, the lead independent director and for each Committee Chair so that they may be evaluated objectively; and
  - (vii) Appointing and removing Fortune Bay's corporate secretary.
- (e) Financial Reporting, Auditors and Transactions:
  - (i) Reviewing and approving, as required, Fortune Bay's financial statements and related financial information;
  - (ii) Appointing, subject to the approval of shareholders, and removing the external auditor;
  - (iii) Appointing and removing of Fortune Bay's Chief Financial Officer; and
  - (iv) Delegating, to the extent permitted by law, to the CEO, other officers and senior management appropriate powers to manage the business affairs of Fortune Bay.
- (f) Legal Requirements and Communication:
  - (i) Overseeing the adequacy of Fortune Bay's processes to ensure compliance by Fortune Bay with applicable legal and regulatory requirements;
  - (ii) Developing and implementing measures through which the Board can receive feedback from security holders; and
  - (iii) Performing any other function that is prescribed by law that has not been delegated by the Board to a Committee of the Board or to management.
- (g) Oversight of Fortune Bay's Environmental Risks:
  - (i) Review and monitor Fortune Bay's environment policy and environmental management system.

### ***Position Descriptions***

The position descriptions for the Board Chairman are outlined in the Charter of the Board of Directors. The Board Chairman and/or lead independent director shall lead the Board in all aspects of its work and are responsible to effectively managing the affairs of the Board and ensuring that the Board is properly organized and functions efficiently. As appropriate, the Chairman and/or the lead independent director will advise the CEO in matters concerning the Board, including the relationship between management and the Board. Specifically, the Board Chairman shall:

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

### ***Orientation and Continuing Education***

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

### ***Ethical Business Conduct***

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

examined and/or obtained by accessing the Company's website at [www.fortunebaycorp.com](http://www.fortunebaycorp.com).

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

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

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

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

### ***Nomination of Directors***

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

### ***Board Committees***

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

### ***The Audit Committee***

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

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

During the year ended December 31, 2019, there were three meetings of the Company's Audit Committee. Michael Gross and Derrick Gill were present at all meetings, and Wade Dawe was present at one meeting.

The Audit Committee has also reviewed the Company's use of its independent auditors for non-audit services. The aggregate fees incurred for audit and non-audit services provided by PricewaterhouseCoopers LLP for the financial years ended December 31, 2019 and 2018 are as follows:

<b>Nature of Services</b>	<b>December 31, 2019</b>	<b>December 31, 2018</b>
Audit fees <sup>(1)</sup>	\$22,000	\$18,900
Tax services	\$nil	\$nil
All other fees	N/A	N/A
<b>Total</b>	<b>\$22,000</b>	<b>\$18,900</b>

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

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

#### *The Nominations and Compensation Committee*

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

The Nominations and Compensation Committee did not conduct a meeting during the year ended December 31, 2019 as business of the Nominations and Compensation Committee was conducted by resolution as needed.

## ***Assessments***

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

## ***Director Term Limits***

The Company has not adopted director term limits for directors. However, the Chairman and/or lead independent director and the Board regularly assess the effectiveness and contribution of directors. The Company feels that its current governance system is sufficient to ensure that the Board from year to year is composed of directors with the appropriate knowledge and skills necessary to enhance the long-term performance of the Company. Furthermore, the Company recognizes the significant value that can be offered by long-serving directors, including the breadth of experience and familiarity with the Company and its industry of those members that have joined the Board. As such, the Company believes that it would not be best suited to the needs of the Company to adopt director terms limits or any formal board renewal mechanisms other than those already in place and discussed in this Circular.

## ***Diversity of Board and Management***

The Canada Business Corporations Act, which governs the Company, has been recently amended to require the Company to disclose the number and percentage of Board seats and senior management positions occupied by women, aboriginal peoples, persons with disabilities, and members of visible minorities. The Company does not have a person in these categories who serves on the Board (0%) and has one (50%) in a senior management position. The Company does not have a written policy relating to the identification and nomination of persons in such designated groups. The Board and management of the Company believe that diversity and inclusion is important to the future development and success of the Company, and qualified candidates in such designated groups will certainly be welcomed and considered for positions on the Board and in senior management as the Company grows.

## ***Gender Diversity***

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

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

The Board has not adopted targets regarding the representation of women on the Board and in executive officer positions due to the small size of the Company and the need to consider a balance of criteria in each individual appointment. It is important that each appointment to the Board or in executive officer

positions be made based on the merits of the individual and the need of the Company at that point in time. In addition, targets based on specific criteria such as gender could limit the Board's ability to ensure that the overall composition of the Board or management of the Company meets the needs of the Company. Currently one out of two (50%) of the executive officers of the Company is a female, and none (0%) of the three directors is female.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

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

#### Overview

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

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

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

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

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

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

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

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

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

### **Approach to Risk**

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

### **Hedging Policy**

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

### **Summary Compensation Table**

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

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

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

For the year ended December 31, 2019, the Corporation had two NEOs, being Wade K. Dawe, the CEO, and Sarah Oliver, the CFO. All references to "\$" or "dollars" in this Information Circular are in Canadian dollars unless otherwise noted.

Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Wade K. Dawe, Director, Chairman, and CEO	2019	180,000 <sup>(1)</sup>	-	-	-	-	180,000
	2018	180,000 <sup>(2)</sup>	-	-	-	17,219	197,219
Sarah Oliver CFO	2019	48,000 <sup>(1)</sup>	4,000	-	-	-	52,000
	2018	48,000	4,000	-	-	-	40,000
Derrick Gill, Director	2019	12,000 <sup>(1)</sup>	-	-	-	-	12,000
	2018	12,000	-	-	-	-	12,000
Michael Gross, Director	2019	12,000 <sup>(1)</sup>	-	-	-	-	12,000
	2018	12,000	-	-	-	-	12,000

(1) Of the salary earned by the Directors and Officers in 2019, it all remains payable as at December 31, 2019.

(2) Of the salary earned by Wade Dawe in 2018, \$66,000 remains payable as at December 31, 2019. In addition, the Company paid a finder's fee to Numus Capital Corp., a company controlled indirectly by Wade Dawe, pursuant to the financing completed on February 22, 2018. The finder's fee consisted of 171,563 common shares and 171,563 warrants issued to Numus Capital Corp. with a total value of \$96,076.

#### Stock Option Awards – Directors and Named Executive Officers

No options were exercised by any director or Named Executive Officer during the year ended December 31, 2019. The Company granted the following stock options to directors and Named Executive Officers during the year ended December 31, 2019:

Compensation securities							
Name and position	Type of compensation security	Number of compensation securities issued (#)	Date of grant	Exercise Price (\$)	Closing price of underlying security on date of grant (\$)	Closing price of underlying security at year end (\$) <sup>(1)</sup>	Expiry date
Wade Dawe, CEO	Stock options	50,000	October 11, 2019	\$0.31	\$0.3050	\$0.40	October 11, 2024
Sarah Oliver, CFO	Stock options	50,000	October 11, 2019	\$0.31	\$0.3050	\$0.40	October 11, 2024
Derrick Gill, Director	Stock options	50,000	October 11, 2019	\$0.31	\$0.3050	\$0.40	October 11, 2024
Michael Gross, Director	Stock options	50,000	October 11, 2019	\$0.31	\$0.3050	\$0.40	October 11, 2024

(1) Based on the December 31, 2019 closing price of the Company's common shares on the TSX-V of \$0.40 per share. The options issued on October 11, 2019 vest at a rate of 33.3% after 12 months from the grant date, 33.3% after 24 months from the grant date, and 33.4% after 36 months from the grant date.

### Stock Options Held

The following table sets forth the number of stock options held by directors and NEOs as at December 31, 2019. Currently, the Company does not have any other equity incentive plans other than its Stock Option Plan.

Name and principal position	Number of stock options held (#)	Number of underlying securities related to stock options held (#)	Percentage of class (%) <sup>(1)</sup>	Value of unexercised in-the-month options (\$) <sup>(2)</sup>
Wade K. Dawe, Director, Chairman and CEO	600,000	600,000	42%	Nil
Sarah Oliver, CFO	250,000	250,000	18%	Nil
Michael Gross, Director	200,000	200,000	14%	Nil
Derrick Gill, Director	200,000	200,000	14%	Nil

(1) As a percentage of the 1,425,000 stock options outstanding at December 31, 2019. 74% of the Company's outstanding options were exercisable at December 31, 2019 at an average exercise price of \$0.39 per share.

(2) Based on the December 31, 2019 closing price of the Company's common shares on the TSX-V of \$0.40 per share.

### Options Re-pricings

The Company did not re-price any options during the financial year ended December 31, 2019.

## **Long-Term Incentive Plan and Pension Plans**

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

## **Termination and Change of Control Benefits**

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

Effective June 27, 2016, Wade Dawe was appointed President and Chief Executive Officer of the Company. Pursuant to his employment contract, Mr. Dawe is entitled to an annual salary of \$180,000, payable monthly. Should a "change in control" event, as defined in the related employment contract, occur for the Company, Mr. Dawe will receive a lump sum payment equal to 36 months of his then current base salary.

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

## **EQUITY COMPENSATION PLAN INFORMATION**

### ***Securities Authorized for Issuance under Equity Compensation Plans***

The Company's current Stock Option Plan was approved at the Annual General and Special Meeting of Shareholders of Fortune Bay Corp. held on June 20, 2019. The Plan is designed to comply with the policies of the TSX Venture Exchange and requires annual shareholder approval.

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

### **The Purpose of the Plan**

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

### **Summary of the Plan**

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

1. The Plan is administered by the Fortune Bay Board which shall, without limitation, subject to the approval of the TSX-V, have full and final authority in its discretion, but subject to the express provisions of the Plan, to prescribe, amend and rescind rules and regulations relating to it and to make all other determinations deemed necessary or advisable for the administration of the Plan.
2. Options may be granted under the Plan to Directors, Employees, Consultants and Management Company Employees (as those terms are defined in Policy 4.4 – *Incentive Stock Options* of the TSX-V) of the Company and any of its subsidiaries.

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

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

#### Renewal of the Plan

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

The following table summarizes relevant information as of December 31, 2019 with respect to compensation plans under which equity securities are authorized for issuance. Currently, the Company does not have any other equity incentive plans other than its Stock Option Plan.

