

KNEAT SOLUTIONS LIMITED

- and -

FORTUNE BAY CORP.

- and -

9617337 CANADA LIMITED

TRANSACTION AGREEMENT

DATED FEBRUARY 9, 2016

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TRANSACTION AGREEMENT

THIS TRANSACTION AGREEMENT dated February 9, 2016,

B E T W E E N :

KNEAT SOLUTIONS LIMITED,

a corporation existing under the laws of the Republic of Ireland ("**Kneat**")

- and -

FORTUNE BAY CORP.,

a corporation existing under the laws of Canada ("**Fortune**")

- and -

9617337 CANADA LIMITED,

a corporation existing under the laws of Canada ("**Spinco**")

WHEREAS:

- A. Kneat and Fortune wish to propose an arrangement involving, among other things, a reorganization of the capital of Fortune, the exchange of New Fortune Shares and Spinco Shares for the Fortune Shares held by the Fortune Shareholders, and the change of Fortune's name to Kneat Inc. or such other name as may be approved by Kneat, to be implemented by way of the Arrangement (as defined below) in each case in accordance with the terms and subject to the conditions contained in this Agreement;
- B. Kneat and Fortune wish to propose a scheme of arrangement involving, among other things, the cancellation of all of the issued and outstanding Kneat Shares (as defined below) and the issue to Fortune of the New Kneat Shares (as defined below) in return for the issue to the Kneat Shareholders of that number of Acquired Fortune Shares representing 68.7% of the issued and to be issued New Fortune Shares (subject to adjustment pursuant to Section 3.1(a)(iii) herein), to be implemented by way of the Merger Scheme (as defined below) in each case in accordance with the terms and subject to the conditions contained in this Agreement;
- C. The Key Kneat Shareholders have entered into the Fortune Irrevocable Undertakings, pursuant to which, among other things, the Key Kneat Shareholders have agreed to vote in favour of the Merger in respect of their respective Kneat Shares, on the terms and subject to the conditions set forth in the Fortune Irrevocable Undertakings and this Agreement;
- D. The Key Fortune Shareholders have entered into the Kneat Irrevocable Undertakings, pursuant to which, among other things, the Key Fortune Shareholders have agreed to vote in favour of the Arrangement in respect of their respective Fortune Shares, on the terms and subject to the conditions set forth in the Kneat Irrevocable Undertakings and this Agreement; and

- E. Fortune, Kneat and Spinco have entered into this Agreement to provide for the matters referred to in the foregoing recitals and for other matters relating to such arrangement.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto covenant and agree as follows:

ARTICLE 1 **INTERPRETATION**

1.1 Definitions

In this Agreement, unless the context otherwise requires:

"**Acquired Fortune Shares**" means that number of New Fortune Shares as will represent, upon their issuance in connection with the Arrangement, 68.7% of the issued and outstanding New Fortune Shares, subject to adjustment pursuant to Section 3.1(a)(iii) herein;

"**affiliate**" has the meaning ascribed thereto in the Securities Act;

"**Agreement**" means this transaction agreement as it may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof;

"**Arm's Length**" has the meaning ascribed thereto in the Tax Act;

"**Arrangement**" means the arrangement under Section 192 of the CBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto in accordance with Section 11.1 hereof or the Plan of Arrangement or at the direction of the Court in the Final Order;

"**Arrangement Effective Date**" means the date upon which the Arrangement becomes effective, as set out in the Plan of Arrangement;

"**Arrangement Effective Time**" means the time on the Arrangement Effective Date that the Arrangement becomes effective, as set out in the Plan of Arrangement;

"**Arrangement Final Order**" means the final order of the Ontario Court approving the Arrangement pursuant to Section 192 of the CBCA, after a hearing upon the fairness of the terms and conditions of the Arrangement, in a form acceptable to Kneat and Fortune, acting reasonably, as such order may be amended by the Ontario Court at any time prior to the Arrangement Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;

"**Arrangement Interim Order**" means the interim order of the Ontario Court made in connection with the Arrangement in a form acceptable to Kneat and Fortune, acting

reasonably, providing for, among other things, the calling and holding of the Fortune Meeting, as the same may be amended, supplemented or varied by the Ontario Court;

"**Arrangement Resolution**" means the special resolution of the Fortune Securityholders approving the Arrangement, to be considered at the Fortune Meeting, substantially in the form attached as Schedule B;

"**Business Day**" means any day, other than a Saturday, a Sunday or a statutory or civic holiday in Toronto, Ontario or the Republic of Ireland;

"**CBCA**" means the *Canada Business Corporations Act* and the regulations made thereunder, as promulgated or amended from time to time, and includes any successor thereto;

"**CDN\$-Euro Exchange Rate**" means the rate of European Euros that can be purchased by a Canadian dollar as determined by the Bank of Canada noon rate on the date of calculation;

"**CFPOA**" means the *Corruption of Foreign Public Officials Act*, S.C. 1998, c. 34, as amended;

"**Claim**" has the meaning ascribed thereto in Section 9.2;

"**Common Shares**" means the common shares in the current authorized share structure of Fortune which are to be exchanged for New Fortune Shares and Spinco Shares under the Arrangement;

"**Confidentiality Agreement**" means the confidentiality agreement between Kneat and Fortune dated November 20, 2015, as it may be amended from time to time in accordance with its terms;

"**Contract**" means any contract, agreement, license, franchise, lease, arrangement or other contractual right or obligation;

"**Depository**" means any nationally recognized trust company, bank or financial institution engaged by Fortune for the purpose of, among other things, receiving Letters of Transmittal (as defined in the Plan of Arrangement) and distributing certificates representing New Fortune Shares and Spinco Shares;

"**Dissent Rights**" means the rights of Fortune Securityholders to dissent in respect of the Arrangement described in the Plan of Arrangement;

"**EI Loan**" means the loan to be negotiated between Kneat and Enterprise Ireland in the amount of €32,000 plus the arrears of dividends to be calculated on the Merger Effective Date. Interest will be 3% per annum calculated on the €32,000 principle balance only. The loan will be fully repayable on the three year anniversary of the Merger Effective Date.;

"Environmental Laws" means all applicable federal, provincial, state, local and foreign Laws, imposing liability or standards of conduct for, or relating to, the regulation of activities, materials, substances or wastes in connection with, or for, or to, the protection of human health, safety, the environment or natural resources (including ambient air, surface water, groundwater, wetlands, land surface or subsurface strata, wildlife, aquatic species and vegetation);

"Environmental Liabilities" means, with respect to any Person, all liabilities, reclamation costs, costs of remediation, investigation costs, capital costs, operation and maintenance costs, losses, damages, (including punitive damages, property damages and consequential damages), costs and expenses, fines, penalties and sanctions incurred as a result of, or related to, any claim, suit, action, administrative order, investigation, proceeding, demand or cost recovery action by any Person, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law arising under, or related to, any Environmental Laws, Environmental Permits, or in connection with any Release or threatened Release or presence of a Hazardous Substance whether on, at, in, under, from or about or in the vicinity of any real or personal property;

"Environmental Permits" means all permits, licenses, written authorizations, certificates, approvals, program participation requirements, sign-offs, orders or registrations required by or available with or from any Governmental Entity under any Environmental Laws;

"EU Securities Laws" means EU Directive 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading and EU Directive 2003/6/EC on insider dealing and market manipulation, including all laws transposing such directives into the laws of EU member states;

"Fair Market Value" has the meaning ascribed thereto in the Plan of Arrangement;

"FCPA" means the *Foreign Corrupt Practices Act* of 1977, of the United States;

"Final Application" has the meaning ascribed thereto in Section 2.2(c)(iv);

"Fortune Board" means the board of directors of Fortune as the same is constituted from time to time;

"Fortune Cash Balance" has the meaning ascribed thereto in Section 7.2(k);

"Fortune Circular" means the notice of the Fortune Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto, to be sent to the Fortune Securityholders in connection with the Fortune Meeting, as amended, supplemented or otherwise modified from time to time;

"Fortune Disclosure Letter" means the disclosure letter executed by Fortune and delivered to Kneat on the date hereof in connection with the execution of this Agreement;

"Fortune Financial Statements" has the meaning ascribed thereto in Section 3.1(j);

"Fortune Irrevocable Undertakings" means the irrevocable undertakings of each of the Key Kneat Shareholders to vote in favour of the Merger Scheme at the Merger Meetings, substantially in the form of Schedule E;

"Fortune Meeting" means the special meeting of Fortune Securityholders, including any adjournment or postponement thereof, to be called and held in accordance with the Arrangement Interim Order to consider, among other things, the Arrangement Resolution;

"Fortune Mineral Properties" means all mining claims (whether patented or unpatented), concessions, leases, licences, surface rights or other rights to explore for, exploit, develop, mine or produce minerals which any of Fortune or any of its subsidiaries owns, has an interest in, or has a right or option to acquire or use, together with all joint venture, earn-in and other Contracts and royalties or other similar rights and all exploration information, data reports and studies including all geological, geophysical and geochemical information and data (including all drill, sample and assay results and all maps) and all technical reports, feasibility studies and other similar reports and studies concerning the Fortune Mineral Properties in Fortune's possession or control relating to such Fortune Mineral Properties;

"Fortune Optionholders" means the holders of Fortune Options;

"Fortune Options" means the outstanding options to purchase Fortune Shares or New Fortune Shares granted under or otherwise subject to the Fortune Stock Option Plan, as set forth in the Fortune Disclosure Letter;

"Fortune Private Placement" means the issuance of up to 6,666,667 Fortune Shares at an issue price of \$0.30 per share for gross proceeds of up to \$2,000,000, which will be completed before the Arrangement Effective Date;

"Fortune Public Disclosure Record" means all documents and information filed by Fortune under applicable Securities Laws on the System for Electronic Document Analysis Retrieval (SEDAR) and on the Electronic Data Gathering, Analysis, and Retrieval system (EDGAR), during the period commencing March 14, 2014 and ending on the Arrangement Effective Date, which are publicly available as of the date hereof or as of the Arrangement Effective Date;

"Fortune Securityholder Approval" has the meaning ascribed to such term in Section 2.2(a)(ii);

"Fortune Securityholders" means, collectively, the Fortune Shareholders, the Fortune Optionholders and the Fortune Warrantholders;

"Fortune Shareholders" means the holders of Fortune Shares;

"Fortune Shares" means the common shares in the authorized share structure of Fortune, as currently constituted;

"Fortune Stock Option Plan" means the Stock Option Plan of Fortune approved by Fortune's shareholders dated March 5, 2014;

"Fortune Subsidiaries" means Brigus Gold ULC, 7153945 Canada Inc., Linear Gold Holdings Corp., Linear Gold Mexico, S.A. de C.V., Linear Gold Caribe, S.A., Linear Gold Mineração Ltda. and Servicios Ixhuatán, S.A. de C.V.

"Fortune Warrantholders" means the holders of Fortune Warrants;

"Fortune Warrants" means the outstanding warrants to purchase Fortune Shares or New Fortune Shares as set forth in the Fortune Disclosure Letter;

"Governmental Entity" means any applicable: (a) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign; (b) subdivision, agent, commission, board or authority of any of the foregoing; (c) quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; or (d) the TSX;

"Hazardous Substance" means any pollutant, contaminant, waste or chemical or any toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous or deleterious substance, or material, including petroleum, polychlorinated biphenyls, asbestos and urea-formaldehyde insulation, and any other material or contaminant deemed under any Environmental Law to be deleterious to the environment or worker or public health or safety;

"IFRS" means International Financial Reporting Standards as developed and adopted by the International Accounting Standards Board from time to time;

"including" means including without limitation, and **"include"** and **"includes"** each have a corresponding meaning;

"Indemnity Notice" has the meaning ascribed thereto in Section 9.2(a);

"Intellectual Property" means United States and Canadian, foreign and international patents, patent applications, including provisional applications, statutory invention registrations, invention disclosures, inventions, trademarks, service marks, trade names, domain names, URLs, trade dress, logos and other source identifiers, including registrations and applications for registration thereof, together with the goodwill symbolized by any of the foregoing, copyrights, including registrations and applications for registration thereof, software, formulae, trade secrets, know-how, methods, processes, protocols, specifications, techniques, and other forms of technology (whether or not embodied in any tangible form and including all tangible embodiments of the foregoing, such as laboratory notebooks, samples, studies and summaries), and all rights under, in or to any of the foregoing that may exist or be created under the Laws of any jurisdiction in the world;

"Irish Act" means the Irish Companies Act 2014;

"Irish Court" means the High Court of Ireland;

"Irish Securities Laws" means the Irish Prospectus (Directive 2003/71/EC) Regulations 2005, the Irish Central Bank of Ireland Prospectus Rules 2014 and the Irish Market Abuse (Directive 2003/6/EC) Regulations 2005;

"Key Fortune Shareholders" means Wade Dawe, Darren Nantes, Dr. Michael Gross, Sarah Oliver, Derrick Gill and David Peat;

"Key Kneat Shareholders" means Edmund Ryan, Brian Ahearne, Kevin Fitzgerald, McGrath's Pharmacy Limited, Paul Breen, James Osborne, Ian Ainsworth and Eric McGrath;

"Key Regulatory Approvals" means those sanctions, rulings, consents, orders, exemptions, permits and other approvals (including the lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) of Governmental Entities set out in Schedule C hereto;

"Key Third Party Consents" means those consents, approvals and notices required from any third party to proceed with the transactions contemplated by this Agreement and the Plan of Arrangement, set out in Schedule D hereto;

"Kneat A Convertible Shareholders" means the holders of Kneat A Convertible Shares;

"Kneat A Convertible Shares" means the 8% A cumulative redeemable convertible preference shares of €1.00 each in the capital of Kneat;

"Kneat A Ordinary Shareholders" means the holders of Kneat A Ordinary Shares;

"Kneat A Ordinary Shares" means the A ordinary shares of €1.00 each in the capital of Kneat;

"Kneat Articles" means the Memorandum and Articles of Association of Kneat;

"Kneat Board" means the board of directors of Kneat as the same is constituted from time to time;

"Kneat Cancellation Shares" means any Kneat Shares in issue before the Merger Cancellation Record Time, but excluding, in any case, the Transfer Shares;

"Kneat Circular" means the notices of the Merger Meetings and accompanying circular, including all schedules, appendices and exhibits thereto, to be sent to the Kneat Shareholders in connection with the Merger Meetings, as amended, supplemented or otherwise modified from time to time;

"Kneat Convertible Shareholders" means the holders of Kneat Convertible Shares;

"Kneat Convertible Shares" means the 8% cumulative redeemable convertible preference shares of €1.00 each in the capital of Kneat;

"Kneat Disclosure Letter" means the disclosure letter executed by Kneat and delivered to Fortune on the date hereof in connection with the execution of this Agreement;

"Kneat Exchange Ratio" has the meaning ascribed to such term in Section 3.1(a)(iii);

"Kneat Financial Statements" has the meaning ascribed thereto in Section 5.1(i);

"Kneat IP" means: (a) all Intellectual Property relating to the Kneat Products in which Kneat has an ownership interest; and (b) all other Intellectual Property which Kneat uses and exploits in connection with the manufacture, use, testing, sale, licence or other commercialization of the Kneat Products;

"Kneat Irrevocable Undertakings" means the irrevocable undertakings of each of the Key Fortune Shareholders to vote in favour of the Arrangement at the Fortune Meeting, substantially in the form of Schedule F;

"Kneat Ordinary Shareholders" means the holders of Kneat Ordinary Shares;

"Kneat Ordinary Shares" means the ordinary shares of €1.00 each in the capital of Kneat;

"Kneat A Preference Shares" means the 8% A Cumulative Redeemable Preference Shares of €1.00 each in the capital of Kneat;

"Kneat Products" mean the Kneat Gx application and other product candidates based on Kneat's development programs;

"Kneat Transfer Shares", means any Kneat Shares issued at or after the Merger Cancellation Record Time and/or at or before the Merger Scheme Record Time;

"Kneat Shareholders" means the Kneat A Convertible Shareholders, Kneat A Ordinary Shareholders, Kneat Convertible Shareholders and Kneat Ordinary Shareholders;

"Kneat Shares" means the Kneat A Convertible Shares, Kneat A Ordinary Shares, Kneat Convertible Shares and Kneat Ordinary Shares;

"Kneat Subsidiary" means Kneat Solutions Inc., a wholly-owned subsidiary of Kneat formed under the laws of the State of Pennsylvania;

"Law" or **"Laws"** means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgements, injunctions, determinations, awards, decrees or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or

license of any Governmental Entity, and the term "**applicable**" with respect to such Laws and in a context that refers to one or more Parties, means such Laws as are applicable to such Party or its business, undertaking, assets, property or securities and emanate from a Person having jurisdiction over the Party or Parties or its or their business, undertaking, assets, property or securities;

"**Legal Proceeding**" means any action, suit, litigation, arbitration, proceeding, (including any civil, criminal, administrative, investigative or appellate proceeding), hearing, inquiry, audit, examination or investigation commenced, brought, conducted or heard by or before, or otherwise involving, any court or other Governmental Entity or any arbitrator or arbitration panel;

"**Liens**" means any hypothecs, mortgages, pledges, assignments, liens, charges, security interests, encumbrances and adverse rights or claims, other third Person interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing;

"**Material Adverse Effect**" means, in respect of any Party, any change, effect, event, circumstance, fact or occurrence that individually or in the aggregate with other such changes, effects, events, circumstances, facts or occurrences, is or would reasonably be expected to be, material and adverse to the business, condition (financial or otherwise), properties, assets (tangible or intangible), liabilities (including any contingent liabilities), operations or results of operations of that Person and its subsidiaries, taken as a whole, except any change, effect, event, circumstance, fact or occurrence resulting from or relating to: (i) the announcement of the execution of this Agreement or the transactions contemplated hereby; (ii) general political, economic or financial conditions, including in Ireland, Canada or the United States; (iii) the state of securities or commodity markets in general (provided that it does not have a materially disproportionate effect on that Person relative to comparable companies); (iv) the commencement or continuation of any war, armed hostilities or acts of terrorism; (v) any decrease in the trading price or any decline in the trading volume of that Person's securities (it being understood that the causes underlying such change in trading price or trading volume (other than those in items (i) to (iv) above and (vi) to (viii) below) may be taken into account in determining whether a Material Adverse Effect has occurred); (vi) any actions taken (or omitted to be taken) by a Party upon the written request of any other Party; (vii) any changes in applicable Laws or IFRS, including authoritative interpretations thereof; or (viii) earthquakes, hurricanes, other natural disasters or acts of god.

"**Material Contracts**" means, in respect of any Party, any Contract: (i) which, if terminated or modified or if it ceased to be in effect, would reasonably be expected to have a Material Adverse Effect on such Party; (ii) under which such Party or any of its subsidiaries has directly or indirectly guaranteed any liabilities or obligations of a third party (other than ordinary course endorsements for collection) in excess of \$25,000; (iii) relating to indebtedness for borrowed money, whether incurred, assumed, guaranteed or secured by any asset, with an outstanding principal amount in excess of \$250,000; providing for the establishment, organization or formation of any partnership or joint

venture; (iv) under which such Party or any of its subsidiaries is obligated to make or expects to receive payments in excess of \$25,000 over the remaining term of the Contract; (v) that limits or restricts such Party or any of its subsidiaries from engaging in any line of business or any geographic area in any material respect; (vi) any capital lease or any other lease or other Contract relating to tangible personal property providing for annual rental payments in excess of \$50,000; (vii) any lease in respect of real property; under which such Party is, or may become, obligated to pay any amount in respect of indemnification obligations, purchase price adjustment or otherwise in connection with any (a) acquisition or disposition of assets or securities (other than the sale of inventory in the ordinary course of business), (b) merger, consolidation or other business combination or (c) series or group of related transactions or events of the type specified in the immediately preceding clauses (a) and (b); (viii) under which any other Person has guaranteed any debt of such Party; (ix) under which such Party is, or may become, obligated to incur or pay any severance payment or special compensation obligations which would become payable by reason of this Agreement or the transactions contemplated hereby; (x) that is a profit sharing, equity option, equity purchase, equity appreciation, deferred compensation, severance or other plan or arrangement for the benefit of such Party's current or former directors, shareholders, officers or employees, consultants or independent contractors; (xi) in respect of any settlement, conciliation or similar arrangement or obligation imposing an obligation on such Party after the Effective Date; or (xii) that is otherwise material to such Party and its subsidiaries, considered as a whole; and, for greater certainty, in respect of Fortune includes the Material Contracts listed in Section 4.1(r) of the Fortune Disclosure Letter, and in respect of Kneat, includes the Material Contracts listed in Section 5.1(o) of the Kneat Disclosure Letter;

"material change" has the meaning ascribed thereto in the Securities Act;

"material fact" has the meaning ascribed thereto in the Securities Act;

"MD&A" has the meaning ascribed thereto in Section 4.1(j);

"Merger" means the proposed acquisition of the Kneat Shares by Fortune by means of the Merger Scheme pursuant to this Agreement;

"Merger A Convertible Share Class Scheme Meeting", means the meeting of Kneat A Convertible Shareholders convened by order of the Irish Court to consider and vote on the approval of the Merger Scheme;

"Merger A Ordinary Share Class Scheme Meeting", means the meeting of Kneat A Ordinary Shareholders convened by order of the Irish Court to consider and vote on the approval of the Merger Scheme;

"Merger Cancellation Record Time" means 11:59 p.m. (Irish time) on the day before the Irish Court hearing to sanction the Merger Scheme;

"Merger Capital Reduction" means the proposed reduction of Kneat's share capital under Sections 84 to 86 of the Act, associated with the cancellation of the Kneat Shares

in issue before the Merger Cancellation Record Time;

“Merger Conditions” means the conditions precedent set out in Sections 7.1, 7.2, 7.3 and 7.4;

"Merger Convertible Share Class Scheme Meeting", means the meeting of Kneat Convertible Shareholders convened by order of the Irish Court to consider and vote on the approval of the Merger Scheme;

"Merger Effective Date" means the date upon which the Merger Arrangement becomes effective, as set out in the Merger Scheme;

"Merger Effective Time" means the time on the Merger Effective Date that the Merger Arrangement becomes effective, as set out in the Merger Scheme;

"Merger Final Order" means the final order of the Irish Court approving the Merger Scheme pursuant to Section 453 of the Irish Act, on application by Kneat, in a form acceptable to Kneat and Fortune, acting reasonably, as such order may be amended by the Irish Court at any time prior to the Merger Effective Time or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;

