FORM 51-102F3
MATERIAL CHANGE REPORT

ITEM 1 Name and Address of Company

Emerald Bay Energy Inc. (the "Corporation")
3A – 4015 1 Street SE
Calgary, AB T2G 4X7

ITEM 2 Date of Material Change:

May 29, 2018

ITEM 3 News Release:

A press release was issued in respect of the material change on May 29, 2018.

ITEM 4 Summary of Material Change:

Emerald Bay Energy Inc. (TSX Venture: EBY) (the "**Corporation**", the "**Company**" or "**Emerald Bay**") announced that has entered into an agreement to settle all amounts owing in connection with two separate loan/credit arrangements previously provided to the Corporation by Hillcrest Investments Ltd., a company controlled by Clarence Wagenaar (who currently controls, directly and indirectly, 11.93% of the outstanding common shares of the Corporation) via the issuance of an aggregate of 18,493,178 common shares of the Corporation at a price of $0.05 per share. The aggregate debt amounts to be settled is equal to $924,658.90, being the aggregate balance of the principal amounts owing on the two separate loan/credit arrangements between the parties plus all applicable interest. Upon closing of the shares for debt settlement, Mr. Wagenaar will control, directly and indirectly, an aggregate 51,574,198 common shares of the Corporation, or 17.44% of the outstanding common shares of the Corporation. The Corporation is proposing to issues the securities above in order to reduce its dent, preserve its cash position and otherwise allocate the Corporation's cash for other operations. The anticipated effect of this transaction will be to improve the Corporation's balance sheet by reducing the its debt.

Closing of the foregoing shares for debt transaction is subject to approval by the TSX Venture Exchange. All of the foregoing common shares will, upon issuance, be subject to a statutory four-month hold period in accordance with applicable securities laws.

The settlement of the debt with Mr. Wagenaar's company may be considered a "Related Party Transactions" under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*, however the Corporation will rely upon available exemptions from the minority shareholder approval and valuation requirements set forth in that Instrument (the fair market value of this transaction/consideration received/debt amount is less than 25% of the Corporation's market capitalization (exemptions found in sections 5.5(a) and 5.7(1)(a) of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*)).

ITEM 5 Full Description of Material Change:

Reference is made to the press releases attached hereto.

ITEM 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102:

Not applicable.

ITEM 7 Omitted Information:

No material information has been omitted from this Report.

ITEM 8 Executive Officer:

For further information, please contact Shelby D. Beattie, President at (403) 262-6000 or by facsimile at (403) 263-6001.

ITEM 9 Date of Report:

Dated as of June 6, 2018.

The foregoing accurately discloses the material change referred to in this report.

Emerald Bay Energy

For Immediate Release: May 29, 2018

EMERALD BAY ENERGY TO SETTLE $924,658.90 OF DEBT WITH SHARES

Calgary, Alberta, May 29, 2018 – Emerald Bay Energy Inc. (TSX Venture: EBY) (the "**Corporation**", the "**Company**" or "**Emerald Bay**") is pleased to announce that has entered into an agreement to settle all amounts owing in connection with two separate loan/credit arrangements previously provided to the Corporation by Hillcrest Investments Ltd., a company controlled by Clarence Wagenaar (who currently controls, directly and indirectly, 11.93% of the outstanding common shares of the Corporation) via the issuance of an aggregate of 18,493,178 common shares of the Corporation at a price of $0.05 per share. The aggregate debt amounts to be settled is equal to $924,658.90, being the aggregate balance of the principal amounts owing on the two separate loan/credit arrangements between the parties plus all applicable interest. Upon closing of the shares for debt settlement, Mr. Wagenaar will control, directly and indirectly, an aggregate 51,574,198 common shares of the Corporation, or 17.44% of the outstanding common shares of the Corporation.

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ABOUT EMERALD BAY

Emerald Bay Energy Inc. (EBY) is an energy company with oil producing properties in southwest Texas as well as non operated oil, natural gas, and electricity generation interests in Central Alberta, Canada. EBY is the operator of the Wooden Horse and Nash Creek Projects in Guadeloupe, Texas, where the Company currently now owns a 50.00% working interest in those projects. The Company also owns 75% of Production Resources Inc., a South Texas oil company.

To stay informed on Emerald Bay Energy, please join our Investor Group at https://www.8020connect.com/groups/emerald-bay-energy-inc for all upcoming news releases, articles, comments and questions.

For further information, please contact:

Emerald Bay President, Shelby D. Beattie, by telephone at (403) 262-6000
Email: info@ebyinc.com
www.ebyinc.com.