<b>Plan Category</b>	<b>Number of shares to be issued upon exercise of outstanding options</b>	<b>Weighted-average exercise price of outstanding options</b>	<b>Number of securities remaining available for future issuance under equity compensation plans</b>
Equity compensation plans approved by shareholders	1,425,000	\$0.39	678,726
Equity compensation plans not approved by shareholders	N/A	N/A	N/A

As at December 31, 2019 and May 21, 2020, 1,425,000 options, being 4.9% of the 28,894,407 Common Shares of the Company as at May 21, 2020, were issued and outstanding.

## **INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS TO THE COMPANY**

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

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

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

## **ADDITIONAL INFORMATION**

Additional information regarding the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.fortunebaycorp.com](http://www.fortunebaycorp.com). Financial information regarding the Company is provided in the Company's Consolidated Financial Statements and Management Discussion and Analysis ("**MD&A**"), mailed to those Shareholders who requested such information. The Company's Consolidated Financial Statements and MD&A for the year ended December 31, 2019, together with the auditor's report thereon, and this Circular may be obtained from the Secretary of the Company upon request.

## **DIRECTORS' APPROVAL**

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

DATED at Halifax this 21<sup>st</sup> day of May, 2020.

Signed "*Wade K. Dawe*"

Wade K. Dawe, Chairman and Chief Executive Officer

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

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

**1. BACKGROUND**

1.1 National Instrument 52-110 — *Audit Committees* (the "**Instrument**") relating to the composition and function of audit committees was implemented for reporting issuers and, accordingly, applies to every TSX Venture Exchange listed company, including the Corporation. The Instrument requires all affected issuers to have a written audit committee charter which must be disclosed, as stipulated by Form 52-110F2, in the management information circular of the Corporation wherein management solicits proxies from the security holders of the Corporation for the purpose of electing directors to the board of directors. The Corporation, as a TSX Venture Exchange-listed company is, however, exempt from certain requirements of the Instrument.

1.2 This Charter has been adopted by the board of directors in order to comply with the Instrument and to more properly define the role of the Audit Committee in the oversight of the financial reporting process of the Corporation. Nothing in this Charter is intended to restrict the ability of the Board or the Audit Committee to alter or vary procedures in order to comply more fully with the Instrument, as amended from time to time.

**2 PURPOSE**

2.1 The primary function of the Audit Committee is to assist the Board in fulfilling its financial reporting and controls responsibilities to the shareholders of the Corporation and the investment community. The external auditors will report directly to the Audit Committee. The Audit Committee's primary duties and responsibilities are:

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

**3 COMPOSITION**

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

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

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

#### **4 DUTIES AND RESPONSIBILITIES**

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

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

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

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

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

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

## **5 SECRETARY**

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

## **6 MEETINGS**

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

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

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

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

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

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

## **7 QUORUM**

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

**APPENDIX B**  
**DEFERRED SHARE UNIT PLAN**  
**Fortune Bay Corp. (the 'Company')**

**ARTICLE 1 INTRODUCTION**

**1.1 Purpose**

The Company's Deferred Share Unit Plan (the "Plan") has been established to provide Directors and Senior Officers of the Company with the opportunity to acquire deferred share units in order to allow them to participate in the long term success of the Company and to promote a greater alignment of interests between its Directors, Senior Officers and shareholders.

**1.2 Definitions**

For purposes of the Company's Deferred Share Unit Plan:

- (a) "Acknowledgement and Election Form" means a document substantially in the form of Appendix "A";
- (b) "Affiliate" has the meaning assigned by the Securities Act (Ontario), as amended from time to time;
- (c) "Applicable Laws" means all laws and regulations applicable to the Company and its affairs, and all applicable regulations and policies of such regulatory authorities, stock exchanges or over-the-counter markets as have jurisdiction over the affairs of the Company;
- (d) "Applicable Withholding Taxes" has the meaning set forth in Section 2.4 of the Plan;
- (e) "Associate" has the meaning assigned by the *Securities Act* (Ontario), as amended from time to time;
- (f) "Award Date" means in respect of Deferred Share Units awarded as (i) the Director's Retainer, as contemplated by Section 3, the last day of each of March, June, September and December of a calendar year on which dates the Deferred Share Units shall be deemed to be awarded, in arrears, to a Participant; or (ii) discretionary award as contemplated by Section 4, on such date as the Board determines;
- (g) "Award Market Value" means the volume-weighted average trading price of the Shares for the five (5) trading days immediately preceding the Award Date as reported by the Stock Exchange;
- (h) "Board" means the board of Directors of the Company;
- (i) "Business Day" means any day other than a Saturday, Sunday or statutory or civic holiday in the Provinces of Ontario and Nova Scotia;
- (j) "Change in Control" means the occurrence of any one or more of the following events:
  - (i) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Company or any of its Subsidiaries and another corporation or other entity, as a result of which the holders of Shares prior to the completion of the transaction hold less than 50% of the votes attached to all of the outstanding voting securities of the successor corporation or entity after completion of the transaction;