"Merger Interim Order" means the order of the Irish Court made in connection with the Merger Scheme in a form acceptable to Kneat and Fortune, acting reasonably, providing for, among other things, directions as to the appropriate scheme meetings that must be held in connection with the Merger Scheme and the calling and holding of the Merger Scheme Meetings, as the same may be amended, supplemented or varied by the Irish Court;

"Merger Meetings", means the Merger EGM and the Merger Scheme Meetings;

"Merger EGM", means the extraordinary general meeting of Kneat Ordinary Shareholders and Kneat A Ordinary Shareholders (and any adjournment thereof) to be convened in connection with the Merger Scheme;

"Merger EGM Resolutions" means the resolutions to be proposed at the Merger EGM for the purposes of approving and implementing the Merger Scheme, the Merger Capital Reduction, changes to the Kneat Articles and such other matters as Kneat reasonably determines to be necessary for the purposes of implementing the Merger or, subject to the consent of Fortune (such consent not to be unreasonably withheld, conditioned or delayed), desirable for the purposes of implementing the Merger Scheme or the Merger;

"Merger Ordinary Share Class Scheme Meeting", means the meeting of Kneat Ordinary Shareholders convened by order of the Irish Court to consider and vote on the approval of the Merger Scheme;

"Merger Resolutions", means the Merger Scheme Meeting Resolutions and the Merger EGM Resolutions;

"Merger Sanction Date", means the date of sanction of the Merger Scheme pursuant to Section 449 to 455 of the Irish Act and confirmation of the related reduction of capital involved therein by the Irish Court;

"Merger Scheme" or **"Scheme of Arrangement"**, means the proposed scheme of arrangement under Chapter 1 of Part 9 of the Irish Act and the related reduction of capital under Sections 84 to 86 of the Irish Act to effect the Merger pursuant to this Agreement, on the terms (including the Merger Conditions) and for the issue of the Acquired Fortune Shares and on such other terms and in such form not being inconsistent therewith as the Parties mutually agree in writing, including any revision thereof as may be so agreed between the Parties;

"Merger Scheme Meetings", means the Merger A Convertible Share Class Scheme Meeting, the Merger A Ordinary Share Class Scheme Meeting, the Merger Convertible Share Class Scheme Meeting and the Merger Ordinary Share Class Scheme Meeting;

"Merger Scheme Meeting Resolution" means, with respect to each Merger Scheme Meeting, the resolution to be considered and voted on at that Merger Scheme Meeting proposing that the Merger Scheme, with or without amendment, except for a technical or procedural amendment which is required for the proper implementation of the Merger Scheme and does not have a substantive consequence on the implementation of the Merger Scheme), be agreed to;

"Merger Scheme Shareholder" means a holder of Merger Scheme Shares;

"Merger Scheme Shares" means the Merger Cancellation Shares and the Merger Transfer Shares;

"MI 61-101" means Multilateral Instrument 61-101 – Take-Over Bids and Special Transactions;

"Name Change" means the change of Fortune's name from "Fortune Bay Corp." to Kneat Inc. or such other name as may be approved by Kneat in its sole discretion;

"New Fortune Shares" means the common shares in the authorized share structure of Fortune to be created and issued under the Arrangement;

"Ontario Court" means the Ontario Superior Court of Justice (Commercial List), or other court as applicable;

"Outside Date" means June 30, 2016, or such later date as may be agreed to in writing by the Parties;

"Parties" means Kneat, Fortune, and Spinco, and **"Party"** means any one of them;

"Permit" means any license, permit, certificate, consent, order, grant, approval, classification, registration or other authorization of and from any Governmental Entity;

"**Person**" includes an individual, partnership, association, body corporate, trust, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

"**Registered IP**" means all Intellectual Property that is registered, filed or issued with, by or under the authority of any Governmental Entity, including all patents, registered copyrights, registered mask works, and registered trademarks and all applications for any of the foregoing;

"**Related Party Transaction**" has the meaning given thereto in MI 61-101;

"**Release**" means any release, spill, emission, leaking, pumping, pouring, emitting, emptying, escape, injection, deposit, disposal, discharge, dispersal, dumping, leaching or migration of Hazardous Substance in the indoor or outdoor environment, including the movement of Hazardous Substance through or in the air, soil, surface water, groundwater or property;

"**Representatives**" means, collectively, in respect of a Person, (a) its directors, officers, employees, agents, representatives and any financial advisor, law firm, accounting firm or other professional firm retained to assist the Person in connection with the transactions contemplated in this Agreement, and (b) the Person's affiliates and subsidiaries and the directors, officers, employees, agents and representatives and advisors thereof;

"**Retained Assets**" means the following assets of Fortune: (i) CAD\$8,450,000 in cash; and (ii) all minute books of Fortune and copies of all books, ledgers, files, lists, reports, operating records, correspondence, and other data and information, including all data and information stored on computer-related or other electronic media, relating to Taxes of Fortune or which may reasonably be required by Fortune after the Effective Time in connection with Returns, for audit purposes or in connection with required public disclosure pursuant to applicable Securities Laws or stock exchange rules.

"**Returns**" means all reports, forms, elections, designations, information statements and returns (whether in tangible, electronic or other form) including any amendments, schedules, attachments, supplements, appendices and exhibits thereto relating to, or required to be filed or prepared in connection with any Taxes;

"**SEC**" means the United States Securities and Exchange Commission;

"**Section 3(a)(10) Exemption**" has the meaning ascribed thereto in Section 2.2(c).

"**Securities Act**" means the *Securities Act* (Ontario) and the rules, regulations and published policies made thereunder, as now in effect and as they may be promulgated or amended from time to time;

"**Securities Authorities**" means the securities commissions or other securities regulatory authorities in each of the provinces of Canada, and the SEC, collectively;

"Securities Laws" means the Securities Act, the U.S. Securities Act, the U.S. Exchange Act, Irish Securities Laws and EU Securities Laws together with all other applicable provincial or other securities laws, rules and regulations and published policies thereunder, as applicable, as now in effect and as they may be promulgated or amended from time to time;

"Spinco Assets" means all of the assets of Fortune (including, for greater certainty, the assets listed in Schedule G) other than the Retained Assets;

"Spinco Assumption Agreement" has the meaning ascribed thereto in Section 6.4(a)(ii);

"Spinco Disposition" means the distribution by Fortune of Spinco Shares to Fortune Shareholders pursuant to the Arrangement;

"Spinco Information" means the information included in the Fortune Circular describing Spinco and the business, operations and affairs of Spinco, including any related financial statements and information regarding the Spinco Shares;

"Spinco Liabilities" means all liabilities or obligations of any type whatsoever (whether contingent or absolute, and including all future obligations) of Fortune and its subsidiaries that, following the Effective Time, Fortune or any of its subsidiaries pays or discharges, or is legally or otherwise obliged to pay or discharge, but which relates to or was incurred or accrued the period prior to the Effective Time with respect to the Spinco Assets and/or the Fortune Subsidiaries, including, without limitation, (i) any Employee Obligations, (ii) any Environmental Liabilities, and (iii) all liabilities or obligations of any type whatsoever of Fortune in connection with any Tax which is payable to any Governmental Entity, including any Tax in connection with either (a) the Spinco Reorganization or (b) in respect of the Spinco Disposition (but only to the extent that such Tax is payable after Fortune has claimed the maximum amount of all credits, deductions, and other amounts available to it (including any loss carryforwards) for the taxation year of Fortune that includes the Spinco Reorganization and the Spinco Disposition;

"Spinco Purchase and Sale Agreement" has the meaning ascribed thereto in Section 6.4(a)(i);

"Spinco Reorganization" has the meaning ascribed thereto in Section 6.4(a)(ii);

"Spinco Shares" means the common shares in the authorized share capital of Spinco;

"subsidiary" means, with respect to any specified Person, any other Person of which such specified Person will, at the time, directly or indirectly through one or more subsidiaries, (a) own at least 50% of the outstanding capital stock (or other shares of beneficial interest) entitled to vote generally, (b) hold at least 50% of the partnership, limited liability company, joint venture or similar interests or (c) be a general partner, managing member or joint venturer;

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time;

"**Taxes**" in respect of a Party means: (a) any and all taxes, imposts, levies, withholdings, duties, fees, premiums, assessments and other charges of any kind, however denominated and instalments in respect thereof, including any interest, penalties, fines or other additions that have been, are or will become payable in respect thereof, imposed by any Governmental Entity, including for greater certainty all income or profits taxes (including Canadian federal, provincial and territorial income taxes), payroll and employee withholding taxes, employment taxes, unemployment insurance, disability taxes, social insurance taxes, sales and use taxes, *ad valorem* taxes, excise taxes, goods and services taxes, harmonized sales taxes, franchise taxes, gross receipts taxes, capital taxes, business license taxes, mining royalties, alternative minimum taxes, estimated taxes, abandoned or unclaimed (*escheat*) taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, severance taxes, workers' compensation, Canada and other government pension plan premiums or contributions and other governmental charges and other obligations of the same or of a similar nature to any of the foregoing, which such Party or any of its subsidiaries is required to pay, withhold or collect, together with any interest, penalties or other additions to tax that may become payable in respect of such taxes, and any interest in respect of such interest, penalties and additions whether disputed or not; and (b) any liability for the payment of any amount described in clause (a) of this definition as a result of being a member of an affiliated, consolidated, combined or unitary group for any period, as a result of any Tax sharing or Tax allocation agreement, arrangement or understanding, or as a result of being liable to another Person's Taxes as a transferee or successor, by contract or otherwise;

"**TSX**" means the Toronto Stock Exchange;

"**TSXV**" means the TSX Venture Exchange;

"**United States**" means the United States of America, its territories and possessions, any State of the United States and the District of Columbia;

"**U.S. Exchange Act**" means the *United States Securities Exchange Act* of 1934, as the same has been, and hereafter from time to time, may be amended;

"**U.S. Securities Act**" means the *United States Securities Act* of 1933 as the same has been, and hereinafter from time to time may be, amended; and

"**U.S. Tax Code**" means the *United States Internal Revenue Code* of 1986, as amended.

1.2 Interpretation Not Affected by Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. Unless the contrary intention appears, references in this Agreement to an Article, Section or Schedule by number or letter or both refer to the Article, Section or Schedule, respectively, bearing that designation in this Agreement.

1.3 Number and Gender

In this Agreement, unless the contrary intention appears, words importing the singular include the plural and *vice versa*, and words importing gender include all genders.

1.4 Date for Any Action

If the date on or by which any action is required or permitted to be taken hereunder by a Party is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.

1.5 Currency

Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of Canada and "\$" or "CAD\$" refers to Canadian dollars.

1.6 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under IFRS and all determinations of an accounting nature required to be made shall be made in a manner consistent with IFRS consistently applied.

1.7 Knowledge

In this Agreement:

- (a) references to "the knowledge of Fortune" mean the actual collective knowledge of Wade Dawe and Sarah Oliver in their capacities as Chief Executive Officer and Chief Financial Officer, respectively, of Fortune, each of whom will be deemed to additionally have knowledge of all such matters as he or she would have discovered, had he or she made reasonable inquiries, including reasonable inquiries of the officers and directors of Fortune and its subsidiaries; and
- (b) references to "the knowledge of Kneat" mean the actual collective knowledge of Paul Breen and Eddie Ryan, in their capacities as Chairman and Chief Executive Officer, respectively, of Kneat, each of whom will be deemed to additionally have knowledge of all such matters as he would have discovered, had he made reasonable inquiries, including reasonable inquiries of the officers and directors of Kneat.

1.8 Schedules

The following Schedules are annexed to this Agreement and are incorporated by reference into this Agreement and form a part hereof:

Schedule A	-	Plan of Arrangement
Schedule B	-	Arrangement Resolution
Schedule C	-	Key Regulatory Approvals

Schedule D	-	Key Third Party Consents
Schedule E	-	Form of Fortune Irrevocable Undertaking
Schedule F	-	Form of Kneat Irrevocable Undertaking
Schedule G	-	Spinco Assets
Schedule H	-	Merger Scheme of Arrangement
Schedule I	-	Kneat Exchange Ratio Calculation

ARTICLE 2
THE ARRANGEMENT

2.1 Transactions

Kneat, Fortune and Spinco agree to achieve the following in connection with or as a result of the completion of, the Plan of Arrangement:

- (a) Fortune will undertake the Spinco Reorganization to complete the transfer of the Spinco Assets and the Spinco Liabilities to Spinco immediately prior to the Arrangement Effective Time;
- (b) Pursuant to the Plan of Arrangement:
 - (i) a reorganization of the capital of Fortune involving: (A) the redesignation of all of the Fortune Shares as Class "A" Shares; (B) the creation of the New Fortune Shares; and (C) the transfer by every Fortune Shareholder of all outstanding Fortune Shares to Fortune in exchange for one (1) New Fortune Share and one and one-half (1.5) Spinco Share for every three (3) Fortune Shares; and
 - (ii) the Name Change.

2.2 Ontario Court Orders

Fortune shall apply to the Ontario Court, in a manner acceptable to Kneat, acting reasonably, pursuant to Section 192 of the CBCA for the Arrangement Interim Order and the Arrangement Final Order as follows:

- (a) As soon as reasonably practicable following the date of execution of this Agreement, but in any event not later than March 31, 2016, Fortune shall prepare, file, proceed with and diligently prosecute an application to the Ontario Court for the Arrangement Interim Order which shall provide, among other things:
 - (i) for the class of Persons to whom notice is to be provided in respect of the Arrangement and the Fortune Meeting and the manner in which such notice is to be provided;
 - (ii) that the requisite approval for the Arrangement Resolution shall be at least 66-2/3% of the votes cast on the Arrangement Resolution by Fortune Shareholders and by at least 66-2/3% of the votes cast on the Arrangement

Resolution by the Fortune Securityholders voting as a single class, in each case present in person or represented by proxy at the Fortune Meeting (the "**Fortune Securityholder Approval**");

- (iii) that in all other respects, the terms, conditions and restrictions of the Fortune constating documents, including quorum requirements and other matters, shall apply in respect of the Fortune Meeting;
 - (iv) for the grant of the Dissent Rights to registered holders of Fortune Shares, which Dissent Rights shall provide for written objection to any Arrangement Resolution to be sent to Fortune by such Fortune Shareholders who wish to dissent at least two days before the Fortune Meeting;
 - (v) for notice requirements with respect to the presentation of the application to the Ontario Court for the Arrangement Final Order;
 - (vi) that the Fortune Meeting may be adjourned or postponed from time to time by management of Fortune without the need for additional approval of the Ontario Court; and
 - (vii) that the record date for Fortune Securityholders entitled to notice of and to vote at the Fortune Meeting will not change in respect of any adjournment(s) or postponement(s) of the Fortune Meeting.
- (b) Fortune shall use all commercially reasonable efforts to obtain TSX or TSXV's conditional approval of the listing of all New Fortune Shares to be issued pursuant to the Arrangement.
- (c) The Parties agree that the Arrangement will be carried out with the intention that all New Fortune Shares and Spinco Shares issued to the Fortune Shareholders pursuant to the Arrangement, will be issued and exchanged in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof (the "**Section 3(a)(10) Exemption**"). In order to ensure the availability of the Section 3(a)(10) Exemption, the Parties agree that the Arrangement will be carried out on the following basis:
- (i) the Arrangement will be subject to the approval of the Ontario Court;
 - (ii) the Ontario Court will be advised as to the intention of the Parties to rely on the Section 3(a)(10) Exemption based on the Ontario Court's approval of the Arrangement prior to the hearing of the Ontario Court required to approve the Arrangement;
 - (iii) the Ontario Court will be invited to satisfy itself and find, prior to approving the Arrangement, that the Arrangement is fair and reasonable, both procedurally and substantively, to the Fortune Securityholders;

- (iv) Fortune will ensure that each Fortune Securityholder entitled to receive New Fortune Shares or Spinco Shares, in each case pursuant to the Arrangement, will be given adequate notice advising such Fortune Securityholder, of his or her right to attend the hearing of the Ontario Court with respect to the application for the Arrangement Final Order (the "**Final Application**") and provide each with sufficient information necessary for him or her to exercise that right;
- (v) the Interim Order will specify that each Fortune Securityholder will have the right to appear before the Ontario Court at the Final Application so long as they enter an appearance within a reasonable time; and
- (vi) the Arrangement Final Order shall include statements substantially to the following effect:

"This Order will serve as a basis of a claim to an exemption, pursuant to Section 3(a)(10) of the United States Securities Act of 1933, as amended, from the registration requirements otherwise imposed by that act, regarding the distribution of securities of Fortune Bay Corp. pursuant to the Plan of Arrangement"; and

"The Arrangement is fair and reasonable, both procedurally and substantively, to the Fortune Securityholders."

2.3 Fortune Meeting

Subject to receipt of the Arrangement Interim Order and the terms of this Agreement:

- (a) Fortune agrees to convene and conduct the Fortune Meeting for the purposes of considering the Arrangement Resolution in accordance with the Arrangement Interim Order, Fortune's constating documents and applicable Laws as soon as reasonably practicable and in any event on or before May 31, 2016.
- (b) Fortune will use all commercially reasonable efforts to solicit proxies in favour of the approval of the Arrangement Resolution, including, if so requested by Kneat and at Kneat's cost, by using proxy solicitation services, designated by Kneat, in compliance with any Laws applicable to the solicitation of proxies. Fortune shall instruct Fortune's transfer agent and any such proxy solicitation agents to report to Kneat concurrently with their reports to Fortune, and to advise Kneat as Kneat may reasonably request, as to the aggregate tally of the proxies received by Fortune in respect of the Arrangement Resolution.
- (c) Fortune will promptly advise Kneat of any written notice of dissent or purported exercise by any Fortune Securityholder of Dissent Rights received by Fortune in relation to the Arrangement Resolution and any withdrawal of Dissent Rights received by Fortune and, subject to applicable Law, any written communications sent by or on behalf of Fortune to any Fortune Securityholder exercising or purporting to exercise Dissent Rights in relation to the Arrangement Resolution.

Subject to applicable Law, Fortune shall provide a copy of any written communication it proposes to send to any Fortune Securityholder exercising or purporting to exercise Dissent Rights in relation to the Arrangement Resolution and provide Kneat and its Representatives a reasonable period of time to review and comment on such written communication prior to Fortune's transmitting such communication to such Fortune Securityholder, and Fortune shall give reasonable and good faith consideration to all additions, deletions or changes suggested thereto by Kneat and its Representatives.

2.4 Fortune Circular

- (a) Fortune shall prepare the Fortune Circular in compliance with applicable Securities Laws and file the Fortune Circular on a timely basis, and in any event on or before April 30, 2016 in all jurisdictions where the same is required to be filed and mail the same as required by the Arrangement Interim Order and in accordance with all applicable Laws, in all jurisdictions where the same is required.
- (b) Fortune shall ensure that the Fortune Circular complies with applicable Securities Laws, and, without limiting the generality of the foregoing, that the Fortune Circular does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (other than in each case with respect to any information relating to Kneat or the Kneat Shareholders and provided by Kneat in writing) and shall provide Fortune Securityholders with information in sufficient detail to permit them to form a reasoned judgement concerning the matters to be placed before them at the Fortune Meeting. Subject to Sections 10.1 and 10.2, the Fortune Circular will include the unanimous recommendation of the Fortune Board that Fortune Securityholders vote in favour of the Arrangement Resolution, and a statement that each director of Fortune intends to vote all of such director's Fortune Shares, Fortune Warrants and Fortune Options in favour of the Arrangement Resolution, subject to the other terms of this Agreement.
- (c) Kneat will furnish to Fortune all such information regarding Kneat, its affiliates and the Kneat Shareholders as may be reasonably required by Fortune in the preparation of the Fortune Circular and other documents related thereto. Kneat shall ensure that no such information will include any untrue statement of a material fact or omit to state a material fact required to be stated in the Fortune Circular in order to make any information so furnished or any information concerning Kneat, its affiliates and the Kneat Shareholders not misleading in light of the circumstances in which it is disclosed. Subject to Section 2.4(d), Kneat shall also provide Fortune with disclosure regarding Kneat. It is the intention of the Kneat and Fortune that this disclosure will be reasonably sufficient to allow Fortune to rely upon the Section 3(a)(10) Exemption with respect to the distribution of New Fortune Shares, Spinco Shares and Acquired Fortune Shares

pursuant to the transactions described herein, and Fortune shall include such disclosure in the form provided by Kneat in the Fortune Circular.

- (d) Kneat and its Representatives shall be given a reasonable opportunity to review and comment on the Fortune Circular, prior to the Fortune Circular being printed and mailed to Fortune Securityholders and filed with the Securities Authorities, and Fortune shall give reasonable consideration to all additions, deletions or changes suggested thereto by Kneat and its Representatives; provided that all information relating to Kneat included in the Fortune Circular shall be in form and content satisfactory to Kneat, acting reasonably. Fortune shall provide Kneat with a final copy of the Fortune Circular prior to mailing to the Fortune Securityholders.
- (e) Fortune and Kneat shall each promptly notify the other if at any time before the Arrangement Effective Date, any of them becomes aware (in the case of Fortune only with respect to Fortune and Spinco and in the case of Kneat only with respect to Kneat) that the Fortune Circular contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Fortune Circular, and the Parties shall cooperate in the preparation of any amendment or supplement to the Fortune Circular, as required or appropriate, and Fortune shall promptly mail or otherwise publicly disseminate any amendment or supplement to the Fortune Circular to Fortune Securityholders and, if required by the Ontario Court or applicable Laws, file the same with the Securities Authorities and as otherwise required.

2.5 Arrangement Final Order

If (i) the Arrangement Interim Order is obtained, and (ii) the Arrangement Resolution is passed at the Fortune Meeting by the Fortune Securityholders as provided for in the Arrangement Interim Order and as required by applicable Law, subject to the terms of this Agreement, Fortune shall as soon as reasonably practicable thereafter and in any event within two Business Days thereafter take all steps necessary or desirable to submit the Arrangement to the Ontario Court and diligently pursue an application for the Arrangement Final Order pursuant to Section 192 of the CBCA.