- (ii) a resolution is adopted to wind-up, dissolve or liquidate the Company;
- (iii) any person, entity or group of persons or entities acting jointly or in concert (the "Acquirer") acquires, or acquires control (including, without limitation, the power to vote or direct the voting) of, voting securities of the Company which, when added to the voting securities owned of record or beneficially by the Acquirer or which the Acquirer has the right to vote or in respect of which the Acquirer has the right to direct the voting, would entitle the Acquirer and/or Associates and/or affiliates of the Acquirer to cast or direct the casting of 50% or more of the votes attached to all of the Company's outstanding voting securities which may be cast to elect Directors of the Company or the successor corporation (regardless of whether a meeting has been called to elect Directors);
- (iv) as a result of or in connection with: (A) the contested election of Directors or (B) a transaction referred to in subparagraph 1.2(j)(i) above, the nominees named in the most recent Management Information Circular of the Company for election to the Board of Directors of the Company shall not constitute a majority of the Directors; or
- (v) the Board adopts a resolution to the effect that a Change of Control as defined herein has occurred or is imminent;
- (k) "Committee" means the committee of the Board responsible for recommending to the Board the compensation of the Participants, which at the effective date of the Plan is the Nominations and Compensation Committee;
- (l) "Corporate Secretary" means the corporate secretary of the Company;
- (m) "Company" means Fortune Bay Corp. and its successors and assigns, and any reference in the Plan to activities by the Company means action by or under the authority of the Board or the Committee;
- (n) "Deferred Share Unit" means a unit equivalent in value to a Share, credited by means of a bookkeeping entry in the books of the Company in accordance with Section 5;
- (o) "Director" means any member of the Board;
- (p) "Director's Retainer" means the basic retainer payable to a Director for service as a member of the Board during a calendar year and, for greater certainty, shall not include, committee chairperson retainers, committee member retainers, Board or committee meeting fees, special remuneration for ad hoc services rendered to the Board or any discretionary grant of Deferred Share Units, if any;
- (q) "Insider" has the meaning set out in the TSX Venture Corporate Finance Manual;
- (r) "Options" means stock options under the Option Plan;
- (s) "Option Plan" means the Fortune Bay Stock Option Plan, as amended from time to time;
- (t) "Participant" means a current Director or Senior Officer who has been or is eligible to be credited with Deferred Share Units under the Plan, or a former Director or Senior Officer as the interpretation may require hereunder (e.g. Section 5.6);
- (u) "Plan" means the Fortune Bay Deferred Share Unit Plan, as amended from time to time;

(v) "Settlement Date" means, subject to the provisions of Section 5.1(a), in respect of a vested Deferred Share Unit, the Business Day following the Separation Date, or any other date after the Separation Date as may be selected by the Committee, but no later than the last business day of the calendar year following the calendar year in which the Separation Date occurs;

(w) "Security Based Compensation Arrangement" means:

(i) stock option plans for the benefit of employees, insiders, service providers or any one of such groups;

(ii) individual stock options granted to employees, service providers or insiders if not granted pursuant to a plan previously approved by the Company's security holders;

(iii) stock purchase plans where the Company provides financial assistance or where the Company matches the whole or a portion of the securities being purchased;

(iv) stock appreciation rights involving issuances of securities from treasury;

(v) any other compensation or incentive mechanism involving the issuance or potential issuances of securities of the Company; and

(vi) security purchases from treasury by an employee, insider or service provider which is financially assisted by the Company by any means whatsoever;

(x) "Senior Officer" means any one of the Chief Executive Officer or the Chief Financial Officer;

(y) "Separation Date" means the earliest date on which all three of the following conditions are satisfied:

(i) the Participant ceases to be a Director or Senior Officer for any reason other than death; and

(ii) the Participant is neither a Director or Senior Officer; and

(iii) the Participant is no longer employed by the Company in any capacity where previously the Participant was a Director or Senior Officer of the Company when granted Deferred Share Units and any such Deferred Share Units were vested under Section 5.1 hereto;

(z) "Share" means a common share of the Company;

(aa) "Stock Exchange" means the TSX Venture Exchange, or, if the Shares are not listed on the TSX Venture Exchange at the relevant time, such other stock exchange or over-the-counter market on which the Shares are principally listed or quoted, as the case may be; and

(bb) "Subsidiary" means any related entity to the Company, as such term is defined in National Instrument 45-106 - Prospectus and Registration Exemptions of the Canadian Securities Administrators.

### **1.3 Effective Date of the Plan**

The effective date of the Plan shall be May 20, 2020. The Board shall review and confirm the terms of the Plan from time to time.

## **2. ADMINISTRATION**

### **2.1 Administration of the Plan**

The Plan shall be administered by the Board, which shall have full authority to interpret the Plan, to establish, amend and rescind any rules and regulations relating to the Plan and to make such determinations as it deems necessary or desirable for the administration of the Plan. All actions taken and decisions made by the Board in this regard shall be final, conclusive and binding on all parties concerned, including, but not limited to, the Company, the Participants and their legal representatives.

### **2.2 Delegation**

The Board may delegate to any Director, officer or employee of the Company such of the Board's duties and powers relating to the Plan as the Board may see fit.

### **2.3 Determination of Value if Shares Not Publicly Traded**

Should the Shares not be publicly traded on the Stock Exchange at the relevant time, such that the Award Market Value cannot be determined in accordance with the formulae set out in the definitions of those terms, such values shall be determined by the Committee acting in good faith.

### **2.4 Taxes and Other Source Deductions**

The Company shall be authorized to withhold or deduct such amounts, if any, as may be required to be withheld or deducted under applicable taxation or other laws (the "Applicable Withholding Taxes").