2.6 Ontario Court Proceedings

Subject to the terms of this Agreement, Kneat will, to the extent reasonably required, cooperate with, assist and consent to Fortune seeking the Arrangement Interim Order and the Arrangement Final Order, including by providing Fortune on a timely basis any information required to be supplied by Kneat or the Kneat Shareholders in connection therewith. Fortune will provide legal counsel to Kneat with a reasonable opportunity to review and comment upon drafts of all material to be filed with the Ontario Court in connection with the Spin-Out, and will give reasonable consideration to all such comments. Fortune will also provide legal counsel to Kneat on a timely basis with copies of any notice of appearance or notice of intent to oppose and any

evidence served on Fortune or its legal counsel in respect of the application for the Arrangement Interim Order or the Arrangement Final Order or any appeal therefrom. Subject to applicable Law, Fortune will not file any material with the Ontario Court in connection with the Spin-Out or serve any such material, and will not agree to modify or amend materials so filed or served, except as contemplated hereby or with Kneat's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed; provided that nothing herein shall require Kneat to agree or consent to any modifications or amendments to such filed or served materials that reduce the economic benefits contemplated hereunder to flow to the Kneat and/or the Kneat Shareholders or expand or increase Kneat's obligations set forth in this Agreement.

2.7 Effectiveness of the Arrangement and Arrangement Effective Date

Subject to the satisfaction or, where not prohibited by applicable Law, the waiver of the conditions set forth in Article 7 by the applicable Party for whose benefit such conditions exist (excluding conditions that, by their terms, cannot be satisfied until the Arrangement Effective Date, but subject to the satisfaction or, where not prohibited by applicable Law, the waiver of those conditions as of the Arrangement Effective Date by the applicable Party for whose benefit such conditions exist), upon the Arrangement Resolution having been approved and adopted by the Fortune Securityholders at the Fortune Meeting, in accordance with the Arrangement Interim Order and Fortune obtaining the Arrangement Final Order, the Spin-Out shall be effective at the Arrangement Effective Time on the Arrangement Effective Date.

2.8 Preparation of Filings

The Parties shall, to the extent reasonably required, cooperate in the preparation of any application for the Key Regulatory Approvals and any other orders, registrations, consents, filings, rulings, exemptions, no-action letters and approvals and the preparation of any documents reasonably deemed by either of them to be necessary to discharge its respective obligations or otherwise advisable under applicable Laws in connection with this Agreement or the Plan of Arrangement.

2.9 Announcement and Shareholder Communications

Fortune and Kneat shall issue a joint press release with respect to this Agreement and the Arrangement promptly following the execution of this Agreement, the text of such announcement to be in a form approved by each of Fortune and Kneat in advance, acting reasonably and without delay. Each Party shall consult with the other Parties prior to issuing any other press releases or otherwise making public written statements with respect to the Arrangement or this Agreement and shall provide the other Party with a reasonable opportunity to review and comment on all such press releases or public written statements prior to the release thereof. Fortune and Kneat agree to cooperate in the preparation of presentations, if any, to Fortune Securityholders regarding the Plan of Arrangement; provided, however, that the foregoing shall be subject to each Party's overriding obligation to make any disclosure or filing required under applicable Laws or stock exchange rules, and the Party making such disclosure shall use all commercially reasonable efforts to give prior oral or written notice to the other Party and reasonable opportunity to review or comment on the disclosure or filing, and if such prior

notice is not possible, to give such notice immediately following the making of such disclosure or filing.

2.10 Officers and Directors

Following completion of the Arrangement and the Merger, the Fortune Board shall be comprised of six persons, including one nominee of Fortune. The Fortune Board is expected to be comprised of the following six persons: Paul Breen, James Osborne, Ian Ainsworth, Kevin Fitzgerald, Edmund Ryan and Wade Dawe.

Following completion of the Arrangement and the Merger, the Fortune executive team is expected to be comprised of the following persons: Edmund Ryan, Chief Executive Officer; Sarah Oliver, Chief Financial Officer; Brian Ahearne, Director of Quality; and, Kevin Fitzgerald, Director of Research and Development.

2.11 Withholding Taxes

In connection with the Arrangement, Fortune, Spinco and the Depositary shall be entitled to deduct and withhold from all dividends, distributions, other payments or other consideration payable to any person (other than the Kneat Shareholders) such amounts as Fortune, Spinco or the Depositary is required or permitted to deduct and withhold with respect to such payment under the Tax Act, the U.S. Tax Code or any provision of any applicable federal, provincial, state, local or foreign tax law, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the person in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

ARTICLE 3 **THE MERGER SCHEME**

3.1 Transactions

Kneat and Fortune agree to achieve the following in connection with or as a result of the completion of, the Merger Scheme:

- (a) Pursuant to the Merger Scheme:
 - (i) all outstanding Kneat Shares will be cancelled or transferred to Fortune;
 - (ii) Kneat will issue New Kneat Shares to Fortune in place of the Kneat Cancellation Shares; and
 - (iii) Fortune will issue 32.3858 Acquired Fortune Shares to each Merger Scheme Shareholder for each Merger Scheme Share (the "**Kneat Exchange Ratio**") held by him, her or it, provided that:
 - (A) if the CDN\$-Euro Exchange Rate is less than \$0.67 or greater than \$0.71 on the second last Business Day before the Merger Effective

Date, the Kneat Exchange Ratio will be correspondingly adjusted as illustrated in Schedule I attached hereto;

- (B) if the Fortune Private Placement results in the issuance of more than 5,666,667 Fortune Shares, the Kneat Exchange Ratio will be adjusted to ensure that the Kneat Shareholders suffer no dilution as a result of such issuance of Fortune Shares and will hold 68.7% of the issued and to be issued New Fortune Shares post the Merger; and
 - (C) if any shares in Fortune are issued pursuant to the Primero Mining Corp. unsecured convertible debentures as outlined in Schedule 4.1(f) of the Fortune Disclosure Letter, the Kneat Exchange Ratio will be adjusted to ensure that the Kneat Shareholders suffer no dilution as a result of such issuance of Fortune Shares and will hold 68.7% of the issued and to be issued New Fortune Shares post the Merger;
- (b) Kneat agrees that it shall put the Merger Scheme to the Kneat Shareholders in the manner set out in Section 3.2 and, subject to the satisfaction or waiver (where permissible) of the Merger Conditions (with the exception of any Merger Conditions that by their nature are to be satisfied on the Merger Effective Date, but subject to the satisfaction of such Conditions), shall, in the manner set out in Section 3.2, petition the Irish Court to sanction the Merger Scheme so as to facilitate the implementation of the Merger;
 - (c) Fortune agrees that it shall participate in the Merger Scheme and agrees to be bound by its terms and that it shall, subject to the satisfaction or waiver (where permissible) of the Merger Conditions, effect the Merger through the Merger Scheme on the terms set out in this Agreement and the Merger Scheme; and
 - (d) Each of Kneat and Fortune agrees that it shall fully and promptly perform all of the obligations required of it in respect of the Merger on the terms set out in this Agreement and/or the Merger Scheme and each shall, subject to the terms and conditions of this Agreement, use all reasonable endeavours to act in a manner consistent with the terms of this Agreement pertinent to such Party and take such other steps as are reasonably required for the proper implementation of the Merger Scheme and in connection with Completion.

3.2 Implementation of the Merger Scheme

- (a) Kneat shall prepare the Kneat Circular in compliance with the Irish Act and mail the same as required by the Merger Interim Order and in accordance with all applicable Laws, in all jurisdictions where the same is required.
- (b) The Kneat Circular will include the unanimous recommendation of the Kneat Board that Kneat Shareholders vote in favour of the Merger Resolutions, and a statement that each director of Kneat intends to vote all of such director's Kneat

Shares in favour of the Merger Resolutions, subject to the other terms of this Agreement.

- (c) Fortune will furnish to Kneat all such information regarding Fortune, its affiliates and the Fortune Securityholders as may be reasonably required by Kneat in the preparation of the Kneat Circular and other documents related thereto. Fortune shall ensure that no such information will include any untrue statement of a material fact or omit to state a material fact required to be stated in the Kneat Circular in order to make any information so furnished or any information concerning Fortune, its affiliates and the Fortune Securityholders not misleading in light of the circumstances in which it is disclosed.
- (d) Fortune and its Representatives shall be given a reasonable opportunity to review and comment on the Kneat Circular, prior to the Kneat Circular being printed and mailed to Kneat Shareholders, and Kneat shall give reasonable consideration to all additions, deletions or changes suggested thereto by Fortune and its Representatives; provided that all information relating to Fortune included in the Kneat Circular shall be in form and content satisfactory to Fortune, acting reasonably. Kneat shall provide Fortune with a final copy of the Kneat Circular prior to mailing to the Kneat Shareholders.
- (e) Kneat and Fortune shall each promptly notify the other if at any time before the Merger Effective Date, any of them becomes aware (in the case of Fortune only with respect to Fortune and in the case of Kneat only with respect to Kneat) that the Kneat Circular contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Kneat Circular, and the Parties shall cooperate in the preparation of any amendment or supplement to the Kneat Circular, as required or appropriate, and Kneat shall promptly mail or otherwise publicly disseminate any amendment or supplement to the Kneat Circular to Kneat Shareholders and, if required by the Irish Court or applicable Laws.

3.3 Merger Final Order

If (i) the Merger Interim Order is obtained, and (ii) the Merger Resolutions are passed at the Merger Meetings by the Kneat Shareholders as provided for in the Merger Interim Order and as required by applicable Law, subject to the terms of this Agreement, Kneat shall as soon as reasonably practicable thereafter take all steps necessary or desirable to submit the Merger Scheme to the Irish Court and diligently pursue an application for the Merger Final Order pursuant to Section 453 of the Irish Act.

3.4 Irish Court Proceedings

Subject to the terms of this Agreement, Fortune will cooperate with, assist and consent to Kneat seeking the Merger Interim Order and the Merger Final Order, including by

providing Kneat on a timely basis any information required to be supplied by Fortune or the Fortune Securityholders in connection therewith. Kneat will provide legal counsel to Fortune with a reasonable opportunity to review and comment upon drafts of all material to be filed with the Irish Court in connection with the Merger Scheme, and will give reasonable consideration to all such comments. Kneat will also provide legal counsel to Fortune on a timely basis with copies of any notice of appearance or notice of intent to oppose and any evidence served on Kneat or its legal counsel in respect of the application for the Merger Interim Order or the Merger Final Order or any appeal therefrom. Subject to applicable Law, Kneat will not file any material with the Irish Court in connection with the Merger Scheme or serve any such material, and will not agree to modify or amend materials so filed or served, except as contemplated hereby or with Fortune's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed; provided that nothing herein shall require Fortune to agree or consent to any modifications or amendments to such filed or served materials that reduce the economic benefits contemplated hereunder to flow to the Fortune Securityholders or expand or increase Fortune's obligations set forth in this Agreement.

3.5 Effectiveness of the Merger Scheme and Merger Effective Date

Subject to the satisfaction or, where not prohibited by applicable Law, the waiver of the conditions set forth in Article 7 by the applicable Party for whose benefit such conditions exist (excluding conditions that, by their terms, cannot be satisfied until the Merger Effective Date, but subject to the satisfaction or, where not prohibited by applicable Law, the waiver of those conditions as of the Merger Effective Date by the applicable Party for whose benefit such conditions exist), upon the Merger Resolutions having been approved and adopted by the Kneat Shareholders at the Merger Meetings, in accordance with the Merger Interim Order and Kneat obtaining the Merger Final Order, the Merger Scheme shall be effective at the Merger Effective Time on the Merger Effective Date.

ARTICLE 4 WARRANTIES OF FORTUNE

4.1 Warranties

Fortune hereby warrants as of the date of this Agreement to and in favour of Kneat as follows, except to the extent that such warranties are qualified by the Fortune Disclosure Letter (which shall make reference to the applicable section, subsection, paragraph or subparagraph below in respect of which such qualification is being made):

- (a) Directors' Approvals. The Fortune Board, after consultation with its financial and legal advisors, has determined that the Arrangement is in the best interests of Fortune and is fair to the Fortune Securityholders and accordingly has resolved unanimously to recommend to the Fortune Securityholders that they vote in favour of the Arrangement Resolution. The Fortune Board has approved the Arrangement pursuant to the Plan of Arrangement, the Merger pursuant to the Merger Scheme and the execution and performance of this Agreement.

- (b) Organization and Qualification. Fortune is a corporation duly incorporated, amalgamated, continued or created and validly existing under the applicable Laws of its jurisdiction of incorporation, continuance or creation and has all necessary corporate or legal power and capacity to own its property and assets as now owned and to carry on its business as it is now being conducted. A true and complete copy of the constating documents of Fortune has been provided to Kneat. Fortune is duly registered, licensed or otherwise authorized and qualified to do business and each is in good standing in each jurisdiction in which the character of its properties, owned, leased, licensed or otherwise held, or the nature of its activities, makes such qualification necessary, except where the failure to be so registered or in good standing or to have such permits would not have, or be expected to have, a Material Adverse Effect on Fortune.
- (c) Authority Relative to this Agreement. Fortune has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by Fortune as contemplated by this Agreement, and to perform its obligations hereunder and under such other agreements and instruments. The execution and delivery of this Agreement by Fortune and the performance by Fortune of its obligations under this Agreement have been duly authorized by the Fortune Board and except for obtaining Fortune Securityholder Approval, the Arrangement Interim Order and the Arrangement Final Order in the manner contemplated herein, and providing the Director under the CBCA any records, information or other documents required by him in connection with the Spin-out Arrangement, no other corporate proceedings on its part are necessary to authorize this Agreement or the Arrangement, other than with respect to the Circular and other matters relating thereto, the approval of the Fortune Board. This Agreement has been duly executed and delivered by Fortune and, constitutes a legal, valid and binding obligation of Fortune, enforceable against Fortune in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.
- (d) No Violation. Except as set forth in Schedule 4.1(d) of the Fortune Disclosure Letter, neither the authorization, execution and delivery of this Agreement by Fortune nor the completion of the transactions contemplated by this Agreement or the Arrangement, nor the performance of its obligations hereunder or thereunder will:
- (i) result in a violation or breach of, constitute a default (or an event which, with notice or lapse of time or both, would become a default), require any consent or approval to be obtained or notice to be given under, or give rise to any third party right of termination, cancellation, suspension, acceleration, penalty or payment obligation or right to purchase or sale under, any provision of:

- (A) its or any Fortune subsidiary's articles, charters or by-laws or other comparable organizational documents;
 - (B) any Permit or Material Contract to which Fortune or any of the Fortune subsidiaries is a party or to which any of them, or any of their respective properties or assets, may be subject or by which Fortune or any of the Fortune subsidiaries is bound; or
 - (C) any Laws, regulation, order, judgment or decree applicable to Fortune or the Fortune subsidiaries;
- (ii) give rise to any rights of first refusal or trigger any change in control provisions, rights of first offer or first refusal or any similar provisions or any restrictions or limitations under any note, bond, mortgage, indenture, Material Contract, license, franchise or Permit to which Fortune is a party;
 - (iii) result in the imposition of any Lien upon any of the property or assets of Fortune;
 - (iv) give rise to any termination or acceleration of indebtedness, or cause any third party indebtedness to come due before its stated maturity or cause any available credit to cease to be available;
 - (v) restrict, hinder, impair or limit the ability of Fortune to conduct its business as and where it is now being conducted which would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Fortune; or
 - (vi) result in any material payment (including retention, severance, unemployment compensation, golden parachute, bonus or otherwise) becoming due to any director, officer or employee of Fortune or any of the Fortune subsidiaries, or increase any benefit payable to such director, officer or employee by Fortune or any of the Fortune subsidiaries, or result in the acceleration of the time of payment or vesting of any such benefits.
- (e) Required Consents. Except as set forth in Schedule 4.1(e) of the Fortune Disclosure Letter, no consents, approvals and notices required from any third party under any Material Contracts of Fortune or any of the Fortune subsidiaries in order for Fortune and its subsidiaries to proceed with the execution and delivery of this Agreement and the completion of the transactions contemplated by this Agreement (including the transfer of the Fortune Mineral Properties and Spinco Assets to Spinco and the assumption by Spinco of the Spinco Liabilities) and the Arrangement pursuant to the Plan of Arrangement.
- (f) Capitalization. Except as set forth in Schedule 4.1(f) of the Fortune Disclosure Letter, the authorized share capital of Fortune consists of an unlimited number of Fortune Shares. As of the date hereof, there were issued and outstanding 27,828,496 Fortune Shares. As of the date hereof, an aggregate of up to 2,000,000

Fortune Shares were issuable upon the exercise of Fortune Options and an aggregate of up to 803,572 Fortune Shares were issuable upon the exercise of Fortune Warrants. Except for the Fortune Options, Fortune Warrants, Fortune Private Placement and the Plan of Arrangement, there are no options, warrants, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) of any character whatsoever requiring or which may require the issuance, sale or transfer by Fortune of any securities of Fortune (including Fortune Shares and New Fortune Shares), or any securities or obligations convertible into, or exchangeable or exercisable for, or otherwise evidencing a right or obligation to acquire, any securities of Fortune (including Fortune Shares or, upon issue, New Fortune Shares) or any subsidiary of Fortune. All outstanding Fortune Shares have been duly authorized and validly issued, are fully paid and non-assessable, and all Fortune Shares and/or New Fortune Shares issuable upon the exercise of Fortune Options and Fortune Warrants in accordance with their respective terms have been duly authorized and, upon issuance, will be validly issued as fully paid and non-assessable, and are not and will not be subject to, or issued in violation of, any pre-emptive rights or any applicable rules or policies of the TSX. All securities of Fortune (including the Fortune Shares, the Fortune Options and the Fortune Warrants) have been issued in compliance with all applicable Laws and Securities Laws. Other than the Fortune Options and Fortune Warrants, there are no securities of Fortune or of any of its subsidiaries outstanding which have the right to vote generally (or are convertible into or exchangeable for securities having the right to vote generally) with the Fortune Shareholders on any matter. There are no outstanding contractual or other obligations of Fortune or any of its subsidiaries to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any outstanding securities of any of its subsidiaries. There are no outstanding bonds, debentures or other evidences of indebtedness of Fortune or any of its subsidiaries having the right to vote with the holders of the outstanding Fortune Shares on any matters.

- (g) Ownership of Subsidiaries. Schedule 4.1(g) of the Fortune Disclosure Letter lists, as of the date hereof, each Fortune subsidiary (including its jurisdiction of incorporation or formation). All of the outstanding capital stock of, or other equity interests in, each Fortune subsidiary is, directly or indirectly, owned by Fortune. All the issued and outstanding shares of capital stock of, or other equity interests in, each such Fortune subsidiary owned by Fortune, to the extent applicable, have been validly issued and are fully paid and non-assessable and are owned directly or indirectly by Fortune free and clear of all Liens, and free of any restriction on the right to vote, sell or otherwise dispose of such capital stock or other equity or similar interests. Except as set forth in Section 3.1(g) of the Fortune Disclosure Letter, Fortune does not own, directly or indirectly any capital stock of, or other voting securities or equity or similar interests in, any corporation, partnership, joint venture, association, limited liability company or other entity or Person.
- (h) Reporting Status and Securities Laws Matters. Fortune is a "reporting issuer" and not on the list of reporting issuers in default under applicable Canadian provincial

Securities Laws in each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador. The Fortune Shares are listed on, and Fortune is in compliance with the rules and policies of, the TSX. Fortune is not subject to regulation by any other stock exchange. No delisting, suspension of trading in or cease trading order with respect to any securities of Fortune and, to the knowledge of Fortune, no inquiry or investigation (formal or informal) of any Securities Authority (including, for purposes of this paragraph, any similar authority in the United States) or the TSX is in effect or ongoing or, to the knowledge of Fortune, expected to be implemented or undertaken.

- (i) Public Filings. Fortune has filed all documents required to be filed by it in accordance with applicable Securities Laws with the Securities Authorities and the TSX. All such documents and information comprising the Fortune Public Disclosure Record, as of their respective dates (or, if amended, as of the date of such amendment), (1) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, and (2) complied in all material respects with the requirements of applicable Securities Laws, and any amendments to the Fortune Public Disclosure Record required to be made have been filed on a timely basis with the Securities Authorities and the TSX. Fortune has not filed any confidential material change report with any Securities Authorities or the TSX that at the date of this Agreement remains confidential.

- (j) Fortune Financial Statements. Fortune's audited consolidated financial statements as at and for the fiscal years ended December 31, 2014 and 2013 (including the notes thereto) and related management's discussion and analysis ("**MD&A**") and Fortune's unaudited consolidated financial statements as at and for the nine months ended September 30, 2015 (collectively, the "**Fortune Financial Statements**") were prepared in accordance with IFRS consistently applied (except (A) as otherwise indicated in such financial statements and the notes thereto or, in the case of audited statements, in the related report of Fortune's independent auditors, or (B) in the case of unaudited interim statements, are subject to normal period-end adjustments (none of which are material, individually or in the aggregate) and may omit notes which are not required by applicable Laws in the unaudited statements) and present fairly in all material respects the consolidated financial condition, results of operations, changes in financial position of Fortune and its subsidiaries as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal period-end adjustments, none of which are material, individually or in the aggregate) and reflect reserves required by IFRS in respect of all material contingent liabilities, if any, of Fortune and its subsidiaries on a consolidated basis. There has been no material change in Fortune's accounting policies, except as described in the notes to the Fortune Financial Statements, since December 31, 2014.