Any issuance of Shares under the Plan shall be subject to the provision that the Company may, in its sole discretion, require the Participant to reimburse the Company for any amounts required to be withheld as taxes in respect of the issuance of the Shares to such Participant. In lieu thereof, the issuance of Shares under the Plan is conditional upon the Company's reservation, in its discretion, of the right to withhold, consistent with any applicable law, from any compensation or other amounts payable to the Participant, any amounts required to be paid by the Company to any taxing or other governmental authority on behalf of the Participant or its own behalf under any federal, state, provincial or local law as a result of the issuance of Shares under the Plan.

### **2.5 Compliance with Income Tax Act**

Notwithstanding the foregoing, all actions of the Board, the Committee and the Corporate Secretary shall be such that this Plan continuously meets the conditions of paragraph 6801(d) of the Regulations under the Income Tax Act (Canada), or any successor provision, in order to qualify as a "prescribed plan or arrangement" for the purposes of the definition of a "salary deferral arrangement" contained in subsection 248(1) of the Income Tax Act (Canada).

### **2.6 No Liability**

Neither the Board, the Committee, the Corporate Secretary, nor any officer or employee of the Company shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with this Plan, and the members of the Board, the Committee, the Corporate Secretary and such officers and employees of the Company shall be entitled to indemnification by the Company in respect of any claim, loss, damage or expense (including legal fees and disbursements) arising therefrom

to the fullest extent permitted by law. The costs and expenses of implementing and administering this Plan shall be borne by the Company.

## **2.7 Eligibility**

Deferred Share Units may be awarded under the Plan only to persons who are Directors or Senior Officers on the Award Date.

As a condition of participating in the Plan, each Participant shall provide the Company with all information and undertakings that the Company requires in order to administer the Plan and comply with Applicable Laws.

## **2.9 Currency**

Except where expressly provided otherwise all references in the Plan to currency refer to lawful Canadian currency.

## **3. PAYMENT OF DIRECTOR'S RETAINER**

A Director shall have the right to elect in each calendar year the manner in which the Participant wishes to receive the Director's Retainer (whether in cash, Deferred Share Units or a combination thereof) by completing, signing and delivering to the Corporate Secretary the Acknowledgement and Election Form:

(a) in the case of a current Director, by December 31 of such calendar year, or such date as the Board deems appropriate, with such election to apply in respect of the Director's Retainer for the following calendar year; or

(b) in the case of a new Director, within thirty (30) days after the Director's first election or appointment to the Board with such election to apply in respect of the calendar year in which such Director was elected or appointed to the Board.

The Board may, from time to time, set such limits on the manner in which the Participants may receive their Director's Retainers and every election made by a Participant in his or her Acknowledgement and Election Form shall be subject to such limits once they are set. If the Acknowledgment and Election Form is signed and delivered in accordance with this Article 3, the Company shall pay and/or issue the Director's Retainer for the calendar year in question, as the case may be, to such Director in accordance with such Director's Acknowledgment and Election Form. If the Acknowledgment and Election Form is not signed and delivered in accordance with this Article 3, the Company shall pay the Director's Retainer in cash. If a Director has signed and delivered an Acknowledgment and Election Form in respect of one calendar year in accordance with this Article 3, but has not subsequently signed and delivered a new Acknowledgment and Election Form in respect of a subsequent calendar year, the Company shall continue to pay and/or issue the Director's Retainer for each subsequent calendar year, if any, in the manner specified in the last Acknowledgment and Election Form that was signed and delivered by the Director in accordance with this Article 3, until such time as the Director signs and delivers a new Acknowledgment and Election Form in accordance with this Article 3.

## **4. DISCRETIONARY GRANTS**

Subject to this Article 4 and such other terms and conditions as the Board or the Committee may prescribe, the Committee may recommend the award of, and the Board may, acting on such recommendation, from

time to time award, Deferred Share Units to a Participant, provided that in no event may a Participant receive, in any one year, a number of Deferred Share Units having an Award Market Value greater than:

(a) in the case of a Participant who is a Director, an amount equal to the value of the Director's Retainer for such Director for such year; and

(b) in the case of a Participant who is a Senior Officer, an amount equal to the base salary for such Senior Officer for such year.

## **5. DEFERRED SHARE UNITS**

### **5.1 Deferred Share Unit Accounts and Vesting**

(a) All Deferred Share Units received by a Participant shall be credited to an account maintained for the Participant on the books of the Company as of the Award Date, except where Deferred Share Units have been granted pursuant to Section 4, in which case such Deferred Share Units shall be credited to the Participant's account.

The vesting schedule of an award of Deferred Share Units for Directors and Senior Officers will be 33.3% on the first anniversary of the Award Date, 33.3% on the second anniversary of the Award Date and 33.4% on the third anniversary of the Award Date.

For administrative purposes, a separate register shall be maintained for each Participant by the Company for unvested Deferred Share Units. Unless otherwise determined by the Board, or as otherwise provided in the Plan, such Deferred Share Units shall cease to vest on the Separation Date and any Deferred Share Units which have not vested on the Separation Date shall be cancelled.

(b) Notwithstanding the foregoing, unless otherwise determined by the Committee or the Board at or after the Award Date:

(i) any Deferred Share Units outstanding immediately prior to the occurrence of a Change in Control, but which are not then vested, shall vest immediately upon the Change of Control.