- (k) Financial Reporting. Fortune has not failed to disclose any information regarding any event, circumstance or action taken or failed to be taken within the knowledge of Fortune as at the date of this Agreement which could reasonably be expected to have a Material Adverse Effect on Fortune. To the knowledge of Fortune, prior to the date of this Agreement there is and has been no fraud, whether or not material, involving management or any other employees who have a significant role in the financial reporting of Fortune. Since December 31, 2014, Fortune has received no: (x) complaints from its auditors, the TSX or any Governmental Entity regarding accounting, internal accounting controls or auditing matters; or (y) expressions of concern from employees of Fortune or any Fortune subsidiary regarding questionable accounting or auditing matters.
- (l) Books and Records. The financial books, records and accounts of Fortune and its subsidiaries: (i) have been maintained in all material respects in accordance with applicable Laws and IFRS on a basis consistent with prior years; (ii) are stated in reasonable detail and accurately and fairly reflect the transactions, acquisitions and dispositions of the assets of Fortune and its subsidiaries in all material respects; and (iii) accurately and fairly reflect the basis for Fortune Financial Statements.
- (m) Minute Books. The corporate minute books of Fortune contain minutes of all meetings and resolutions of its board of directors and committees of such boards of directors or managers, as applicable, other than those portions of minutes of meetings reflecting discussions of the Arrangement, and shareholders or members, as applicable, held according to applicable Laws and are complete and accurate in all material respects.
- (n) No Undisclosed Liabilities. Fortune and its subsidiaries have no outstanding indebtedness, liability or obligation (including liabilities or obligations to fund any operations or work or exploration program, to give any guarantees or for Taxes), whether accrued, absolute, contingent or otherwise, and are not party to or bound by any suretyship, guarantee, indemnification or assumption agreement, or endorsement of, or any other similar commitment with respect to the obligations, liabilities or indebtedness of any Person, other than those specifically identified in the Fortune Financial Statements, or incurred in the ordinary course of business since the date of the most recent financial statements of Fortune Financial Statements and that have not had and would not reasonably be expected to have a Material Adverse Effect on Fortune.
- (o) No Material Change. Since December 31, 2014, except as contemplated by this Agreement:
- (i) Each of Fortune and each subsidiary of Fortune has conducted its business only in the ordinary and regular course of business;

- (ii) there has not occurred any event that constituted or with the passage of time would constitute a Material Adverse Effect in respect of Fortune and its subsidiaries taken as a whole;
 - (iii) the business and property of Fortune and its subsidiaries conform in all material respects to the description thereof contained in the Fortune Public Disclosure Record and there has not been any acquisition or sale by Fortune or any of its subsidiaries of any material property or assets;
 - (iv) other than in the ordinary course of business consistent with past practice, there has not been any incurrence, assumption or guarantee by Fortune or any of its subsidiaries of any debt for borrowed money, any creation or assumption by Fortune or any of its subsidiaries of any Lien or any making by Fortune or any of its subsidiaries of any loan, advance or capital contribution to or investment in any other Person;
 - (v) there has been no dividend or distribution of any kind declared, paid or made by Fortune on any Fortune Shares or any other securities of Fortune;
 - (vi) Fortune has not effected or passed any resolution to approve a split, consolidation or reclassification of any of the outstanding Fortune Shares; and
 - (vii) there has not been any material increase in or modification of the compensation payable to or to become payable by Fortune or any of its subsidiaries to any of their respective directors, officers, employees or consultants or any grant to any such director, officer, employee or consultant of any increase in severance or termination pay or any increase or modification of any bonus, pension, insurance or benefit arrangement (including the granting of Fortune Options pursuant to the Fortune Stock Option Plan) made to, for or with any of such directors, officers, employees or consultants.
- (p) Litigation. There is no claim, action, suit, grievance, complaint, proceeding or investigation that has been commenced or, to the knowledge of Fortune, is threatened affecting Fortune or the Fortune subsidiaries or affecting any of their respective property or assets at law or in equity before or by any Governmental Entity, including matters arising under Environmental Laws, which, individually or in the aggregate, if determined adversely to Fortune or the Fortune subsidiaries, as the case may be, has or could reasonably be expected to result in liability to Fortune in excess of \$50,000. Neither Fortune nor any of the Fortune subsidiaries nor their respective assets or properties is subject to any outstanding judgment, order, writ, injunction or decree.
- (q) Taxes.
- (i) Fortune has filed or caused or will cause to be filed all Returns required to be filed by applicable Law on or before the Arrangement Effective Date.

All such Returns are correct and complete in all material respects. Fortune has timely paid all material Taxes that are due and payable by Fortune, including all instalments on account of taxes for the current year that are due and payable by Fortune whether or not assessed (or reassessed) by the appropriate Governmental Entity, and has, as applicable, timely remitted such Taxes to the appropriate Governmental Entity under applicable Law. There are no liens for Taxes upon any of the assets or properties of Fortune except Liens for current Taxes not yet due and payable.

- (ii) There is no material dispute or claim, including any audit, investigation or examination by any Governmental Entity, actual, pending or, to the knowledge of Fortune, threatened, concerning any Tax liability of Fortune, no written notice of such an audit, investigation, examination, material dispute or claim has been received by Fortune.
- (iii) Fortune has not requested, or entered into any agreement or other arrangement, or executed any waiver providing for, any extension of time within which:
 - (A) to file any Return (which has not since been filed) in respect of any Taxes for which Fortune is or may be liable;
 - (B) to file any elections, designations or similar filings relating to Taxes (which have not since been filed) for which Fortune is or may be liable;
 - (C) Fortune is required to pay or remit any Taxes or amounts on account of Taxes (which have not since been paid or remitted); or
 - (D) any Governmental Entity may assess or collect Taxes for which Fortune is liable.
- (iv) Fortune has duly and timely deducted, collected or withheld from any amount paid or credited by it to or for the account or benefit of any Person and has duly and timely remitted the same (or is properly holding for such remittance) to the appropriate Governmental Entity all Taxes and amounts it is required by applicable Law to so deduct or collect and remit.
- (v) Fortune has not acquired property or services from, or disposed of property or provided services to, any Person with whom it does not deal at Arm's Length for an amount that is other than the fair market value of such property or services.
- (vi) For all transactions between Fortune and any Person who is not resident in Canada for purposes of the Tax Act with whom Fortune was not dealing at Arm's Length, Fortune has made or obtained records or documents that meet the requirements of paragraphs 247(4)(a) to (c) of the Tax Act.

- (vii) To Fortune's knowledge, no claim has ever been made by any Governmental Entity in a jurisdiction where Fortune does not file Returns that Fortune is or may be subject to Taxes or is required to file Returns in that jurisdiction.
- (viii) There are no rulings or closing agreements relating to Fortune which could affect Fortune's liability for Taxes for any taxable period after the Merger Effective Date. Fortune has not requested an advance tax ruling from the Canada Revenue Agency or comparable rulings from other taxing authorities.
- (ix) Fortune has maintained and continues to maintain in all material respects at its place of business in Canada all records and books of account required to be maintained under the *Tax Act*, the *Excise Tax Act* (Canada) and any comparable Law of any province or territory in Canada, including Laws relating to sales and use taxes.
- (x) The terms and conditions made or imposed in respect of every transaction (or series of transactions) between Fortune and any Person that is (i) a non-resident of Canada for purposes of the Tax Act, and (ii) not dealing at Arm's Length with Fortune, do not differ from those that would have been made between Persons dealing at Arm's Length.
- (xi) Fortune is not party to or bound by any tax sharing agreement or tax indemnity obligation in favour of any Person or similar agreement in favour of any Person with respect to Taxes (including any advance pricing agreement or other similar agreement relating to Taxes with any Governmental Entity). Without limiting the generality of the foregoing, Fortune has not entered into an agreement contemplated in Section 80.04 or 191.3, or subsection 18(2.3), 125(3), 127(13) to (17) or 127(20) of the Tax Act or any analogous provision of any comparable Law of any province or territory of Canada.
- (xii) Fortune will not be required to include in a tax period ending after the Merger Effective Date any amount of net taxable income (after taking into account deductions claimed for such a period that relate to a prior period) attributable to income that accrued, or that was required to be reported for financial accounting purposes in a prior taxable period but that was not included in taxable income for that or another prior tax period.
- (xiii) There are no transactions or events that have resulted, and no circumstances existing which could result, in the application of Sections 80, 80.01, 80.02, 80.03, 80.04 of the Tax Act or any analogous provision of any comparable Law of any province or territory of Canada.
- (xiv) Fortune has not incurred any deductible outlay or expense owing to a Person not dealing at Arm's Length with Fortune, the amount of which

would, in the absence of an agreement filed under paragraph 78(1)(b) of the Tax Act, be included in Fortune's income for Canadian income tax purposes for any taxation year or fiscal period beginning on or after the Merger Effective Date under paragraph 78(1)(a) of the Tax Act or any analogous provision of any comparable Law of any province or territory of Canada.

- (xv) Fortune has not acquired property from a Person not dealing at Arm's Length with it in circumstances that would result in Fortune becoming liable to pay Taxes of such Person under subsection 160(1) of the Tax Act or any analogous provision of any comparable Law of any province or territory of Canada.

(r) Material Contracts. With respect to the Material Contracts of Fortune:

- (i) Schedule 4.1(r) of the Fortune Disclosure Letter includes a complete and accurate list of all Material Contracts to which Fortune is bound, and that are currently in force and Fortune has made available to Kneat for inspection true and complete copies of all such Material Contracts.
- (ii) All of the Material Contracts of Fortune are in full force and effect, and Fortune is entitled to all rights and benefits thereunder in accordance with the terms thereof. Fortune has not waived any material rights under any Material Contracts and no material default or breach exists in respect thereof on the part of Fortune or, to the knowledge of Fortune, on the part of any other party thereto, and no event has occurred which, after the giving of notice or the lapse of time or both, would constitute such a default or breach or trigger a right of termination of any of such Material Contracts.
- (iii) All of the Material Contracts of Fortune are valid and binding obligations of Fortune, as applicable, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction.
- (iv) As at the date hereof, Fortune has not received written notice that any party to a Material Contract of Fortune intends to cancel, terminate or otherwise modify or not renew such Material Contract, and to the knowledge of Fortune, no such action has been threatened.
- (v) Fortune is not a party to any Material Contract that contains any non-competition obligation or otherwise restricts in any way the business of Fortune.

(s) Permits.

- (i) Fortune has obtained and is in material compliance with all material Permits required by applicable Laws, necessary to conduct its current business as now being conducted; and
 - (ii) there are no facts, events or circumstances that would reasonably be expected to result in a failure to obtain or be in material compliance with such material Permits as are necessary to conduct the business of Fortune as it is currently being conducted.
- (t) Expropriation. No part of the property or assets of Fortune has been taken, condemned or expropriated by any Governmental Entity nor has any written notice or proceeding in respect thereof been given or commenced nor does Fortune know of any intent or proposal to give such notice or commence any such proceedings.
- (u) Rights of Other Persons. No Person has any right of first refusal or option to purchase or any other right of participation in any of the material properties or assets owned Fortune, or any part thereof, except as disclosed in the Fortune Financial Statements.
- (v) Environmental Matters.
- (i) Fortune has carried on its business and operations in compliance in all material respects with all applicable Environmental Laws and all terms and conditions of all Environmental Permits;
 - (ii) Fortune has not received any written order, request or notice from any Person alleging a material violation by Fortune of any Environmental Law;
 - (iii) Fortune (a) is not a party to any litigation or administrative proceeding, nor is any litigation or administrative proceeding threatened against it or its property or assets, which in either case (1) asserts or alleges that it violated any Environmental Laws, (2) asserts or alleges that it is required to clean up, remove or take remedial or other response action due to the Release of any Hazardous Substances, or (3) asserts or alleges that it is required to pay all or a portion of the cost of any past, present or future cleanup, removal or remedial or other response action which arises out of or is related to the Release of any Hazardous Substances, and (b) is not subject to any judgment, decree, order or citation related to or arising out of applicable Environmental Law and has not been named or listed as a potentially responsible party by any Governmental Entity in a matter arising under any Environmental Laws; and (c) is involved in remediation operations and does not know of any facts, circumstances or conditions, including any Release of Hazardous Substance, that, in the case of each of the foregoing clauses (a), (b) and (c) would reasonably be expected to result in a Material Adverse Effect.

- (w) Compliance with Laws. Fortune and its subsidiaries have complied in all material respects with and none are in material violation of, any applicable Laws. Fortune has not received any written notices or other correspondence from any Governmental Entity regarding any circumstances that have existed or currently exist which would lead to a loss, suspension, or modification of, or a refusal to issue, any material license, permit, authorization, approval, registration or consent of a Governmental Entity relating to its activities which would reasonably be expected to restrict, curtail, limit or adversely affect the ability of Fortune to operate its business and which would have, or would reasonably be expected to have, a Material Adverse Effect on Fortune.
- (x) Employment Matters.
- (i) Schedule 4.1(x)(i) of the Fortune Disclosure Letter sets forth a complete list of all employees and consultants of Fortune, together with their titles, salaries and bonus (whether monetary or otherwise), and a list of the directors and the terms of their compensation. Other than as set forth in Schedule 4.1(x)(i) of the Fortune Disclosure Letter, no such employee is on long-term disability leave, extended absence or workers' compensation leave.
- (ii) Other than as set forth in Schedule 4.1(x)(ii) of the Fortune Disclosure Letter, Fortune is not:
- (A) a party to any written or oral agreement, arrangement, plan, obligation, policy or understanding providing for severance or termination payments to, or any employment or consulting agreement with, any director or officer of Fortune;
- (B) a party to any collective bargaining agreement or multi-employer plan nor, to the knowledge of Fortune, subject to any application for certification or threatened or apparent union-organizing campaigns for employees not covered under a collective bargaining agreement nor are there any current, or to the knowledge of Fortune, pending or threatened strikes or lockouts at Fortune; and
- (C) subject to any claim for wrongful dismissal, constructive dismissal or any other tort claim, actual or, to the knowledge of Fortune, threatened, or any litigation, actual or, to the knowledge of Fortune, threatened, relating to its employees or independent contractors (including any termination of such individuals).
- (iii) Fortune has been and is now in compliance, in all material respects, with all applicable Laws with respect to employment and labour and there are no current, pending, or, to the knowledge of Fortune, threatened

proceedings before any Governmental Entity with respect to employment or labour.

- (iv) Other than the Fortune Stock Option Plan and as set forth in Schedule 4.1(x)(iv) of the Fortune Disclosure Letter, Fortune has not, and is not subject to any present or future obligation or liability under, any pension plan, deferred compensation plan, retirement income plan, stock option or stock purchase plan, profit sharing plan, bonus plan, employee benefit plan or policy, employee group insurance plan, program policy or practice, formal or informal, with respect to its employees.
- (y) Related Party Transactions. Other than as set forth in Schedule 4.1(y) of the Fortune Disclosure Letter, with the exception of any contracts related to Fortune Options, there are no Contracts or other transactions currently in place between Fortune, on the one hand, and: (i) any officer or director of Fortune or the Fortune subsidiaries; (ii) any holder of record or, to the knowledge of Fortune, beneficial owner of 10% or more of the Fortune Shares; or (iii) any affiliate or associate of any such, officer, director, holder of record or beneficial owner, on the other hand.
- (z) Registration Rights. No Person has any right to compel Fortune to register or otherwise qualify the Fortune Shares (or any of them) or any other securities of Fortune or any of its subsidiaries for public sale or distribution.
- (aa) Rights of Other Persons. No Person has any right of first refusal or option to purchase or any other right of participation in any of the properties or assets owned by Fortune, or any part thereof.
- (bb) Restrictions on Business Activities. There is no arbitral award, judgment, injunction, constitutional ruling, order or decree binding upon Fortune that has or could reasonably be expected to have the effect of prohibiting, restricting, or impairing any business practice of Fortune, any acquisition or disposition of property by Fortune, or the conduct by Fortune of its business as currently conducted, which could reasonably be expected to have a Material Adverse Effect on Fortune.
- (cc) Brokers. Except as disclosed by Fortune to Kneat, no broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of Fortune, and the aggregate amount of such fees that may become payable in respect of all such arrangements is set out in Section 4.1(cc) to the Fortune Disclosure Letter.
- (dd) Insurance. As of the date hereof, Fortune has such policies of insurance as are listed in Section 4.1(dd) of the Fortune Disclosure Letter. All insurance maintained by Fortune is in full force and effect and in good standing and is in amounts and in respect of such risks as are normal and usual for companies of

similar size operating in the mining industry in the locations in which Fortune operates.

- (ee) United States Securities Laws. Fortune is not registered, and is not required to be registered as, an "investment company" under the United States Investment Company Act of 1940, as amended.
- (ff) Certain Business Practices. To the knowledge of Fortune, neither Fortune, the Fortune subsidiaries nor any director, officer, agent or employee of Fortune or the Fortune subsidiaries (in their capacities as such) has:
 - (i) used or agreed to use funds for contributions, gifts, entertainment or other purposes relating to political activity in violation of Law including the CFPOA or the FCPA; or
 - (ii) made or agreed to make any payment to foreign or domestic government officials or employees or to foreign or domestic political parties or campaigns in violation of Law, including the CFPOA or the FCPA.

4.2 Survival of Warranties

The warranties of Fortune contained in this Agreement shall survive the execution and delivery of this Agreement and shall expire and be terminated on the earlier of the Merger Effective Time and the date on which this Agreement is terminated in accordance with its terms. Any investigation by Kneat and its Representatives shall not mitigate, diminish or affect the warranties of Fortune pursuant to this Agreement.

ARTICLE 5 WARRANTIES OF KNEAT

5.1 Warranties

Kneat hereby warrants as of the date of this Agreement to and in favour of Fortune as follows, except to the extent that such warranties are qualified by the Kneat Disclosure Letter (which shall make reference to the applicable section, subsection, paragraph or subparagraph below in respect of which such qualification is being made):

- (a) Authority Relative to this Agreement. Kneat has all necessary corporate power, authority and capacity to enter into this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by Kneat and the performance by it of its obligations hereunder have been duly authorized by its board of directors and no other corporate proceedings on its part, are necessary to authorize this Agreement, the Arrangement or the Merger Scheme that have not been taken. This Agreement has been duly executed and delivered by Kneat and constitutes a legal, valid and binding obligation of Kneat, enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other laws of general

application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.

- (b) Organization and Qualification. Each of Kneat and the Kneat Subsidiary is a corporation or limited liability company, as applicable, duly incorporated and validly existing under the applicable Laws of its jurisdiction of incorporation, and has all necessary corporate or legal power and capacity to own its property and assets as now owned and to carry on its business as it is now being conducted. Each of Kneat and the Kneat Subsidiary is duly registered, licensed or otherwise authorized and qualified to do business and each is in good standing in each jurisdiction in which the character of its properties, owned, leased, licensed or otherwise held, or the nature of its activities makes such qualification necessary, except where the failure to be so registered or in good standing or to have such Permits would not have a Material Adverse Effect on Kneat.
- (c) No Material Change. Except as set forth in Section 5.1(c) of the Kneat Disclosure Letter, since December 31, 2014:
- (i) Each of Kneat and the Kneat Subsidiary has conducted its business only in the ordinary and regular course of business;
 - (ii) there has not occurred any event that constituted or with the passage of time would constitute a Material Adverse Effect in respect of Kneat and the Kneat Subsidiary taken as a whole;
 - (iii) Kneat has not effected or passed any resolution to approve a split, consolidation or reclassification of any of the outstanding Kneat Shares;
 - (iv) Kneat has not effected any material change in its accounting methods, principles or practices;
 - (v) there has been no dividend or distribution of any kind declared, paid or made by Kneat on any Kneat Shares;
 - (vi) the business and property of Kneat and the Kneat Subsidiary conform in all material respects to the description thereof contained in the documents made available to Fortune in the electronic data room established by Kneat and there has not been any acquisition or sale by Kneat and the Kneat Subsidiary or of any material property or assets; and
 - (vii) save for the EI Loan, other than in the ordinary and regular course of business consistent with past practice, there has not been any incurrence, assumption or guarantee by Kneat or the Kneat Subsidiary of any debt for borrowed money, any creation or assumption by Kneat or the Kneat Subsidiary of any Lien or any making by Kneat of any loan, advance or capital contribution to or investment in any other Person.

- (d) No Violations. Except as set forth in Section 5.1(d) of the Kneat Disclosure Letter, neither the authorization, execution and delivery of this Agreement by Kneat nor the completion of the transactions contemplated by the Agreement or the Arrangement, nor the performance of its obligations thereunder, nor compliance by Kneat with any of the provisions hereof will:
- (i) result in a violation or breach of, constitute a default (or an event which, with notice or lapse of time or both, would become a default), require any consent or approval to be obtained or notice to be given under, or give rise to any third party right of termination, cancellation, suspension, acceleration, penalty or payment obligation or right to purchase or sale under, any provision of: (A) the articles of incorporation, by-laws or other constitutional documents of Kneat or the Kneat Subsidiary, (B) any Permit or Material Contract to which Kneat or the Kneat Subsidiary is a party, or any properties or assets of Kneat or the Kneat Subsidiary, may be subject or by which Kneat or the Kneat Subsidiary is bound, or (C) any Law, regulation, order, judgment or decree applicable to neat, or any of its properties or assets.
 - (ii) give rise to any rights of first refusal or trigger any change in control provisions, rights of first offer or first refusal or any similar provisions or any restrictions or limitations under any note, bond, mortgage, indenture, Material Contract, license, franchise or Permit to which, Kneat or the Kneat Subsidiary is a party;
 - (iii) give rise to any termination or acceleration of indebtedness, or cause any third party indebtedness to come due before its stated maturity or cause any available credit to cease to be available; or
 - (iv) result in the imposition of any Lien upon any of the property or assets of Kneat or the Kneat Subsidiary or restrict, hinder, impair or limit the ability of Kneat or the Kneat Subsidiary to conduct its business as and where it is now being conducted which would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Kneat.
- (e) Required Consents. Except as set forth in Section 5.1(e) of the Kneat Disclosure Letter, no consents, approvals and notices are required from any third party under any Material Contracts of Kneat or the Kneat Subsidiary in order for Kneat or to proceed with the execution and delivery of this Agreement and the completion of the transactions contemplated by this Agreement, the Arrangement pursuant to the Plan of Arrangement and the Merger pursuant to the Merger Scheme.
- (f) Capitalization. The authorized share capital of Kneat consists of 1,300,000 Kneat Ordinary Shares, 800,000 Kneat A Ordinary Shares, 300,000 Kneat Convertible Shares, 300,000 Kneat A Convertible Shares and 300,000 Kneat A Preference Shares. As of the close of business on the date hereof, 578,172 Kneat Ordinary Shares, 216,079 Kneat A Ordinary Shares and 532,000 Kneat A Convertible

Shares were issued and outstanding, and except as noted in Section 5.1(f) of the Kneat Disclosure Letter, there are no options, warrants, conversion privileges or other rights, shareholder rights plans, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) of any character whatsoever requiring or which may require the issuance, sale or transfer by Kneat of any securities of Kneat (including Kneat Shares), or any securities or obligations convertible into, or exchangeable or exercisable for, or otherwise evidencing a right or obligation to acquire, any securities of Kneat or the Kneat Subsidiary (including Kneat Shares). All outstanding Kneat Shares have been duly authorized and validly issued and are fully paid.

- (g) Ownership of Subsidiaries. All of the outstanding capital stock of, or other equity interests in, the Kneat Subsidiary is, directly or indirectly, owned by Kneat. All the issued and outstanding shares of capital stock of, or other equity interests in, the Kneat subsidiary, to the extent applicable, have been validly issued and are fully paid and non-assessable and are owned directly or indirectly by Kneat free and clear of all Liens, and free of any restriction on the right to vote, sell or otherwise dispose of such capital stock or other equity or similar interests. Except for the Kneat Subsidiary, Kneat does not own, directly or indirectly any capital stock of, or other voting securities or equity or similar interests in, any corporation, partnership, joint venture, association, limited liability company or other entity or Person.
- (h) Reporting Status. Kneat is not and is not required to be a "reporting issuer" or the equivalent under the applicable Securities Laws of any jurisdiction.
- (i) Kneat Financial Statements. Except as set forth in Section 5.1(i) of the Kneat Disclosure Letter, Kneat's audited financial statements as at and for the fiscal years ended 2013 and 2014 (including the notes thereto) (collectively, the "**Kneat Financial Statements**") were prepared in accordance with Irish generally accepted accounting principles consistently applied (except as otherwise indicated in such financial statements and the notes thereto, and such statements are otherwise subject to normal period-end adjustments (none of which are material, individually or in the aggregate) and may omit notes which are not required by applicable Laws in the unaudited statements) and present fairly in all material respects the financial condition, results of operations and changes in financial position of Kneat as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal period-end adjustments, none of which are material, individually or in the aggregate) and reflect reserves required by Irish generally accepted accounting principles in respect of all material contingent liabilities, if any, of Kneat and the Kneat Subsidiary, to the extent applicable, on a consolidated basis. In addition, the Kneat Financial Statements are in the process of being converted to IFRS, drafts of which have been provided to Fortune, and Kneat believes such drafts to present fairly in all material respects the financial condition, results of operations and changes in financial position of Kneat as of the dates thereof and for the periods indicated therein. There has been no material change in Kneat's

accounting policies, except as described in the notes to the Kneat Financial Statements, since December 31, 2014.

- (j) Books and Records. The financial books, records and accounts of Kneat and the Kneat Subsidiary: (i) have been maintained in all material respects in accordance with applicable Laws and IFRS on a basis consistent with prior years; are stated in reasonable detail and accurately and fairly reflect the transactions, acquisitions and dispositions of the assets of Kneat and the Kneat Subsidiary in all material respects; and (iii) accurately and fairly reflect in all material respect the basis for Kneat Financial Statements.
- (k) Minute Books. The corporate minute books of Kneat contain minutes of substantially all meetings and resolutions of its board of directors and committees of such boards of directors or managers, as applicable, other than those portions of minutes of meetings reflecting discussions of the Arrangement, and shareholders or members, as applicable, held according to applicable Laws and are complete and accurate in all material respects.
- (l) No Undisclosed Liabilities. Kneat and the Kneat Subsidiary has no outstanding indebtedness, liability or obligation (including liabilities or obligations to fund any operations or work or exploration program, to give any guarantees or for Taxes), whether accrued, absolute, contingent or otherwise, and is not party to or bound by any suretyship, guarantee, indemnification or assumption agreement, or endorsement of, or any other similar commitment with respect to the obligations, liabilities or indebtedness of any Person other than those (i) disclosed or reflected or reserved in the Kneat Financial Statements, (ii) arising in the ordinary course of business consistent with past practice since December 31, 2014 and that have not had and would not reasonably be expected to have a Material Adverse Effect on Kneat, (iii) disclosed in Schedule 5.1(k) of the Kneat Disclosure Letter or (iv) pursuant to this Agreement or the Plan of Arrangement.
- (m) Taxes. Except as set forth in Section 5.1(m) of the Kneat Disclosure Letter:
 - (i) Kneat has filed or caused or will cause to be filed all Returns required to be filed by applicable Law on or before the Merger Effective Date. All such Returns are correct and complete in all material respects. Kneat has timely paid all material Taxes that are due and payable by Kneat, including all instalments on account of taxes for the current year that are due and payable by Kneat whether or not assessed (or reassessed) by the appropriate Governmental Entity, and has, as applicable, timely remitted such Taxes to the appropriate Governmental Entity under applicable Law.. There are no liens for Taxes upon any of the assets or properties of Kneat except Liens for current Taxes not yet due and payable.
 - (ii) There is no material dispute or claim, including any audit, investigation or examination by any Governmental Entity, actual, pending or, to the knowledge of Kneat, threatened, concerning any Tax liability of Kneat, no

written notice of such an audit, investigation, examination, material dispute or claim has been received by Kneat.

- (iii) Kneat has not requested, or entered into any agreement or other arrangement, or executed any waiver providing for, any extension of time within which:
 - (A) to file any Return (which has not since been filed) in respect of any Taxes for which Kneat is or may be liable;
 - (B) to file any elections, designations or similar filings relating to Taxes (which have not since been filed) for which Kneat is or may be liable;
 - (C) Kneat is required to pay or remit any Taxes or amounts on account of Taxes (which have not since been paid or remitted); or
 - (D) any Governmental Entity may assess or collect Taxes for which Kneat is liable.
- (iv) Kneat has duly and timely deducted, collected or withheld from any amount paid or credited by it to or for the account or benefit of any Person and has duly and timely remitted the same (or is properly holding for such remittance) to the appropriate Governmental Entity all Taxes and amounts it is required by applicable Law to so deduct or collect and remit.
- (v) Kneat has not acquired property or services from, or disposed of property or provided services to, any Person with whom it does not deal at Arm's Length for an amount that is other than the fair market value of such property or services.
- (vi) To Kneat's knowledge, no claim has ever been made by any Governmental Entity in a jurisdiction where Kneat does not file Returns that Kneat is or may be subject to Taxes or is required to file Returns in that jurisdiction.
- (vii) There are no rulings or closing agreements relating to Kneat which could affect Kneat's liability for Taxes for any taxable period after the Merger Effective Date. Kneat has not requested an advance tax ruling from the Canada Revenue Agency or comparable rulings from other taxing authorities.
- (viii) Kneat has maintained and continues to maintain in all material respects at its principal place of business all records and books of account required to be maintained under applicable Tax Laws.
- (ix) Kneat is not party to or bound by any tax sharing agreement or tax indemnity obligation in favour of any Person or similar agreement in favour of any Person with respect to Taxes (including any advance pricing

agreement or other similar agreement relating to Taxes with any Governmental Entity).

- (x) Kneat has not acquired property from a Person not dealing at arm's length with it in circumstances that would result in Kneat becoming liable to pay Taxes of such Person under applicable Tax Laws.
 - (xi) Kneat will not be required to include in a tax period ending after the Merger Effective Date any amount of net taxable income (after taking into account deductions claimed for such a period that relate to a prior period) attributable to income that accrued, or that was required to be reported for financial accounting purposes in a prior taxable period but that was not included in taxable income for that or another prior tax period
- (n) Litigation. Except as set forth in Section 5.1(n) of the Kneat Disclosure Letter, there are no material claims, actions, suits, grievances, complaints, investigations or proceedings pending or, to the knowledge of Kneat, threatened affecting Kneat or the Kneat Subsidiary or affecting any of its material property or assets or Intellectual Property at law or in equity before or by any Governmental Entity. Neither Kneat nor the Kneat Subsidiary nor any of their respective assets or properties is subject to any outstanding material judgment, order, writ, injunction or decree.
- (o) Material Contracts. With respect to the Material Contracts of Kneat:
- (i) Section 5.1(o) of the Kneat Disclosure Letter includes a complete and accurate list of all Material Contracts to which Kneat and the Kneat Subsidiary is bound, and that are currently in force and Kneat has made available to Fortune for inspection true and complete copies of all such Material Contracts.
 - (ii) All of the Material Contracts of Kneat and the Kneat Subsidiary are in full force and effect, and Kneat or the Kneat Subsidiary are entitled to all rights and benefits thereunder in accordance with the terms thereof. Kneat and the Kneat Subsidiary have not waived any material rights under any Material Contract and no material default or breach exists in respect thereof on the part of Kneat or the Kneat Subsidiary, to the knowledge of Kneat, on the part of any other party thereto, and no event has occurred which, after the giving of notice or the lapse of time or both, would constitute such a default or breach or trigger a right of termination of any of such Material Contracts.
 - (iii) All of the Material Contracts of Kneat and the Kneat Subsidiary are valid and binding obligations of Kneat and the Kneat Subsidiary, as applicable, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights generally and subject to the qualification

that equitable remedies may only be granted in the discretion of a court of competent jurisdiction.

- (iv) As at the date hereof, Kneat and the Kneat Subsidiary have not received written notice that any party to a Material Contract of Kneat and the Kneat Subsidiary intend to cancel, terminate or otherwise modify or not renew such Material Contract, and to the knowledge of Kneat, no such action has been threatened.
- (v) Kneat and the Kneat Subsidiary are not a party to any Material Contract that contains any non-competition obligation or otherwise restricts in any way the business of Kneat and the Kneat Subsidiary.
- (p) Permits.
 - (i) Each of Kneat and the Kneat Subsidiary has obtained and is in material compliance with all material Permits required by applicable Laws, necessary to conduct its current business as now being conducted; and
 - (ii) there are no facts, events or circumstances that would reasonably be expected to result in a failure to obtain or be in material compliance with such material Permits as are necessary to conduct the business of Kneat and the Kneat Subsidiary as it is currently being conducted.
- (q) Expropriation. No part of the property or assets of Kneat or the Kneat Subsidiary has been taken, condemned or expropriated by any Governmental Entity nor has any written notice or proceeding in respect thereof been given or commenced nor does Kneat know of any intent or proposal to give such notice or commence any such proceedings.
- (r) Rights of Other Persons. No Person has any right of first refusal or option to purchase or any other right of participation in any of the material properties or assets owned by Kneat or the Kneat Subsidiary, or any part thereof, except as disclosed in the Kneat Financial Statements.
- (s) Environmental Matters.
 - (i) Kneat and the Kneat Subsidiary have carried on their respective business and operations in compliance in all material respects with all applicable Environmental Laws and all terms and conditions of all Environmental Permits;
 - (ii) neither Kneat nor the Kneat Subsidiary have received any written order, request or notice from any Person alleging a material violation of any Environmental Law; and
 - (iii) neither Kneat nor the Kneat Subsidiary is (a) a party to any litigation or administrative proceeding, nor is any litigation or administrative

proceeding threatened against it or its property or assets, which in either case (1) asserts or alleges that it violated any Environmental Laws, (2) asserts or alleges that it is required to clean up, remove or take remedial or other response action due to the Release of any Hazardous Substances, or (3) asserts or alleges that it is required to pay all or a portion of the cost of any past, present or future cleanup, removal or remedial or other response action which arises out of or is related to the Release of any Hazardous Substances, (b) is not subject to any judgment, decree, order or citation related to or arising out of applicable Environmental Law and has not been named or listed as a potentially responsible party by any Governmental Entity in a matter arising under any Environmental Laws and (c) is involved in remediation operations and does not know of any facts, circumstances or conditions, including any Release of Hazardous Substance, that, in the case of each of the foregoing clauses (a), (b) and (c) would reasonably be expected to result in a Material Adverse Effect.

(t) Intellectual Property.

- (i) Kneat does not own any Registered IP other than the registered trademarks identified on Section 5.1(t) of the Kneat Disclosure Letter.
- (ii) Kneat has delivered or made available to Fortune in the electronic data room established by Kneat an accurate and complete copy of each standard form of the following documents and Contracts used by Kneat at any time: (A) terms and conditions with respect to the clinical testing, distribution, sale, or provisioning of any Kneat Product; (B) employee agreement or similar Contract containing any assignment or license of Intellectual Property or any confidentiality provision; or (C) consulting or independent contractor agreement or similar Contract containing any assignment or license of Intellectual Property or any confidentiality provision. Section 5.1(t) of the Kneat Disclosure Letter accurately identifies each Contract concerning the subject matter of (A), (B) or (C) that is material to Kneat and that deviates in any material respect from the corresponding standard form described above;
- (iii) Kneat exclusively owns all right, title and interest to and in the Kneat IP (other than Intellectual Property licensed to Kneat, as identified in Section 5.1(t) of the Kneat Disclosure Letter or pursuant to commercially available third party software and material transfer agreements entered into in the ordinary course of business) free and clear of any Liens (“Owned Kneat IP”). Without limiting the generality of the foregoing:
 - (A) all documents and instruments required to perfect the rights of Kneat in the registered trademarks identified on Section 5.1(t) of the Kneat Disclosure Letter have been validly executed, delivered and filed in a timely manner with the appropriate Governmental Entity;

- (B) no current or former officer or other employee, or any individual who is a current or former independent contractor, consultant or director of Kneat or the Kneat Subsidiary, to the knowledge of Kneat, has any claim, right (whether or not currently exercisable) or interest to or in any Owned Kneat IP and each such individual who is or was involved in the creation or development of any Intellectual Property for or on behalf of Kneat has signed a valid, enforceable agreement containing an assignment of all rights in and to such Intellectual Property to Kneat and confidentiality provisions protecting the Owned Kneat IP;
 - (C) Kneat and the Kneat Subsidiary has taken all reasonable steps to maintain the confidentiality of and otherwise protect and enforce its rights in all proprietary information held by Kneat and the Kneat Subsidiary, or purported to be held by, as a trade secret;
 - (D) each of Kneat and the Kneat Subsidiary is not now or has never been a member or promoter of, or a contributor to, any industry standards body or any similar organization that would reasonably be expected to require or Kneat or the Kneat Subsidiary to grant or offer to any other Person any license or right to any Owned Kneat IP; and
 - (E) To the knowledge of Kneat, Kneat or the Kneat Subsidiary owns or otherwise has the right, through ownership, license or otherwise, to all Intellectual Property reasonably necessary to conduct the business of Kneat as conducted as of the date of this Agreement and, where relevant, in accordance with such license terms including duration;
- (iv) To knowledge of Kneat, all Owned Kneat IP that is material to the business of Kneat is valid, subsisting and enforceable;
 - (v) neither the execution, delivery or performance of this Agreement nor the consummation of any of the transactions contemplated by this Agreement will, or would reasonably be expected to, with or without notice or the lapse of time, result in or give any other Person the right or option to cause, create, impose or declare: (A) a loss of, or Lien on, any Owned Kneat IP; (B) the release, disclosure or delivery of any Owned Kneat IP by or to any escrow agent or other Person; or (C) the grant, assignment or transfer to any other Person of any license or other right or interest under, to or in any of the Owned Kneat IP;
 - (vi) to the knowledge of Kneat, (i) no Person has infringed, misappropriated or otherwise violated, and (ii) no Person is infringing, misappropriating or otherwise violating, any Owned Kneat IP. Section 5.1(t) of the Kneat Disclosure Letter: (A) identifies (and Kneat has made available to Fortune

in the electronic data room established by Kneat an accurate and complete copy of) each letter or other written or electronic communication or correspondence that has been sent or otherwise delivered by or to Kneat or any Representative of Kneat regarding any alleged or suspected infringement or misappropriation of any Owned Kneat IP, as of the date of this Agreement; and (B) provides a brief description of the current status of the matter referred to in such letter, communication or correspondence;

- (vii) to the knowledge of Kneat, the conduct of the business of Kneat and the Kneat Subsidiary as previously conducted or as currently conducted including, without limitation, the development, manufacture, use, import, export, offer for sale, sale or other commercialization of any of the Kneat Products, does not and has not infringed (directly, contributorily, by inducement or otherwise), misappropriated or otherwise violated any valid Intellectual Property of any other Person. Section 5.1(t) of the Kneat Disclosure Letter: (A) identifies (and Kneat has made available to Fortune in the electronic data room established by Kneat an accurate and complete copy of) each letter or other written or electronic communication or correspondence that has been sent or otherwise delivered by or to Kneat or any Representative of any of Kneat, as of the date of this Agreement regarding any alleged or suspected infringement or misappropriation of any Intellectual Property of any other Person by Kneat or any of the Kneat Products; and (B) provides a brief description of the current status of the matter referred to in such letter, communication or correspondence;
- (viii) no written notice of infringement, misappropriation or similar claim or Legal Proceeding involving infringement or misappropriation of any Intellectual Property of any other Person is or has been pending and served or, to the knowledge of Kneat, pending and not served or threatened against any Kneat or against any other Person who has asserted to Kneat that it is entitled to be indemnified, defended, held harmless or reimbursed by Kneat with respect to such claim or proceeding (including any claim or Legal Proceeding that has been settled, dismissed or otherwise concluded);
- (ix) except as set forth in Section 5.1(t) of the Kneat Disclosure Letter, Kneat has not transferred title to, or granted any exclusive license, or granted an option to acquire title or an exclusive license, with respect to, any material Owned Kneat IP.
- (x) Section 5.1(t) of the Kneat Disclosure Letter lists all proceedings or actions known to Kneat before any court or tribunal (including the United States Patent and Trademark Office or equivalent authority anywhere in the world) related to any Kneat IP. To the knowledge of Kneat, no Owned Kneat IP is the subject of any outstanding decree, order, judgment, settlement agreement, or stipulation restricting in any manner the use, transfer, or licensing thereof by Kneat, or that may affect the validity, use or enforceability of such Owned Kneat IP;

- (xi) Kneat has not taken any action or failed to take any action that reasonably could be expected to result in the abandonment, cancellation, forfeiture, relinquishment, invalidation or unenforceability of any registered trademarks identified on Section 5.1(t) of the Kneat Disclosure Letter; and
 - (xii) Kneat has not entered into any services agreements relating to development, testing, manufacture or formulation of any Kneat Product under which the party performing such services has obtained rights to Intellectual Property covering such Kneat Products or their manufacture, formulation or use.
- (u) Status of Kneat Products.
- (i) Kneat and the Kneat Subsidiary have all applicable Permits and approvals to market, use, import, export, distribute, offer for sale, sale or other commercialization of the Kneat Gx application in each of the jurisdictions set forth in Section 5.1(u) of the Kneat Disclosure Letter.
 - (ii) There have been no adverse regulatory actions taken (nor, to the knowledge of Kneat, threatened in writing) by any Governmental Entity with respect to any Kneat Products.
- (v) Compliance with Laws. Kneat and the Kneat Subsidiary have complied with and is not in violation of any applicable Laws, other than non-compliance or violations which would not, individually or in the aggregate, have a Material Adverse Effect on Kneat and have not received any written notices or other correspondence from any Governmental Entity regarding any circumstances that have existed or currently exist which would lead to a loss, suspension or a refusal to issue, any material license, permit, authorization, approval, registration or consent of a Governmental Entity relating to its activities which would reasonably be expected to restrict, curtail, limit or adversely affect the ability of Kneat and the Kneat Subsidiary to operate their respective businesses in a manner which would have a Material Adverse Effect on Kneat.
- (w) Employment Matters.
- (i) Section 5.1(w) of the Kneat Disclosure Letter sets forth a complete list of all employees and consultants of Kneat, together with their titles, salaries and bonus (whether monetary or otherwise), and a list of the directors and the terms of their compensation. Other than set forth in Section 5.1(w) of the Kneat Disclosure Letter, no such employee is on long-term disability leave, extended absence or workers' compensation leave.
 - (ii) Other than set forth in Section 5.1(w) of the Kneat Disclosure Letter, Kneat is not:
 - (A) a party to any written or oral agreement, arrangement, plan, obligation, policy or understanding providing for severance or

termination payments to, or any employment or consulting agreement with, any director or officer of Kneat;

- (B) a party to any collective bargaining agreement or multi-employer plan nor, to the knowledge of Kneat, subject to any application for certification or threatened or apparent union-organizing campaigns for employees not covered under a collective bargaining agreement nor are there any current, or to the knowledge of Kneat, pending or threatened strikes or lockouts at Kneat; and
 - (C) subject to any claim for wrongful dismissal, constructive dismissal or any other tort claim, actual or, to the knowledge of Kneat, threatened, or any litigation, actual or, to the knowledge of Kneat, threatened, relating to its employees or independent contractors (including any termination of such individuals).
- (iii) Kneat has been and is now in compliance, in all material respects, with all applicable Laws with respect to employment and labour and there are no current, pending, or, to the knowledge of Kneat, threatened proceedings before any Governmental Entity with respect to employment or labour.
 - (iv) Kneat has not, and is not subject to any present or future obligation or liability under, any pension plan, deferred compensation plan, retirement income plan, stock option or stock purchase plan, profit sharing plan, bonus plan, employee benefit plan or policy, employee group insurance plan, program policy or practice, formal or informal, with respect to its employees.
- (x) Related Party Transactions. Except as set forth in Section 5.1(x) of the Kneat Disclosure Letter, there are no Contracts or other transactions currently in place between Kneat or the Kneat Subsidiary, on the one hand, and: (i) any officer or director of Kneat; (ii) any holder of record or, to the knowledge of Kneat, beneficial owner of 10% or more of the Kneat Shares; and any affiliate or associate of any such, officer, director, holder of record or beneficial owner, on the other hand.
 - (y) Registration Rights. No Person has any right to compel Kneat to register or otherwise qualify the Kneat Shares (or any of them) or any other securities of Kneat or the Kneat Subsidiary for public sale or distribution.
 - (z) Restrictions on Business Activities. There is no arbitral award, judgment, injunction, constitutional ruling, order or decree binding upon Kneat or the Kneat Subsidiary that has or could reasonably be expected to have the effect of prohibiting, restricting, or impairing any business practice of any of them, any acquisition or disposition of property by any of them, or the conduct of the business by any of them as currently conducted, which could reasonably be expected to have a Material Adverse Effect on Kneat.

- (aa) Brokers. Except as disclosed by Kneat to Fortune, no broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of Kneat, and the aggregate amount of such fees that may become payable in respect of all such arrangements is set out in Section 5.1(aa) to the Kneat Disclosure Letter
- (bb) Insurance. As of the date hereof, Kneat has such policies of insurance as are listed in Section 5.1(bb) of the Kneat Disclosure Letter. All insurance maintained by Kneat is in full force and effect and is in amounts and in respect of such risks as are normal and usual for companies of similar size operating in the industry and in the location in which Kneat operates.
- (cc) Trading of Kneat Securities. Kneat is not subject to an order of any applicable Securities Authority and, to the knowledge of Kneat, no investigation or other proceedings involving Kneat which may operate to prevent or restrict trading of any securities of Kneat are currently in progress or pending before any Securities Authority.
- (dd) United States Securities Laws. Kneat is not registered, and is not required to be registered as, an "investment company" under the United States Investment Company Act of 1940, as amended.
- (ee) Certain Business Practices. To the knowledge of Kneat, neither Kneat, the Kneat Subsidiary, nor any director, officer, agent or employee of Kneat or the Kneat Subsidiary (in their capacities as such) has:
 - (i) used or agreed to use funds for contributions, gifts, entertainment or other purposes relating to political activity in violation of Law; or
 - (ii) made or agreed to make any payment to foreign or domestic government officials or employees or to foreign or domestic political parties or campaigns in violation of Law.