### **5.2 Number of Deferred Share Units**

(a) The number of Deferred Share Units (including fractional Deferred Share Units) to be credited as of the Award Date in respect of the Director's Retainer shall be determined by dividing (a) the amount of the Director's Retainer to be paid in Deferred Share Units by (b) the Award Market Value, with fractions computed to three decimal places.

(b) The number of Deferred Share Units (including fractional Deferred Share Units) to be credited as of the Award Date in respect of a grant under Section 4 shall be such number of Deferred Share Units as the Board in its discretion determines to be appropriate in the circumstances.

### **5.3 Confirmation of Award**

Certificates representing Deferred Share Units shall not be issued by the Company. Instead, the award of Deferred Share Units to a Participant shall be evidenced by a letter to the Participant from the Company in the form attached hereto as Appendix "B".

#### **5.4 Reporting of Deferred Share Units**

Statements of the Deferred Share Unit accounts will be provided to the Participants on an annual basis in January of each year.

#### **5.5 Redemption of Deferred Share Units**

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

#### **5.6 Death of Participant Prior to Redemption**

If a Participant dies prior to the redemption of the Deferred Share Units credited to the account of such Participant under the Plan, there shall be issued to the estate of such Participant on or about the thirtieth (30th) day after the Company is notified of the death of the Participant a number of Shares equivalent to the amount which would have been issued to the Participant pursuant to and subject to Section 5.5, calculated on the basis that the day on which the Participant died is the Settlement Date and that all such Deferred Share Units vested on such date. Upon redemption in full of all of the Deferred Share Units that become redeemable under this Section 5.6, the Deferred Share Units shall be cancelled and no further issuances of securities or payments will be made from the Plan in relation to the Participant.

#### **5.7 Adjustments**

(a) Subdivisions and Redivisions: In the event of any subdivision or redivision of the Shares at any time into a greater number of Shares, all Deferred Share Units outstanding at the time of such subdivision or redivision shall be deemed to have been subdivided or redivided on the same basis as of such time, without the Participant making any additional payment or giving any other consideration therefor.

(b) Consolidations: In the event of any consolidation of the Shares at any time into a lesser number of Shares, all Deferred Share Units outstanding at the time of such consolidation shall be deemed to have been consolidated on the same basis as of such time, without the Participant making any additional payment or giving any other consideration therefor.

(c) Reclassifications/Changes: In the event of any reclassification or change of the Shares at any time, the Company shall thereafter deliver at the time of redemption of any Deferred Share Unit, where the Board elects pursuant to Section 5.5 to redeem such Deferred Share Unit by issuing Shares, the number of securities of the Company of the appropriate class or classes resulting from said reclassification or change as the Participant would have been entitled to receive in respect of the number of Shares for which such Deferred Share Unit is then being redeemed had such Deferred Share Unit been exercised before such reclassification or change.

(d) Other Capital Reorganizations: In the event of any capital reorganization of the Company at any time which is, not otherwise covered in this Section 5.7, or a consolidation, amalgamation or merger of the

Company with or into any other entity, or the sale of the properties and assets of the Company as or substantially as an entirety to any other entity (a "Reorganization"), each Deferred Share Unit that is outstanding on, and has not been redeemed prior to, the record date or the effective date (as applicable) of such Reorganization, shall entitle the Participant to whom it is credited to receive, upon the redemption of such Deferred Share Unit thereafter where the Board elects pursuant to Section 5.5 to redeem such Deferred Share Unit by issuing Shares, the number of other securities or property of the entity resulting from such Reorganization that the Participant would have been entitled to receive on such Reorganization if, on the record date or the effective date of such Reorganization, such Participant had been the registered holder of the number of Shares to which such Participant would have been entitled had such Deferred Share Unit been redeemed immediately before such record date or effective date.

(e) Other Changes: In the event that the Company takes any action affecting the Shares at any time, other than any action described above, which in the opinion of the Board would materially affect the rights of the Participant, or in the event that the Board, in good faith, determines that the adjustments prescribed by this Section 5.7 for the actions describe above would not be fair to Participants, the number of Shares issuable upon the redemption of any Deferred Share Unit will be adjusted in such manner, if any, and at such time, as the Board may determine, but subject in all cases to any necessary regulatory and, if required, shareholder approval. Failure to take such action by the Board so as to provide for an adjustment on or prior to the effective date of any action by the Company affecting the Shares will be conclusive evidence that the Board has determined that it is equitable to make no adjustment in the circumstances.

(f) The Company shall not be obligated to issue fractional Shares in satisfaction of its obligations under the Plan or any Deferred Share Unit and the Participant will not be entitled to receive any form of compensation in lieu thereof.

(g) If at any time the Company grants to its shareholders the right to subscribe for and purchase pro rata additional securities of any other corporation or entity, there shall be no adjustments made to the number of Shares or other securities subject to the Deferred Share Units in consequence thereof and the Deferred Share Units shall remain unaffected.

(h) The adjustment in the number of Shares issuable pursuant to Deferred Share Units provided for in this Section 5.7 shall be cumulative.