5.2 Survival of Warranties

The warranties of Kneat contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Merger Effective Time and the date on which this Agreement is terminated in accordance with its terms. Any investigation by Fortune and its Representatives shall not mitigate, diminish or affect the warranties of Kneat pursuant to this Agreement.

ARTICLE 6
COVENANTS OF FORTUNE AND KNEAT

6.1 Covenants of Fortune Regarding the Conduct of Business

- (a) Fortune covenants and agrees that, during the period from the date of this Agreement until the earlier of the Merger Effective Time and the time that this Agreement is terminated in accordance with its terms, except as set forth in Schedule 6.1(a) of the Fortune Disclosure Letter, as required or permitted by this Agreement, required by applicable Laws or any Governmental Entities or consented to by Kneat in writing (which consent shall not be unreasonably withheld or delayed), Fortune shall, and shall cause each of its subsidiaries to conduct its business in the ordinary course of business consistent with past practice. Without limiting the generality of the foregoing, from the date of this Agreement until the earlier of the Merger Effective Time and the time that this Agreement is terminated in accordance with its terms, except as required or permitted by this Agreement or as disclosed in Section 6.1(a) of the Fortune Disclosure Letter (including the transfer of the Spinco Assets to Spinco and the assumption of the Spinco Liabilities by Spinco, provided that such transfers and assumption are completed with prior notice to Kneat and in a manner acceptable to Kneat, acting reasonably), Fortune shall not, and shall cause each of its subsidiaries not to, without the prior written consent of Kneat (such consent not to be unreasonably withheld, conditioned or delayed):
- (i) take any action other than in the ordinary course of business or as otherwise required or permitted pursuant to this Agreement;
 - (ii) (i) amend its articles, charter or by-laws or other comparable organizational documents; (ii) split, combine or reclassify any shares in the capital of Fortune or any of its subsidiaries; (iii) issue, grant, deliver, sell or pledge, or agree to issue, grant, deliver, sell or pledge, any shares of Fortune or its subsidiaries, or any rights convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares or other securities of Fortune or its subsidiaries, other than the Fortune Private Placement and the issuance of Fortune Shares pursuant to the terms of the outstanding Fortune Options and Fortune Warrants; (iv) redeem, purchase or otherwise acquire, or offer to redeem, purchase or otherwise acquire, any outstanding securities of Fortune or any of its subsidiaries, (v) amend the terms of any of its securities; (vi) adopt a plan of liquidation or resolution providing for the liquidation or dissolution of Fortune or any of the Fortune subsidiaries; (vii) amend its accounting policies or adopt new accounting policies, in each case except as required in accordance with IFRS; or (viii) enter into any agreement with respect to any of the foregoing;
 - (iii) (i) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets or otherwise), directly or indirectly, any assets, securities,

properties, interests, business, corporation, partnership or other business organization or division thereof, or make any investment either by the purchase of securities, contribution of capital, property transfer, or purchase of any other property or assets of any other Person other than pursuant to a Contract in existence on the date hereof; (ii) incur, create, assume or otherwise become liable for, any indebtedness for borrowed money or any other liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other Person, or make any loans, capital contributions, investments or advances other than pursuant to a Contract in existence on the date hereof; (iii) waive, release, grant or transfer any rights of material value; or (iv) authorize or propose any of the foregoing or enter into any agreement to do any of the foregoing;

- (iv) except in the ordinary course of business (i) sell, pledge, hypothecate, lease, license, sell and lease back, mortgage, dispose of or encumber or otherwise transfer any assets, securities, properties, interests or businesses of Fortune; (ii) pay, discharge or satisfy any material liabilities or obligations; or (iii) authorize or propose any of the foregoing or enter into any agreement to do any of the foregoing;
- (v) other than as is necessary to comply with applicable Laws or Material Contracts, or in accordance with the Fortune Stock Option Plan: (i) grant to any officer, employee, consultant or director of Fortune or any of its subsidiaries an increase in compensation in any form, or grant any general salary increase; (ii) make any loan to any officer, employee, consultant or director of Fortune or any of its subsidiaries; (iii) take any action with respect to the grant of any severance, change of control, bonus or termination pay to, or enter into any employment agreement, deferred compensation or other similar agreement (or amend any such existing agreement) with, or hire or terminate employment (except for just cause) of, any officer, employee, consultant or director of Fortune or any of its subsidiaries; (iv) increase any benefits payable under any existing severance or termination pay policies or employment agreements, or adopt or materially amend any bonus, profit sharing, option, pension, retirement, deferred compensation, insurance, incentive compensation, compensation or other similar plan, agreement, trust, fund or arrangement for the benefit of directors, officers, employees, consultants or former directors, officers, employees or consultants of Fortune or any of its subsidiaries; (v) increase bonus levels or other benefits payable to any director, executive officer, consultant or employee of Fortune or any of its subsidiaries; (vi) provide for accelerated vesting, removal of restrictions or an exercise of any stock based or stock related awards (including stock options, stock appreciation rights, deferred share units, performance units and restricted share awards) upon a change of control occurring on or prior to the Merger Effective Time; or (vii) establish, adopt or amend (except as required by applicable Law) any collective bargaining agreement or similar agreement;

- (vi) settle, pay, discharge, satisfy, compromise, waive, assign or release (i) any material action, claim or proceeding brought against Fortune and/or any of its subsidiaries; or (ii) any action, claim or proceeding brought by any present, former or purported holder of its securities in connection with the transactions contemplated by this Agreement or the Plan of Arrangement;
- (vii) declare any dividend, or make any other distribution whatsoever to its securityholders;
- (viii) enter into any agreement or arrangement that limits or otherwise restricts in any material respect Fortune, or that would, after the Merger Effective Time, limit or restrict in any material respect Fortune from competing in any manner;
- (ix) waive, release or assign any material rights, claims or benefits of Fortune;
- (x) (i) enter into any agreement that if entered into prior to the date hereof would be a Material Contract; (ii) modify or amend in any material respect, transfer or terminate any Material Contract, or waive, release or assign any material rights or claims thereto or thereunder; or (iii) enter into or modify any Contract or series of Contracts resulting in a new Contract or series of related new Contracts or enter into any modifications to an existing Contract or series of related existing Contracts outside of the ordinary course of business;
- (xi) change any method of Tax accounting, make or change any Tax election, file any amended Tax return, settle or compromise any Tax liability, agree to an extension or waiver of the limitation period with respect to the assessment, reassessment or determination of Taxes, enter into any closing agreement with respect to any Tax or surrender any right to claim a Tax refund;
- (xii) take any action or fail to take any action which action or failure to act would result, under any Securities Laws or any rules of the TSX, in the material loss, expiration or surrender of any right of Fortune, or the loss of any material benefit of Fortune, or that would reasonably be expected to cause any Governmental Entity to institute proceedings for the suspension, revocation or limitation of any rights of Fortune necessary to conduct its businesses as proposed to be conducted upon completion of the Arrangement, or fail to prosecute with commercially reasonable due diligence any pending applications to any Governmental Entities for Permits or approvals;
- (xiii) take any action or fail to take any action that is intended to, or would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the ability of Fortune to

consummate the Arrangement or the other transactions contemplated by this Agreement; or

- (xiv) agree, resolve or commit to do any of the foregoing.
- (b) Fortune shall use commercially reasonable efforts to cause the current insurance (or re-insurance) policies maintained by Fortune or any of its subsidiaries, including directors' and officers' insurance, not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing having comparable deductibles and providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect; provided that, subject to Section 8.1, none of Fortune or any of its subsidiaries shall obtain or renew any insurance (or re-insurance) policy for a term exceeding 12 months.
- (c) Fortune shall promptly notify Kneat in writing of any circumstance or development that, to the knowledge of Fortune, is or could reasonably be expected to constitute a Material Adverse Effect.
- (d) Fortune covenants and agrees that, during the period from the date of this Agreement until the earlier of the Merger Effective Time and the time that this Agreement is terminated in accordance with its terms, Fortune shall be in compliance with the rules and policies of the TSX and the New Fortune Shares shall be listed for trading thereon.

6.2 Covenants of Fortune Relating to the Arrangement and the Merger

Fortune shall and shall cause its subsidiaries to perform all obligations required or desirable to be performed by Fortune or any of its subsidiaries under this Agreement, co-operate with Kneat in connection therewith, and do or cause to be done all such further acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in this Agreement, including the execution and delivery of such documents as the other Parties hereto may reasonably require. Without limiting the generality of the foregoing, Fortune shall and, where applicable, shall cause its subsidiaries to:

- (a) subject to obtaining confirmation that insurance coverage is maintained as contemplated in Section 8.1, it shall use commercially reasonable efforts to cause to be delivered to Kneat on the Merger Effective Date resignations, effective on the Merger Effective Date or at such other time and in the manner requested by Kneat, of all of the directors, officers and employees of Fortune designated in writing by Kneat, with five nominees of Kneat and one nominee of Fortune to be appointed to the Fortune Board immediately after each such resignation;
- (b) apply for and use commercially reasonable efforts to obtain all required approvals from Governmental Entities, including the Key Regulatory Approvals, relating to

Fortune which are typically applied for by Fortune and, in doing so, keep Kneat informed as to the status of the proceedings related to obtaining such approvals, including providing Kneat with copies of all related applications and notifications, in draft form (except where such material is confidential in which case it will be provided (subject to applicable Laws) to Kneat's outside counsel on an "external counsel" basis), in order for Kneat to provide its comments thereon, which shall be given due and reasonable consideration;

- (c) use commercially reasonable efforts to obtain as soon as practicable following execution of this Agreement all third party consents, approvals and notices required under any of the Material Contracts, including all Key Third Party Consents, as applicable;
- (d) take all commercially reasonable efforts to ensure that, on or prior to the Arrangement Effective Date, the Spinco Assets have been duly transferred to Spinco and Spinco has assumed all of the Spinco Liabilities in a manner satisfactory to Kneat;
- (e) defend all lawsuits or other legal, regulatory or other proceedings against Fortune or any of its subsidiaries challenging or affecting this Agreement or the consummation of the transactions contemplated hereby;
- (f) upon reasonable notice and subject to the Confidentiality Agreement and applicable Laws, until the earlier of the Merger Effective Date and termination of this Agreement, Fortune shall provide Kneat and its representatives reasonable access (without disruption of the conduct of Kneat's business), during normal business hours, to the, books, contracts and records as well as to the management personnel of Fortune on an as reasonably requested basis as well as reasonable access to Fortune's properties for the purpose of confirming the covenants of Fortune contained herein; and
- (g) allow representatives of Kneat (including legal and financial advisors) to attend the Fortune Meeting.

6.3 Disposition of Fortune Mineral Properties Prior to the Merger Effective Time.

- (a) Notwithstanding Sections 6.1 and 6.2, Fortune may, at any time and from time to time prior to the Arrangement Effective Time, sell, convey, grant, transfer, assign or set over (collectively, in this Section 6.3, a "disposition") any of the Spinco Assets or Spinco Liabilities to a Person other than Spinco if:
 - (i) such disposition of the Spinco Assets or Spinco Liabilities is not a Related Party Transaction;
 - (ii) the purchaser or assignee of such Spinco Assets or Spinco Liabilities, as the case may be, is at Arm's Length to Fortune and to Spinco;

- (iii) the Spinco Assets or Spinco Liabilities are sold, transferred or assigned for consideration equal to not less than the Fair Market Value of such Spinco Assets or Spinco Liabilities;
- (iv) prior to such disposition, any such Spinco Assets or Spinco Liabilities have first been sold, conveyed, transferred, assigned or set over, as applicable, to Spinco;
- (v) Fortune is not party to any agreement or other instrument in connection with a disposition of the Spinco Assets or Spinco Liabilities to any Person other than Spinco;
- (vi) Fortune is indemnified by Spinco, in form satisfactory to Kneat, acting reasonably, from any liability in connection with such disposition; and
- (vii) Kneat and its Representatives are given a reasonable opportunity to review and comment on any documents to effect such disposition, prior to such documents being executed, and Fortune shall give reasonable and good faith consideration to all additions, deletions or changes suggested thereto by Kneat and its Representatives.

6.4 Covenants of Fortune Regarding the Spinco Reorganization

- (a) Immediately prior to the Arrangement Effective Time, Fortune shall effect the following transactions:
 - (i) Fortune will transfer all of its assets, including the Spinco Assets, other than the Retained Assets, to Spinco, on an "as is, where is" basis, in exchange for Spinco Shares, in accordance with an agreement of purchase and sale (the "**Spinco Purchase and Sale Agreement**"). The Spinco Purchase and Sale Agreement shall provide, among other things, that all obligations and liabilities of Fortune, including the Spinco Liabilities, shall be assumed by Spinco; and
 - (ii) Spinco will assume the Spinco Liabilities in consideration of a cash payment by Fortune in an amount equal thereto pursuant to an assumption agreement (the "**Spinco Assumption Agreement**"), and Fortune will subscribe for Spinco Shares for an amount equal to the cash in bank accounts in Fortune's name less the Retained Assets, (the steps in clauses (i) and (ii) are, together, the "**Spinco Reorganization**");
- (b) Following the completion of the Spinco Reorganization, the total number of outstanding Spinco Shares will equal one half of the total number of outstanding Fortune Shares immediately prior to Effective Time.
- (c) In connection with the Spinco Reorganization, Fortune and Spinco shall file an election under subsection 85(1) of the Tax Act in prescribed manner and within the time prescribed by the Tax Act, and the corresponding provisions of any

applicable provincial or territorial tax legislation. In such election, Fortune and Spinco shall elect at an amount determined by Spinco within the limits set by the Tax Act.

- (d) If requested by Spinco, Fortune shall amend any previously filed Return in respect of any taxation year of Fortune ending before the Merger Effective Date to claim an amount of credits, deductions or other amounts as determined by Spinco but not exceeding the maximum amount of any credits, deductions or other amounts available to it. Fortune shall claim an amount of credits, deductions or other amounts as determined by Spinco but not exceeding the maximum amount of all credits, deductions or other amounts available to it for its taxation year that includes the Spinco Reorganization.
- (e) Fortune and Spinco shall file an election under paragraph 66.7(7)(e) of the Tax Act in prescribed manner and within the time prescribed by the Tax Act in connection with the acquisition by Spinco of any Spinco Asset that qualifies as a "Canadian resource property" (within the meaning of the Tax Act).
- (f) Fortune will not designate any amounts in favour of Spinco pursuant to subsection 66.7(12.1) of the Tax Act.
- (g) Fortune will permit Spinco or its authorized representatives reasonable access to the books and records of Fortune (including all tax filings and proposed tax filings) as Spinco may reasonably require to ensure that the tax liability of Fortune is minimized with respect to the Spinco Reorganization and Spinco Disposition and to ensure the maximum amount of resource pools are transferred to Spinco pursuant to Section 66.7 of the Tax Act.
- (h) If the Merger Effective Date occurs, Section 5.4(c) – (g) shall survive the termination of this Agreement and the obligations of Fortune and Spinco may be enforced by the beneficiaries thereof.

6.5 Covenants of Kneat Regarding the Conduct of Business

Kneat covenants and agrees that, during the period from the date of this Agreement until the earlier of the Merger Effective Time and the time that this Agreement is terminated in accordance with its terms, except as required or permitted by this Agreement, required by applicable Laws or any Governmental Entities or consented to by Fortune in writing (which consent shall not be unreasonably withheld or delayed), Kneat shall conduct its business in the ordinary course of business consistent with past practice, and use commercially reasonable efforts to maintain and preserve their respective business organization, assets, employees, goodwill and business relationships. Without limiting the generality of the foregoing, from the date of this Agreement until the earlier of the Merger Effective Time and the time that this Agreement is terminated in accordance with its terms, except as required or permitted by this Agreement or as disclosed in Section 6.5 of the Kneat Disclosure Letter, Kneat shall not, directly or indirectly, without the prior written consent of Fortune (such consent not to be unreasonably withheld, conditioned or delayed):

- (a) take any action except in the ordinary course of business of Kneat or as otherwise required or permitted pursuant to this Agreement;
- (b) except as set forth in Section 6.5(a) of the Kneat Disclosure Letter, (i) amend its memorandum and articles of association or other comparable organizational documents; split, combine or reclassify any shares in the capital of Kneat; (iii) issue, grant, deliver, sell or pledge, or agree to issue, grant, deliver, sell or pledge, any shares of Kneat or any rights convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares or other securities of other than the issuance of Kneat Shares pursuant to the terms of the outstanding options; (iv) redeem, purchase or otherwise acquire, or offer to redeem, purchase or otherwise acquire, any outstanding securities of Kneat, (v) amend the terms of any of its securities; (vi) adopt a plan of liquidation or resolution providing for the liquidation or dissolution of Kneat; (vii) amend its accounting policies or adopt new accounting policies, in each case except as required in accordance with IFRS; or (viii) enter into any agreement with respect to any of the foregoing;
- (c) except as set forth in Section 6.5(b) of the Kneat Disclosure Letter (i) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets or otherwise), directly or indirectly, any assets, securities, properties, interests, business, corporation, partnership or other business organization or division thereof, or make any investment either by the purchase of securities, contribution of capital, property transfer, or purchase of any other property or assets of any other Person other than pursuant to a Contract in existence on the date hereof; (ii) incur, create, assume or otherwise become liable for, any indebtedness for borrowed money or any other liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other Person, or make any loans, capital contributions, investments or advances other than pursuant to a Contract in existence on the date hereof; (iii) waive, release, grant or transfer any rights of material value; or (iv) authorize or propose any of the foregoing or enter into any agreement to do any of the foregoing;
- (d) except in the ordinary course of business (i) sell, pledge, hypothecate, lease, license, sell and lease back, mortgage, dispose of or encumber or otherwise transfer any assets, tangible or intangible, securities, properties, interests or businesses of Kneat; (ii) pay, discharge or satisfy any material liabilities or obligations; or (iii) authorize or propose any of the foregoing or enter into any agreement to do any of the foregoing;
- (e) other than as is necessary to comply with applicable Laws or Material Contracts, or in accordance with any outstanding options: (i) grant to any officer, employee, consultant or director of Kneat an increase in compensation in any form, or grant any general salary increase; (ii) make any loan to any officer, employee, consultant or director of Kneat; (iii) take any action with respect to the grant of any severance, change of control, bonus or termination pay to, or enter into any employment agreement, deferred compensation or other similar agreement (or

amend any such existing agreement) with, or hire or terminate employment (except for just cause) of, any officer, employee, consultant or director of Kneat; (iv) increase any benefits payable under any existing severance or termination pay policies or employment agreements, or adopt or materially amend any bonus, profit sharing, option, pension, retirement, deferred compensation, insurance, incentive compensation, compensation or other similar plan, agreement, trust, fund or arrangement for the benefit of directors, officers, employees, consultants or former directors, officers, employees or consultants of Kneat; (v) increase bonus levels or other benefits payable to any director, executive officer, consultant or employee of Kneat; (vi) provide for accelerated vesting, removal of restrictions or an exercise of any stock based or stock related awards (including stock options, stock appreciation rights, deferred share units, performance units and restricted share awards) upon a change of control occurring on or prior to the Merger Effective Time; or (vii) establish, adopt or amend (except as required by applicable Law) any collective bargaining agreement or similar agreement;

- (f) settle, pay, discharge, satisfy, compromise, waive, assign or release (i) any material action, claim or proceeding brought against Kneat; or (ii) any action, claim or proceeding brought by any present, former or purported holder of its securities in connection with the transactions contemplated by this Agreement or the Plan of Arrangement;
- (g) declare any dividend, or make any other distribution whatsoever to its shareholders;
- (h) enter into any agreement or arrangement that limits or otherwise restricts in any material respect Kneat or any successor thereto, or that would, after the Merger Effective Time, limit or restrict in any material respect Kneat from competing in any manner;
- (i) waive, release or assign any material rights, claims or benefits of Kneat;
- (j) (i) enter into any agreement that if entered into prior to the date hereof would be a Material Contract; (ii) modify or amend in any material respect, transfer or terminate any Material Contract, or waive, release or assign any material rights or claims thereto or thereunder; or (iii) enter into or modify any Contract or series of Contracts resulting in a new Contract or series of related new Contracts or enter into any modifications to an existing Contract or series of related existing Contracts outside of the ordinary course of business;
- (k) change any method of Tax accounting, make or change any Tax election, file any amended Tax return, settle or compromise any Tax liability, agree to an extension or waiver of the limitation period with respect to the assessment, reassessment or determination of Taxes, enter into any closing agreement with respect to any Tax or surrender any right to claim a Tax refund;

- (l) fail to reasonably defend all claims or other Legal Proceedings against Kneat challenging or affecting Kneat Owned IP;
- (m) take any action or fail to take any action which action or failure to act would result in the material loss, expiration or surrender of, or the loss of any material benefit under, or reasonably be expected to cause any Governmental Entity to institute proceedings for the suspension, revocation or limitation of rights under, any material Permits or any Approvals or from any Governmental Entity necessary to conduct its businesses as now conducted, or fail to prosecute with commercially reasonable due diligence any pending applications to any Governmental Entities for approvals including with respect to Intellectual Property;
- (n) take any action or fail to take any action that is intended to, or would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the ability of Kneat to consummate the Arrangement or the other transactions contemplated by this Agreement;
- (o) except as set forth in Section 6.5(n) of the Kneat Disclosure Letter, enter into a new line of business or abandonment or discontinuance of existing lines of business;
- (p) dispose of, transfer, or allow to lapse any material rights in any of the Kneat Owned IP, other than in the ordinary course of business consistent with past practice, or disclose any material trade secrets to a third party; or
- (q) agree, resolve or commit to do any of the foregoing.

Kneat shall promptly notify Fortune in writing of any circumstance or development that, to the knowledge of Kneat, constitutes, or would reasonably be expected to constitute, a Material Adverse Effect.

6.6 Covenants of Kneat Relating to the Merger

Kneat shall perform all obligations required to be performed by Kneat under this Agreement, cooperate with Fortune in connection therewith, and shall use commercially reasonable efforts to do or cause to be done all such further acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in this Agreement. Without limiting the generality of the foregoing, Kneat shall:

- (a) apply for and use commercially reasonable efforts to obtain all Key Regulatory Approvals relating to Kneat which are typically applied for by Kneat and, in doing so, keep Fortune reasonably informed as to the status of the proceedings related to obtaining the Key Regulatory Approvals, including providing Fortune with copies of all related applications and notifications in draft form (except where such material is confidential in which case it will be provided (subject to applicable Laws) to Fortune's outside counsel on an "external counsel" basis), in order for Fortune to provide its reasonable comments thereon;

- (b) upon reasonable notice and subject to the Confidentiality Agreement and applicable Laws, until the earlier of the Merger Effective Date and termination of this Agreement, Kneat shall provide Fortune and its representatives reasonable access (without disruption of the conduct of Kneat's business), during normal business hours, to the, books, contracts and records as well as to the management personnel of Kneat on an as reasonably requested basis as well as reasonable access to Kneat's properties for the purpose of confirming the covenants of Kneat contained herein;
- (c) use commercially reasonable efforts to obtain as soon as practicable following execution of this Agreement all third party consents, approvals and notices required under any of the Material Contracts, including all Key Third Party Consents; and
- (d) use commercially reasonable efforts to defend all lawsuits or other legal, regulatory or other proceedings against Kneat challenging or affecting this Agreement or the consummation of the transactions contemplated hereby.

6.7 Mutual Covenants

Each of the Parties covenants and agrees that, except as contemplated in this Agreement, during the period from the date of this Agreement until the earlier of the Merger Effective Time and the time that this Agreement is terminated in accordance with its terms:

- (a) it shall, and shall cause its subsidiaries to, use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder as set forth in Article 6 to the extent the same is within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the Plan of Arrangement and the Merger Scheme, including using commercially reasonable efforts to: (i) obtain all Key Regulatory Approvals required to be obtained by it; (ii) effect all necessary registrations, filings and submissions of information requested by Governmental Entities required to be effected by it in connection with the Plan of Arrangement and the Merger Scheme; (iii) oppose, lift or rescind any injunction or restraining order against it or other order or action against it seeking to stop, or otherwise adversely affecting its ability to make and complete, the Plan of Arrangement and the Merger Scheme; and (iv) co- operate with the other Party in connection with the performance by it and its subsidiaries of their obligations hereunder; in addition, subject to the terms and conditions of this Agreement, none of the Parties shall knowingly take or cause to be taken any action which would reasonably be expected to prevent or materially delay the consummation of the transactions contemplated hereby; and
- (b) it shall not take any action, refrain from taking any commercially reasonable action, or permit any action to be taken or not taken, which is inconsistent with this Agreement or which would reasonably be expected to, individually or in the aggregate, materially delay or materially impede the making or completion of the

Plan of Arrangement and the Merger Scheme except as permitted by this Agreement.

ARTICLE 7 **CONDITIONS**

7.1 Arrangement Conditions Precedent

The Arrangement shall be subject to the fulfillment, on or before the Arrangement Effective Time, of each of the following conditions precedent, each of which may be waived only with the mutual consent of the Parties:

- (a) the Arrangement Resolution shall have been approved and adopted by the Fortune Shareholders and the Fortune Securityholders at the Fortune Meeting in accordance with the Arrangement Interim Order;
- (b) the Arrangement Interim Order and the Arrangement Final Order shall each have been obtained on terms consistent with this Agreement, and shall not have been set aside or modified in a manner unacceptable to Fortune and Kneat, acting reasonably, on appeal or otherwise;
- (c) there shall not exist any prohibition at Law, including a cease trade order, injunction or other prohibition or order at Law or under applicable legislation, and there shall not have been any action taken under any Law or by any Governmental Entity or other regulatory authority, that makes it illegal or otherwise directly or indirectly restrains, enjoins, prevents or prohibits the consummation of the Arrangement;
- (d) the distribution of the securities pursuant to the Arrangement shall be exempt from the prospectus and registration requirements of applicable Securities Laws either by virtue of exemptive relief from the securities regulatory authorities of each of the provinces of Canada or by virtue of applicable exemptions under Securities Laws and shall not be subject to resale restrictions under applicable Securities Laws (other than as applicable to control Persons or pursuant to Section 2.6 of National Instrument 45-102);
- (e) the New Fortune Shares and the Spinco Shares to be issued pursuant to the Arrangement shall be exempt from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) thereof and will not be subject to resale restrictions under the U.S. Securities Act, subject to restrictions applicable to affiliates (as defined in Rule 405 of the U.S. Securities Act) of Fortune following the Arrangement Effective Date;
- (f) the TSX or the TSXV shall have conditionally approved for listing, subject to the payment of fees and the filing of customary required documents, the New Fortune Shares issuable pursuant to the Arrangement;
- (g) the Key Regulatory Approvals shall have been obtained;

- (h) the Key Third Party Consents shall have been obtained;
- (i) the Spinco Reorganization shall have been completed;
- (j) the Merger Resolutions shall have been approved and adopted by the Kneat Shareholders at the Merger Meetings in accordance with the Merger Interim Order;
- (k) the Merger Interim Order shall have been obtained on terms consistent with this Agreement, and shall not have been set aside or modified in a manner unacceptable to Fortune and Kneat, acting reasonably, on appeal or otherwise;
- (l) all warranties of Kneat set forth in this Agreement shall be true and correct in all respects as at the Arrangement Effective Date and the Merger Effective Date as though made on and as at the Arrangement Effective Date and the Merger Effective Date respectively (except for warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where the failure or failures of all such warranties to be so true and correct in all respects would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Kneat; and Fortune shall have received a certificate of Kneat addressed to Fortune and dated the Arrangement Effective Date and the Merger Effective Date respectively, signed by a senior executive officer of Kneat (on behalf of Kneat and without personal liability), confirming the same as at the Arrangement Effective Date and the Merger Effective Date respectively, provided, however, that notwithstanding anything herein to the contrary, (i) the warranties of Kneat contained in Section 5.1(a) (Authority Relative to this Agreement) shall be true and correct in all material respects at and as of the date hereof and at and as of the Arrangement Effective Date and the Merger Effective Time, and (ii) the warranties of Kneat contained in Section 5.1(f) (Capitalization) shall be true and correct in all respects at and as of the date hereof and at and as of the Arrangement Effective Date and the Merger Effective Time respectively;
- (m) since the date of this Agreement there shall not have occurred any Material Adverse Effect in respect of Kneat, and Fortune shall have received a certificate of, addressed to Fortune and dated the Arrangement Effective Date and the Merger Effective Date respectively, signed by a senior executive officer of Kneat (on Kneat's behalf and without personal liability), confirming the same as at the Arrangement Effective Date and the Merger Effective Date respectively;
- (n) there shall be no outstanding indebtedness of Kneat (excluding the EI Loan) other than general trade payables incurred in the normal course of business, including costs related to the transactions provided for herein;
- (o) the Irish Court shall have indicated its consent in principle to grant the Merger Final Order, on terms consistent with this Agreement, subject only to the Arrangement Final Order having been obtained; and
- (p) this Agreement shall not have been terminated pursuant to Article 9.

7.2 Merger Conditions Precedent

The Merger Scheme shall be subject to the fulfillment, on or before the Merger Effective Time, of each of the following conditions precedent, each of which may be waived only with the mutual consent of the Parties:

- (a) the Arrangement shall have become effective;
- (b) the Merger Resolutions shall have been approved and adopted by the Kneat Shareholders at the Merger Meetings in accordance with the Merger Interim Order;
- (c) the Merger Interim Order and the Merger Final Order shall each have been obtained on terms consistent with this Agreement, and shall not have been set aside or modified in a manner unacceptable to Fortune and Kneat, acting reasonably, on appeal or otherwise;
- (d) there shall not exist any prohibition at Law, including a cease trade order, injunction or other prohibition or order at Law or under applicable legislation, and there shall not have been any action taken under any Law or by any Governmental Entity or other regulatory authority, that makes it illegal or otherwise directly or indirectly restrains, enjoins, prevents or prohibits the consummation of the Merger Scheme;
- (e) the distribution of the securities pursuant to the Merger Scheme shall be exempt from the prospectus and registration requirements of applicable Securities Laws either by virtue of exemptive relief from the securities regulatory authorities of each of the provinces of Canada or by virtue of applicable exemptions under Securities Laws and shall not be subject to resale restrictions under applicable Securities Laws (other than as applicable to control Persons or pursuant to Section 2.6 of National Instrument 45-102);
- (f) the Acquired Fortune Shares to be issued pursuant to the Merger Scheme shall be exempt from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) thereof and will not be subject to resale restrictions under the U.S. Securities Act, subject to restrictions applicable to affiliates (as defined in Rule 405 of the U.S. Securities Act) of Fortune following the Merger Effective Date;
- (g) the TSX or the TSXV shall have conditionally approved for listing, subject to the payment of fees and the filing of customary required documents, the New Fortune Shares issuable pursuant to the Merger Scheme;
- (h) all warranties of Fortune set forth in this Agreement shall be true and correct in all respects as of the Arrangement Effective Date and the Merger Effective Date as though made on and as of Arrangement Effective Date and the Merger Effective Date respectively (except for warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where any failure

or failures of any such warranties to be so true and correct in all respects would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Fortune; provided, however, that notwithstanding anything herein to the contrary, (i) the warranties of Fortune contained in Section 3.1(f) (Capitalization) (subject to de minimus exceptions involving discrepancies of no more than 5,000 Fortune Shares, Fortune Warrants or Fortune Options covering in the aggregate no more than 5,000 Fortune Shares), shall be true and correct in all respects at and as of the date hereof and at and as of the Arrangement Effective Time and the Merger Effective Time as if made at and as of the Arrangement Effective Time and the Merger Effective Time respectively and (ii) the warranties of Fortune contained in Section 3.1(a) (Directors' Approvals) and Section 3.1(c) (Authority Relative to this Agreement) shall be true and correct in all material respects at and as of the date hereof and at and as of the Arrangement Effective Time and the Merger Effective Time as if made at and as of the Arrangement Effective Time and the Merger Effective Time. Kneat shall have received a certificate of Fortune addressed to Kneat and dated the Arrangement Effective Time and the Merger Effective Date, signed on behalf of Fortune by a senior executive officer of Fortune (on behalf of Fortune and without personal liability), confirming the same as at the Arrangement Effective Time and the Merger Effective Date;

- (i) since the date of this Agreement, there shall not have occurred, or have been disclosed to the public (if previously undisclosed to the public) any Material Adverse Effect in respect of Fortune, and Fortune shall have provided to Kneat a certificate of a senior executive officer of Fortune certifying the same as at the Arrangement Effective Time and the Merger Effective Date respectively;
- (j) holders of no more than 5% of the total of the issued and outstanding Fortune Shares shall have exercised Dissent Rights (and not withdrawn such exercise) and Kneat shall have received a certificate of a senior executive officer of Fortune confirming the same as at the Arrangement Effective Time and the Merger Effective Date;
- (k) at the Arrangement Effective Time and the Merger Effective Time, Fortune shall have CAD\$8,450,000 (the "**Fortune Cash Balance**") in cash and cash equivalents;
- (l) Fortune shall have no liabilities other than general trade payables of a maximum of CAD\$20,000 and liabilities transaction costs in respect of legal and accounting advice of CAD\$225,000;
- (m) Kneat has received written confirmation from the Irish Revenue Commissioners, to the satisfaction of Kneat, that the provisions of section 584 of the Taxes Consolidation Act 1997 (as applied by section 586 or 587 the Taxes Consolidation Act 1997) apply to the Scheme of Arrangement, provided that if Kneat does not receive this confirmation, Kneat acknowledges and agrees that it

shall in good faith cooperate with Fortune to find an alternative manner in which to effect the transactions contemplated herein; and

- (n) this Agreement shall not have been terminated pursuant to Article 9.

7.3 Satisfaction of Conditions

The conditions precedent set out in Section 7.1 and Section 7.2 shall be conclusively deemed to have been satisfied, waived or released at the Merger Effective Time.

7.4 Notice and Cure Provisions

Each Party will give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof until the earlier to occur of the termination of this Agreement and the Merger Effective Time of any event or state of facts which occurrence or failure would, or would be likely to:

- (a) cause any of the warranties of such Party contained herein to be untrue or inaccurate in any material respect on the date hereof or at the Merger Effective Time; or
- (b) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by such Party hereunder prior to the Merger Effective Time.

Kneat may not exercise its rights to terminate this Agreement pursuant to Section 10.2(c)(iii) and Fortune may not exercise its right to terminate this Agreement pursuant to Section 10.2(d)(iii) unless the Party intending to rely thereon has delivered a written notice to the other Party specifying in reasonable detail all breaches of covenants, warranties or other matters which the Party delivering such notice is asserting as the basis for the non- fulfilment or the applicable condition or termination right, as the case may be. If any such notice is delivered, provided that a Party is proceeding diligently to cure such matter and such matter is capable of being cured, no Party may terminate this Agreement until the expiration of a period of 10 Business Days from such notice, and then only if such matter has not been cured by such date. If such notice has been delivered prior to the making of the application for the Arrangement Final Order or the Fortune Meeting or the Merger Final or the Merger Meetings, such application, filing or meeting shall be postponed until the expiry of such period.

ARTICLE 8 ADDITIONAL COVENANTS

8.1 Insurance and Indemnification

- (a) Fortune shall be entitled to purchase run off directors' and officers' liability insurance for a period of up to six years from the Merger Effective Date with the prior written consent of Kneat, not to be unreasonably withheld. Fortune shall ensure that the articles and/or by-laws of Fortune and its subsidiaries (or their respective successors) shall contain the provisions with respect to indemnification

set forth in Fortune's or the applicable subsidiary's current articles and/or by-laws, which provisions shall not, except to the extent required by applicable Laws, be amended, repealed or otherwise modified for a period of six years from the Merger Effective Date in any manner that would adversely affect any rights of indemnification of individuals who, immediately prior to the Merger Effective Date, were directors or officers of Fortune or any of its subsidiaries.

- (b) Fortune agrees that it shall directly honour all rights to indemnification or exculpation now existing in favour of present and former officers and directors of Fortune and its subsidiaries, to the extent that they are disclosed in Schedule 8.1(b) of the Fortune Disclosure Letter, and acknowledges that such rights, to the extent they are disclosed in Schedule 8.1(b) of the Fortune Disclosure Letter, shall survive the completion of the Merger Scheme and shall continue in full force and effect for a period of not less than six years from the Merger Effective Date.
- (c) The provisions of this Section 8.1 are intended for the benefit of, and shall be enforceable by, each insured or indemnified Person, his or her heirs and his or her legal representatives and, for such purpose. Furthermore, this Section 8.1 shall survive the termination of this Agreement as a result of the occurrence of the Merger Effective Date for a period of six years.

ARTICLE 9

SPINCO COVENANTS

9.1 Spinco Indemnity

From the Merger Effective Time, Spinco hereby agrees to indemnify and hold harmless Fortune and Kneat (collectively, the "Indemnified Parties" and each an "Indemnified Party") from all losses, claims, actions, liabilities, Liens, damages, bonds, dues, assessments, fines, interest, penalties, Taxes, fees, costs (including costs of investigation, defense and enforcement of this Agreement), consequential damages, expenses or amounts paid in settlement (in each case, including attorneys' and experts' fees and expenses), threatened or actual suffered or incurred by Fortune or Kneat as a result of, in connection with, arising out of or relating to, directly or indirectly, the Spinco Assets or Spinco Liabilities; provided that Spinco shall have no liability hereunder in respect of any Claims unless Fortune shall have delivered an Indemnity Notice in respect of such Claim within two years following the Merger Effective Date. If the Merger Effective Date occurs, this Article 8 shall survive the termination of this Agreement.

9.2 Indemnified Claims

- (a) If any claim, proceeding or other matter resulting from the occurrence of any of the events contemplated by Section 9.1 (a "**Claim**") is made against any Indemnified Party by any Person, including any third party, for which such Indemnified Party may be entitled to indemnification pursuant to Section 9.1, then Fortune or Kneat shall give notice (the "**Indemnity Notice**") to Spinco specifying the particulars of such Claim within 20 days after it receives notification of the Claim; provided, however, that any failure of Fortune or Kneat to provide notice

to Spinco within such 20-day period shall not relieve Spinco of its obligations under Section 9.1, except to the extent that Spinco is materially prejudiced by such delay. Spinco shall have the right to participate in any negotiations or proceedings with respect to such Claim. Fortune or Kneat, as applicable, shall not settle or compromise any such Claim without the prior written consent of Spinco, unless Spinco has not, within 10 Business Days after the giving of the Indemnity Notice, given notice to Fortune or Kneat, as applicable, that it wishes to dispute such Claim. If Spinco does give such a notice, it shall have the right to assume the defence of such Claim and to defend such Claim in the name of Fortune or Kneat, as applicable. Fortune or Kneat, as applicable, shall provide to Spinco all files, books, records and other information in their possession or control which may be relevant to the defence of such Claim. If Spinco fails after giving such notice, diligently and reasonably to defend such Claim throughout the period such Claim exists, its right to defend the Claim shall terminate and Fortune or Kneat may assume the defence of such Claim. In such event, Fortune or Kneat, as applicable, may compromise or settle such Claim without the consent of Spinco. Spinco shall provide to Fortune and Kneat all files, books, records and other information in their possession or control which may be relevant to the defence of such Claim.

- (b) Spinco shall pay any amount owing to Fortune or Kneat pursuant to this Article 8 within five (5) Business Days after determination of such amount. All such payments shall be by wire transfer of immediately available funds in Canadian Dollars to an account specified in writing by Fortune or Kneat.

ARTICLE 10

TERM, TERMINATION, AMENDMENT AND WAIVER

10.1 Term

This Agreement shall be effective from the date hereof until the earlier of the Merger Effective Time and the termination of this Agreement in accordance with this Article 10.

10.2 Termination

Subject to the last paragraph of this Section 10.2, this Agreement, may be terminated and the Arrangement or the Merger may be abandoned at any time prior to the Merger Effective Time (notwithstanding any approval of this Agreement or the Arrangement Resolution by the Fortune Shareholders, the Arrangement by the Ontario Court, the Merger Resolutions by the Kneat Shareholders or the Merger Scheme by the Irish Court):

- (a) by mutual written agreement of Fortune and Kneat;
- (b) by either Fortune or Kneat, if:
 - (i) the Merger Effective Date shall not have occurred on or before the Outside Date, except that the right to terminate this Agreement under this Section 10.2(b)(i) shall not be available to any Party whose failure to fulfill any of its obligations or breach of any of its warranties under this Agreement has

been the cause of, or resulted in, the failure of the Merger Effective Time to occur by the Outside Date;

- (ii) after the date hereof, there shall be enacted or made any applicable Law or there shall exist any injunction or court order that makes consummation of the Arrangement or the Merger illegal or otherwise prohibits or enjoins Fortune or Kneat from consummating the Arrangement or the Merger and such applicable Law, injunction or court order shall have become final and non-appealable; or
 - (iii) the Arrangement Resolution shall have failed to obtain the Fortune Securityholder Approval at the Fortune Meeting (including any adjournment or postponement thereof) in accordance with the Arrangement Interim Order;
 - (iv) the Merger Resolutions shall have failed to be passed at the Merger Meetings (including any adjournment or postponement thereof) in accordance with the Merger Interim Order; or
- (c) by Kneat, if:
- (i) any of the Merger Conditions has not been satisfied or waived by the Outside Date or it is clear that such condition is incapable of being satisfied by the Outside Date provided that Kneat is not then in breach of this Agreement so as to cause any of the Merger Conditions not to be satisfied;
 - (ii) subject to Section 7.6, Fortune breaches any representation or warranty of Fortune set forth in this Agreement which breach would, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect on Fortune, or Fortune breaches any covenant or other obligation made in this Agreement, in each case, in any material respect; provided that Kneat is not then in breach of this Agreement so as to cause any of the Merger Conditions not to be satisfied;
 - (iii) the Fortune Meeting has not occurred on or before May 31, 2016 or such later date to which the Fortune Meeting may have been postponed or adjourned in accordance with Section 2.3(a) provided that the right to terminate this Agreement pursuant to this Section 10.2(c)(iii) shall not be available to Kneat if the failure by Kneat to fulfil any obligation hereunder is the cause of, or results in, the failure of the Fortune Meeting to occur on or before such date;
 - (iv) if there shall occur after the date hereof any change, effect, event, circumstance or fact that constitutes a Material Adverse Effect in respect of Fortune and its subsidiaries, taken as a whole; and

- (v) Kneat has not received on or before May 31, 2016 written confirmation from the Irish Revenue Commissioners, to the satisfaction of Kneat, that the provisions of section 584 of the Taxes Consolidation Act 1997 (as applied by section 586 or 587 the Taxes Consolidation Act 1997) apply to the Scheme of Arrangement, provided that if Kneat does not receive this confirmation, Kneat acknowledges and agrees that it shall in good faith cooperate with Fortune to find an alternative manner in which to effect the transactions contemplated herein.
- (d) by Fortune, if:
 - (i) any of the Merger Conditions has not been satisfied or waived by the Outside Date or it is clear that such condition is incapable of being satisfied by the Outside Date, provided that Fortune is not then in breach of this Agreement so as to cause any of the Merger Conditions not to be satisfied;
 - (ii) subject to Section 7.6, Kneat breaches any representation or warranty of Kneat set forth in this Agreement which breach would, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect on Kneat, or Kneat breaches any covenant or other obligation in this Agreement, in any material respect; provided that Fortune is not then in breach of this Agreement so as to cause any of the Merger Conditions not to be satisfied;
 - (iii) the Merger Meetings have not occurred on or before May 31, 2016 or such later date to which the Merger Meetings may have been postponed or adjourned provided that the right to terminate this Agreement pursuant to this Section 10.2(c)(iii) shall not be available to Fortune if the failure by Fortune to fulfil any obligation hereunder is the cause of, or results in, the failure of the Merger Meetings to occur on or before such date; or
 - (iv) if there shall occur after the date hereof any change, effect, event, circumstance or fact that constitutes a Material Adverse Effect in respect of Kneat.