(i) On the happening of each and every of the foregoing events, the applicable provisions of the Plan and each of them shall, ipso facto, be deemed to be amended accordingly and the Board shall take all necessary action so as to make all necessary adjustments in the number and kind of securities subject to any outstanding Deferred Share Unit (and the Plan) and the exercise price thereof.

## **5.8 Issuance of Shares**

(a) Compliance with Applicable Laws: No Share shall be delivered under the Plan unless and until the Board has determined that all provisions of Applicable Laws and the requirements of the Stock Exchange have been satisfied. The Board may require, as a condition of the issuance and delivery of Shares pursuant to the terms hereof, that the recipient of such Shares make such covenants, agreements and representations, as the Board in its sole discretion deems necessary or desirable.

(b) No Fractional Shares: The Company shall not be required to issue fractional Shares on account of the redemption of Deferred Share Units. If any fractional interest in a Share would, except for this provision, be deliverable on the redemption of Deferred Share Units, the Company shall, in lieu of delivering any

certificate of such fractional interest, satisfy such fractional interest by paying to the Designated Participant or his Beneficiary, if applicable, a cash amount equal to the fraction of the Share corresponding to such fractional interest multiplied by the Award Market Value of such Share.

## **5.9 No Interest**

For greater certainty, no interest shall accrue to, or be credited to, a Participant on any amount payable under the Plan.

## **6. GENERAL**

### **6.1 Amendment, Suspension, or Termination of Plan**

(a) Subject to Sections 6.1(b) to (e), the Board may, in its sole discretion, at any time and from time to time: (i) amend or suspend the Plan in whole or in part, (ii) amend or discontinue any Deferred Share Units granted under the Plan, and (iii) terminate the Plan, without prior notice to or approval by any Participants or shareholders of the Company.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **6.2 Compliance with Laws**

(a) The administration of the Plan, including the Company's issuance of any Deferred Share Units or its obligation to make any payments or issuances of securities in respect thereof, shall be subject to and made in conformity with all Applicable Laws.

(b) Each Participant shall acknowledge and agree (and shall be conclusively deemed to have so acknowledged and agreed by participating in the Plan) that the Participant shall, at all times, act in strict compliance with the Plan and all Applicable Laws, including, without limitation, those governing "insiders" of "reporting issuers" as those terms are construed for the purposes of applicable securities laws, regulations and rules.

(c) In the event that the Committee recommends and the Board, after consultation with the Company's Chief Financial Officer and external auditors, determines that it is not feasible or desirable to honour an election in favour of Deferred Share Units or to honour any other provision of the Plan (other than the Settlement Date) under International Financial Reporting Standards as applied to the Plan and the accounts established under the Plan for each Participant, the Committee shall recommend and the Board shall make such changes to the Plan as the Board reasonably determines, after consultation with the Company's Chief Financial Officer and external auditors, are required in order to avoid adverse accounting consequences to the Company with respect to the Plan and the accounts established under the Plan for each Participant, and the Company's obligations under the Plan shall be satisfied by such other reasonable means as the Board shall in its good faith determine.

## **6.3 Reorganization of the Company**

The existence of any Deferred Share Units shall not affect in any way the right or power of the Company or its shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Company or to create or issue any bonds, debentures, shares or other securities of the Company or the rights and conditions attaching thereto or to effect the dissolution or liquidation of the Company or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

#### **6.4 General Restrictions and Assignment**

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

(b) The rights and obligations of the Company under the Plan may be assigned by the Company to a successor in the business of the Company.

#### **6.5 No Right to Service**

Neither participation in the Plan nor any action taken under the Plan shall give or be deemed to give any Participant a right to continued appointment as a Director or as a Senior Officer, continued employment with the Company and shall not interfere with any right of the shareholders of the Company to remove any Participant as a Director or any right of the Company to terminate a Senior Officer's office or employment with the Company at any time.

#### **6.6 No Shareholder Rights**

Deferred Share Units are not Shares and under no circumstances shall Deferred Share Units be considered Shares. Deferred Share Units shall not entitle any Participant any rights attaching to the ownership of Shares, including, without limitation, voting rights, dividend entitlement or rights on liquidation, nor shall any Participant be considered the owner of the Shares by virtue of the award of Deferred Share Units.

Deferred Share Units are non-transferable (except to a Participant's estate as provided in Section 5.6).

#### **6.8 Unfunded and Unsecured Plan**

The Company shall not be required to fund, or otherwise segregate assets to be used for required payments under the Plan. Unless otherwise determined by the Board, the Plan shall be unfunded and the Company will not secure its obligations under the Plan. To the extent any Participant or his or her estate holds any rights by virtue of a grant of Deferred Share Units under the Plan, such rights (unless otherwise determined by the Board) shall have no greater priority than the rights of an unsecured creditor of the Company.

#### **6.9 No Other Benefit**

No amount will be paid to, or in respect of, a Participant under the Plan to compensate for a downward fluctuation in the price of a Share, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose.

## **6.10 Governing Law**

The Plan shall be governed by, and interpreted in accordance with, the laws of the Province of Nova Scotia and the laws of Canada applicable therein, without regard to principles of conflict of laws.

## **6.11 Interpretation**

In this text, words importing the singular meaning shall include the plural and vice versa, and words importing the masculine shall include the feminine gender.

## **6.12 Severability**

The invalidity or unenforceability of any provision of this Plan shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from this Plan.

## **7. LIMITATIONS ON SHARES TO BE ISSUED**

### **7.1 Maximum Number of Shares Issuable**

Subject to adjustment in accordance with Section 5.7, the maximum number of Shares which the Company may issue from treasury in connection with the redemption of Deferred Share Units granted under the Plan shall be 500,000 Shares, or such greater number as may be approved from time to time by the Company's shareholders.

### **7.2 Maximum Number of Shares Issuable to Insiders**

The maximum number of Shares issuable to Insiders, at any time, under all Security Based Compensation Arrangement, cannot exceed 10% of the issued and outstanding Shares. The maximum number of Shares issuable to Insiders, within any one year period, under all Security Based Compensation Arrangements, cannot exceed 10% of the issued and outstanding Shares.

**APPROVED by the Board of Fortune Bay Corp. on May 21, 2020.**

## APPENDIX "A"

### Fortune Bay Corp.

#### DEFERRED SHARE UNIT PLAN

**THIS ACKNOWLEDGEMENT AND ELECTION FORM MUST BE RETURNED TO FORTUNE BAY CORP. (THE "COMPANY") AT THE FOLLOWING EMAIL ADDRESS: soliver@fortunebaycorp.com BY 5:00 P.M. (EASTERN TIME) BEFORE DECEMBER 31,\_\_, OR SUCH OTHER TIME AS AGREED BY THE BOARD [FOR NEW PARTICIPANTS: WITHIN 30 DAYS OF ELIGIBILITY TO PARTICIPATE]**

#### ACKNOWLEDGEMENT AND ELECTION FORM

Note: All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Deferred Share Unit Plan of the Company.

#### Part A: General

(a) I have received and reviewed a copy of the Fortune Bay Corp. Deferred Share Unit Plan (the "Plan") and agree to be bound by it.

(b) The value of a Deferred Share Unit is based on the trading price of a Share and is thus not guaranteed. The eventual value of a Deferred Share Unit on the applicable Settlement Date may be higher or lower than the value of the Deferred Share Unit at the time it was allocated to my account in the Plan.

(c) I will be liable for income tax when Deferred Share Units vest or are redeemed in accordance with the Plan. Any cash payments made pursuant to the Plan shall be net of Applicable Withholding Taxes (including, without limitation, applicable source deductions). I understand that the Company is making no representation to me regarding taxes applicable to me under this Plan and I will confirm the tax treatment with my own tax advisor.

(d) No funds will be set aside to guarantee the redemption of Deferred Share Units or the payment of any other sums due to me under the Plan. Future payments pursuant to the Plan are an unfunded liability recorded on the books of the Company. Any rights under the Plan by virtue of a grant of Deferred Share Units shall have no greater priority than the rights of an unsecured creditor.

(e) I acknowledge and agree (and shall be conclusively deemed to have so acknowledged and agreed by participating in the Plan) that I shall, at all times, act in strict compliance with the Plan and all Applicable Laws, including, without limitation, those governing "insiders" of "reporting issuers" as those terms are construed for the purposes of applicable securities laws, regulations and rules.

(f) I agree to provide the Company with all information and undertakings that the Company requires in order to administer the Plan and comply with Applicable Laws.

(g) I understand that:

(i) All capitalized terms shall have the meanings attributed to them under the Plan;

(ii) All cash payments, if any, will be net of any Applicable Withholding Taxes; and

(iii) If I am a Director and I resign or am removed from the Board or if I am a Senior Officer and I cease to be employed by the Company, unless otherwise determined by the Board, I will forfeit any Deferred Share Units which have not yet vested on such date, as set out in detail in the Plan.

**Part B: Director's Retainer**

I am a Director and I hereby elect irrevocably to have my Director's Retainer for the 20\_\_ calendar year payable as follows:

(a) % in Deferred Share Units; and

(b) % in cash.

The total amount of A and B must equal 100%. You must elect in increments of 10% under

A and B. The percentage allocated to Deferred Share Units may be limited by the Board of Directors of the Company at its discretion. Dated this day of \_\_\_\_\_, \_\_\_\_\_.

**Participant Signature:**

**Participant Name:**

**APPENDIX "B"**

**FORTUNE BAY CORP.**

**DEFERRED SHARE UNIT PLAN**

**Personal & Confidential**

[Date]

[Name of Director/Senior Officer]

Dear [Name]:

[If the Participant is Director who has made an election: This is to confirm that for the [year] calendar year you have elected to receive Deferred Share Units ("DSUs") in lieu of receiving [number]% of your Director's Retainer for such calendar year in cash]

<p>We are pleased to advise you that [number] DSUs have been awarded to you at the discretion of the Board of Directors of Fortune Bay Corp. pursuant to the Fortune Bay Corp. Deferred Share Unit Plan (the "<b>Plan</b>") and will be credited to your account in accordance with the following vesting schedule:</p> <p>[Vesting Date] [Number of Deferred Share Units Vested] [Vesting Date] [Number of Deferred Share Units Vested] [Vesting Date] [Number of Deferred Share Units Vested] [Vesting Date] [Number of Deferred Share Units Vested]</p>	<p><b>Number of DSUs</b></p>
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**FORTUNE BAY CORP.**

Per:

Name:

Title:

*I have authority to bind the Company*