The Party desiring to terminate this Agreement pursuant to this Section 10.2 (other than pursuant to Section 10.2(a)) shall give notice of such termination to the other Party. If this Agreement is terminated pursuant to this Section 10.2, this Agreement shall become void and of no effect without liability of any Party (or any shareholder, director, officer, employee, agent, consultant or representative of such Party) to any other Party hereto, except as otherwise expressly contemplated hereby, and provided that the provisions of this paragraph and Sections 11.4, 11.8 and 11.9 and the provisions of the Confidentiality Agreement (pursuant to the terms set out therein) shall survive any termination hereof pursuant to Section 10.2; provided further that neither the termination of this Agreement nor anything contained in this Section 10.2 shall relieve a Party from any liability for breach of this Agreement arising prior to such termination.

ARTICLE 11
GENERAL PROVISIONS

11.1 Amendment

This Agreement, the Plan of Arrangement and the Merger Scheme may, at any time and from time to time before or after the holding of the Fortune Meeting but not later than the Merger Effective Time, be amended by mutual written agreement of the Parties, and any such amendment may, subject to the Arrangement Interim Order, the Arrangement Final Order, the Merger Interim Order, the Merger Final Order and applicable Law, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify the performance of any of the obligations of the Parties; and/or
- (d) waive compliance with or modify any mutual conditions precedent herein contained.

11.2 Waiver

Any Party may (i) extend the time for the performance of any of the obligations or acts of the other Party, (ii) waive compliance, except as provided herein, with any of the other Party's agreements or the fulfilment of any conditions to its own obligations contained herein, or (iii) waive inaccuracies in any of the other Party's warranties contained herein or in any document delivered by the other Party; provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Party and, unless otherwise provided in the written waiver, will be limited to the specific breach or condition waived.

11.3 Notices

All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered or sent if delivered personally or sent by facsimile transmission (with transmission confirmation), or as of the following Business Day if sent by prepaid overnight courier, to the Parties at the following addresses (or at such other addresses as shall be specified by any Party by notice to the other given in accordance with these provisions):

- (a) if to Kneat:

Unit 7, Castletroy Park Business Centre
Castletroy
Co. Limerick, Ireland

Attention: Eddie Ryan
Email: eddie.ryan@kneat.com
with a copy (which shall not constitute notice) to:

Mason Hayes & Curran
South Bank House, Barrow Street
Dublin 4, Ireland

Attention: Martin Kelleher
Email: mkelleher@mhc.ie

and

(b) if to Fortune or Spinco:

1969 Upper Water Street
Suite 2001, Purdy's Wharf Tower II
Halifax, Nova Scotia
B3J 3R7

Attention: Wade Dawe
Email: wdawe@fortunebaycorp.com

with a copy (which shall not constitute notice) to:

Fogler, Rubinoff LLP
77 King Street West, Suite 3000
Toronto, ON M5K 1G8

Attention: Rick Moscone
Email: rmoscone@foglers.com

11.4 Governing Law; Waiver of Jury Trial

This Agreement shall be governed, including as to validity, interpretation and effect, by the laws of the Province of Ontario and the laws of Canada applicable therein. Each of the Parties hereby irrevocably attorns to the exclusive jurisdiction of the Courts of the Province of Ontario in respect of all matters arising under and in relation to this Agreement and waives any defences to the maintenance of an action in the Courts of the Province of Ontario. EACH PARTY TO THIS AGREEMENT HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THE ACTIONS OF THE PARTIES IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT OF THIS AGREEMENT.

11.5 Injunctive Relief

The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to seek an injunction or injunctions and other equitable relief to prevent breaches of this Agreement.

11.6 Further Assurances

Each of the Parties intends that, from and after the Arrangement Effective Time, Spinco and its subsidiaries will hold all of the Fortune Mineral Properties and Spinco Assets and Spinco shall assume all of the Spinco Liabilities. In order to give effect to the foregoing intent, if following the Arrangement Effective Time:

- (a) any Party identifies any Fortune Mineral Properties, Spinco Assets or Spinco Liabilities which are held or payable, as applicable, by Fortune or any of its subsidiaries,
- (b) the Party making such identification will promptly give written notice to the holder of such Fortune Mineral Properties, Spinco Assets or Spinco Liabilities and, as soon as practicable following receipt of such notice, the Party holding such asset, property or Contract will, or if held by a subsidiary of such Party, such Party will cause its subsidiary to transfer such asset, property or Contract to or to the direction of the appropriate Party. In the event that the Party making such identification identifies a Spinco Liability, Spinco shall assume such liability as soon as practicable following receipt of such notice by executing such documents or instruments as requested by Kneat. If the Arrangement Effective Date occurs, this Section 11.6 shall survive the termination of this Agreement.

11.7 Time of Essence

Time shall be of the essence in this Agreement.

11.8 Entire Agreement, Binding Effect and Assignment

This Agreement, the Plan of Arrangement, the Merger Scheme and the Confidentiality Agreement constitute the entire agreement, and supersede all other prior agreements and understandings, both written and oral, between the parties, or any of them, with respect to the subject matter hereof and thereof and, except as expressly provided herein, this Agreement is not intended to and shall not confer upon any Person other than the Parties any rights or remedies hereunder. Neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by any of the Parties without the prior written consent of the other Parties.

11.9 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or Law or public policy, all other conditions and provisions of this Agreement shall

nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

11.10 Counterparts, Execution

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement (including by email attachment), and such facsimile or similar executed electronic copy (including by email attachment) shall be legally effective to create a valid and binding agreement between the Parties.

[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF Kneat, Fortune and Spinco have caused this Agreement to be executed as of the date first written above.

KNEAT SOLUTIONS LIMITED

Per: "Eddie Ryan"

Name: Eddie Ryan

Title: CEO

I have authority to bind the Corporation

FORTUNE BAY CORP.

Per: "Wade Dawe"

Name: Wade Dawe

Title: President and CEO

I have authority to bind the Corporation

9617337 CANADA LIMITED

Per: "Wade Dawe"

Name: Wade Dawe

Title: President and CEO

I have authority to bind the Corporation

**SCHEDULE A
PLAN OF ARRANGEMENT**

UNDER SECTION 192 OF THE CANADA BUSINESS CORPORATIONS ACT

1. INTERPRETATION

- (a) Definitions: In this Plan of Arrangement, unless the context otherwise requires, the following words and terms shall have the meaning hereinafter set out:
- (i) "Acquired Fortune Shares" means that number of New Fortune Shares as will represent, upon their issuance in connection with the Arrangement, 68.7% of the issued and outstanding New Fortune Shares, subject to adjustment pursuant to Section 3.1(a)(iii) of the Transaction Agreement.
 - (ii) "affiliate" has the meaning given to such term in the Transaction Agreement;
 - (iii) "Arrangement" means the arrangement under the provisions of Section 192 of the CBCA on the terms and subject to the conditions set out in this Plan of Arrangement, as may be amended, varied or supplemented from time to time in accordance with Section 10.1 of the Transaction Agreement and the provisions hereof;
 - (iv) "Arrangement Resolution" means the special resolution of Fortune Securityholders approving the Arrangement;
 - (v) "CBCA" means the Canada Business Corporations Act and the regulations made thereunder, as promulgated or amended from time to time, and includes any successor thereto;
 - (vi) "Business Day" means any day, other than a Saturday, Sunday or a statutory or civic holiday in Toronto, Ontario or the Republic of Ireland;
 - (vii) "Court" means the Ontario Superior Court of Justice (Commercial List), or other court as applicable;
 - (viii) "Depository" means any nationally recognized trust company, bank or financial institution engaged by Fortune for the purpose of, among other things, receiving Letters of Transmittal and distributing certificates representing New Fortune Shares and Spinco Shares in connection with the Arrangement;
 - (ix) "Dissenting Holder" means a registered Fortune Shareholder who has duly exercised a Dissent Right;
 - (x) "Dissent Rights" shall have the meaning set out in Section 5 hereof;

- (xi) "Dissent Shares" means the Fortune Shares held by a Dissenting Fortune Shareholder and in respect of which the Dissenting Fortune Shareholder has validly exercised Dissent Rights;
- (xii) "Effective Date" means the date upon which all of the conditions to completion of the Arrangement as set out in Sections 6.1, 6.2 and 6.3 of the Transaction Agreement have been satisfied or waived in accordance with the Transaction Agreement and all documents agreed to be delivered thereunder have been delivered;
- (xiii) "Effective Time" means 12:01 a.m. (Toronto time) on the Effective Date;
- (xiv) "Fair Market Value", when applied to Fortune Shares, means the volume weighted average price of the Fortune Shares over the five trading days on the TSX ending the day prior to such determination; and, when applied to the Spinco Shares, means the value determined as of the Effective Time by the directors of Spinco, acting reasonably, and a certificate setting out such value shall forthwith thereafter be provided to Fortune;
- (xv) "Final Order" means the final order of the Court pursuant to Section 192 of the CBCA, after a hearing upon the fairness of the terms and conditions of the Arrangement, approving the Arrangement, as such order may be amended by the Court at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;
- (xvi) "Fortune" means Fortune Bay Corp., a corporation existing under the laws of Canada;
- (xvii) "Fortune Meeting" means the special meeting of Fortune Securityholders, including any adjournment or postponement thereof, to be held for the purpose of, among other things, obtaining approval by the Fortune Securityholders of the Arrangement Resolution;
- (xviii) "Fortune Optionholders" means the holders of Fortune Options;
- (xix) "Fortune Options" means the outstanding options to purchase Fortune Shares granted under or otherwise subject to the Fortune Stock Option Plan;
- (xx) "Fortune Securities" means the Fortune Shares, the Fortune Warrants and the Fortune Options;
- (xxi) "Fortune Securityholder" means the Fortune Shareholders, the Fortune Warrantholders and the Fortune Optionholders;

- (xxii) "Fortune Shareholder" means a Person who is a registered holder of Fortune Shares as shown on the share register of Fortune Shares immediately prior to the Effective Time;
- (xxiii) "Fortune Shares" means the common shares of Fortune, as currently constituted prior to the Effective Time;
- (xxiv) "Fortune Stock Option Plan" means the Stock Option Plan of Fortune approved by Fortune's shareholders dated March 5, 2014, as amended;
- (xxv) "Fortune Warrantholders" means the holders of Fortune Warrants;
- (xxvi) "Fortune Warrants" means the outstanding warrants to purchase Fortune Shares;
- (xxvii) "Interim Order" means the interim order of the Court providing for, among other things, the calling and holding of the Fortune Meeting, as such order may be amended, supplement or varied by the Court;
- (xxviii) "Letter of Transmittal" means the letter of transmittal(s) to be delivered by Fortune to the Fortune Shareholders providing for the delivery of the Fortune Shares to the Depository;
- (xxix) "Kneat" means Kneat Solutions Limited, an Irish corporation;
- (xxx) "Lien" means any hypothecs, mortgages, pledges, assignments, liens, charges, security interests, encumbrances and adverse rights or claims, other third Person interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;
- (xxxi) "New Fortune Shares" means common shares in the authorized share structure of Fortune to be created and issued under the Arrangement;
- (xxxii) "paid-up capital" has the meaning ascribed to such term for purposes of the Tax Act;
- (xxxiii) "Person" means an individual, general partnership, limited partnership, corporation, company, limited liability company, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative;
- (xxxiv) "Spinco" means _____, a corporation existing under the laws of Canada;
- (xxxv) "Spinco Shares" means the common shares of Spinco; and

(xxxvi) "Tax Act" means the Income Tax Act (Canada) and the regulations thereunder, as amended from time to time; and

(xxxvii) "Transaction Agreement" means the Transaction Agreement dated February ____, 2016 to which this Plan of Arrangement is attached as Schedule A, as the same may be amended, varied or supplemented from time to time in accordance with the terms thereof.

- (b) Interpretation Not Affected by Headings. The headings contained in this Plan of Arrangement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Plan of Arrangement. The terms "this Plan of Arrangement", "hereof", "herein", "hereto", "hereunder" and similar expressions refer to this Plan of Arrangement and not to any particular article, section, subsection, paragraph, subparagraph, clause or sub-clause hereof and include any agreement or instrument supplementary or ancillary hereto.
- (c) Date for any Action. If the date on which any action is required to be taken hereunder is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.
- (d) Number and Gender. In this Plan of Arrangement, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders and neuter.
- (e) Reference to Persons. A reference to a Person includes any successor to that Person. A reference to any statute includes all regulations made pursuant to such statute and the provisions of any statute or regulation which amends, supplements or supersedes any such statute or regulation.
- (f) Currency. Unless otherwise stated in this Plan of Arrangement, all references herein to amounts of money are expressed in lawful money of Canada.

2. EFFECT OF THE ARRANGEMENT

- (a) This Plan of Arrangement is made pursuant to and subject to the provisions of the Transaction Agreement.
- (b) At the Effective Time, the Arrangement shall without any further authorization, act or formality on the part of the Court be binding upon Fortune, Spinco and the Fortune Securityholders.

3. THE ARRANGEMENT

- (a) The Arrangement. At the Effective Time the following shall occur and shall be deemed to occur in the following sequence as set out below without any further authorization, act or formality, in each case effective as at five minute intervals starting at the Effective Time:

- (i) all Fortune Shares held by Dissenting Holders shall be deemed to have been transferred (free and clear of all Liens) to Fortune in exchange for a debt claim against Fortune for the amount determined under Section 5; and
 - (A) such Dissenting Holders shall cease to be the holders of such Fortune Shares and to have any rights as Fortune Shareholders other than the right to be paid the fair value for such Fortune Shares as set out in Section 5; and
 - (B) the name of each such Dissenting Holders shall be removed as a Fortune Shareholder from the registers of Fortune Shareholders maintained on or on behalf of Fortune;
- (ii) the Articles of Fortune will be amended by:
 - (A) changing the designation of the existing "Common Shares" to "Class A Common Shares" and to increase the voting rights of the Fortune Shares from one vote to two votes per Fortune Share and to change the rights, privileges, restrictions and conditions attached thereto, whether issued or unissued, so that the rights, privileges, restrictions and conditions attached thereto shall be as set out in Appendix A attached hereto;
 - (B) creating a new class of shares designated as "Common Shares", in an unlimited number, having the rights, privileges, restrictions and conditions set out in Appendix A attached hereto; and
 - (C) otherwise to the extent necessary to facilitate the Arrangement,

so that upon completion of the amendments of the Articles of Fortune set forth above, the authorized share capital of Fortune shall be as set out in Appendix A attached hereto;
- (iii) each Fortune Shareholder shall transfer to Fortune, free and clear of any Lien, all its Fortune Shares and:
 - (A) in exchange for each three (3) Fortune Shares, other than Dissent Shares, Fortune shall issue as fully paid or transfer to the Fortune Shareholder, one (1) New Fortune Share and one and one-half (1.5) of a Spinco Share;
 - (B) for each Dissent Share, the Dissenting Holder shall be entitled to receive from Fortune an amount agreed upon with Fortune or equal to the fair value thereof determined in accordance with the Dissent Rights; and

- (C) the stated capital of the New Fortune Shares will be an amount equal to the paid-up capital of the Fortune Shares, less the Fair Market Value of the Spinco Shares distributed on such exchange;
- (iv) with respect to each Fortune Share:
 - (A) the Fortune Shareholder thereof shall cease to be the Fortune Shareholder of such Fortune Share and the name of the Fortune Shareholder shall be removed from the central securities register of Fortune with respect to such Fortune Share;
 - (B) such Fortune Share shall be cancelled; and
 - (C) other than with respect to Dissent Shares, the Fortune Shareholder shall be registered in the central securities register of Fortune as the holder of New Fortune Shares as set out in paragraph 3(a)(ii)(B);
- (v) the Articles of Fortune will be amended by:
 - (A) cancelling the class of shares designated as "Class A Common Shares", none of which will be issued and outstanding at such time according to the Plan of Arrangement; and
 - (B) otherwise to the extent necessary to facilitate the Arrangement,so that upon completion of the amendments of the Articles of Fortune set forth above, the authorized share capital of Fortune shall be as set out in Appendix B attached hereto;
- (vi) The name of Fortune is changed to Kneat Inc. or such other name as may be acceptable to Kneat.
- (b) No Fractional Shares. Notwithstanding any other provision of this Arrangement, no fractional Spinco Shares or New Fortune Shares shall be transferred to the Fortune Shareholders or Offerees. Where the aggregate number of Spinco Shares or New Fortune Shares to be issued under this Plan of Arrangement would result in a fraction of a Spinco Share or New Fortune Share being issuable, the number of Spinco Shares or New Fortune Shares to be received by such Fortune Shareholder or Offeree shall be rounded down to the nearest whole Spinco Share or New Fortune Share, as the case may be, and such Fortune Shareholder or Offeree shall not be entitled to any compensation in respect of such fractional Spinco Share or New Fortune Share.

4. DELIVERY OF SPINCO SHARES AND NEW FORTUNE SHARES

- (a) Entitlement to Spinco Certificates and Fortune Certificates.

- (i) At or prior to the Effective Date, Fortune shall deposit with the Depository, for the benefit of the Fortune Shareholders, certificate(s) representing the number of New Fortune Shares and Spinco Shares to which they are entitled at the Effective Time after giving effect to the steps in Section 3(a)(i) – (iv) above.
 - (ii) Until such time as Fortune Shareholder deposits with the Depository a duly completed Letter of Transmittal, documents, certificates and instruments contemplated by the Letter of Transmittal and such other documents and instruments as the Depository or Fortune reasonably requires, all certificates to New Fortune Shares or Spinco Shares to which such Fortune Shareholder is entitled (and all dividends paid or distributions made in respect thereof) shall, subject to Section 4(a)(iii), in each case be delivered or paid to the Depository to be held in trust for such Fortune Shareholder for delivery to the Fortune Shareholder, without interest and net of all applicable withholding and other taxes, if any, upon delivery of the Letter of Transmittal, documents, certificates and instruments contemplated by the Letter of Transmittal and such other documents and instruments as the Depository or Fortune reasonably requires.
 - (iii) Upon surrender to the Depository for cancellation of a certificate which immediately prior to the Effective Time represented one or more Fortune Shares which were exchanged for New Fortune Shares and Spinco Shares in accordance with Section 3 hereof, if applicable, a completed Letter of Transmittal and such additional documents and instruments as the Depository may reasonably require, the holder of such surrendered certificate or the deliverer of such Letter of Transmittal, as applicable, shall be entitled to receive in exchange therefor, and the Depository shall deliver to such Fortune Shareholder following the Effective Time, certificates representing the New Fortune Shares and the Spinco Shares to which such Fortune Shareholder is entitled to receive in accordance with Section 3 hereof.
 - (iv) After the Effective Time and until surrender for cancellation as contemplated by Section 4(a)(iii) hereof, each certificate which immediately prior to the Effective Time represented one or more Fortune Shares (other than certificates representing Dissent Shares) shall be deemed at all times to represent only the right to receive in exchange therefor certificates representing the New Fortune Shares and the Spinco Shares to which the holder of such certificate is entitled to receive in accordance with Section 4(a)(iii) hereof.
- (b) Lost Certificates. In the event that any certificate which immediately prior to the Effective Time represented one or more Fortune Shares which were exchanged for New Fortune Shares and Spinco Shares in accordance with Section 3 hereof shall have been lost, stolen or destroyed, upon the making of an affidavit of that

fact by the holder claiming such certificate to be lost, stolen or destroyed, the Depositary shall deliver in exchange for such lost, stolen or destroyed certificate, certificates representing the Fortune Shares and the Spinco Shares which such Fortune Shareholder is entitled to receive in accordance with Section 3 hereof. When authorizing such delivery of certificates representing the Fortune Shares and the Spinco Shares which such Fortune Shareholder is entitled to receive in exchange for such lost, stolen or destroyed certificate, the Fortune Shareholder to whom certificates representing such Fortune Shares and Spinco Shares are to be delivered shall, as a condition precedent to the delivery of such Fortune Shares and Spinco Shares give a bond satisfactory to Fortune, Spinco and the Depositary in such amount as Fortune, Spinco and the Depositary may direct, or otherwise indemnify Fortune, Spinco and the Depositary in a manner satisfactory to Fortune, Spinco and the Depositary, against any claim that may be made against Fortune, Spinco or the Depositary with respect to the certificate alleged to have been lost, stolen or destroyed and shall otherwise take such actions as may be required by the by-laws of Fortune.

- (c) Termination of Rights. Any certificate formerly representing Fortune Shares that is not deposited, with all other documents as provided in this Section 4 on or before the sixth anniversary of the Effective Date, shall cease to represent any claim or interest of any kind or nature against Fortune, Spinco or the Depositary.
- (d) Dividends or other Distributions. No dividends or distributions declared or made after the Effective Date with respect to New Fortune Shares with a record date after the Effective Date will be payable or paid to the holder of any unsurrendered certificate or certificates which, immediately prior to the Effective Date, represented outstanding Fortune Shares unless and until the holder of such certificate shall have complied with the provisions of this Section 4. Subject to Applicable Law and to Section 4 hereof, at the time of such compliance, there shall, in addition to the delivery of a certificate representing the Fortune Shares and the Spinco Shares to which such holder is thereby entitled, be delivered to such holder, without interest, the amount of the dividend or other distribution with a record date after the Effective Time theretofore paid with respect to such Fortune Shares and Spinco Shares.
- (e) Withholding Rights. Fortune, Spinco and the Depositary shall be entitled to deduct and withhold from all dividends, distributions, other payments or other consideration otherwise payable to any Person such amounts as Fortune, Spinco or the Depositary is required or permitted to deduct and withhold with respect to such payment under the Tax Act, the United States Revenue Code of 1986 or any provision of any applicable federal, provincial, state, local or foreign tax law, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the Person in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

5. DISSENT RIGHTS

- (a) Each registered Fortune Shareholder may exercise rights of dissent ("Dissent Rights") with respect to the Fortune Shares held by it pursuant to and in the manner set forth in the Interim Order. Dissenting Holders who:
 - (i) are ultimately entitled to be paid by Fortune the fair value for their Dissent Shares shall be deemed to have transferred such Dissent Shares (free of any Liens) to Fortune for cancellation in accordance with Section 3(a)(i); or
 - (ii) are ultimately not entitled, for any reason, to be paid by Fortune fair value for their Dissent Shares in respect of which they dissent, shall be deemed to have participated in the Arrangement in respect of those Fortune Shares on the same basis as a non-dissenting Fortune Shareholder and shall be entitled to receive only the New Fortune Shares and Spinco Shares that such non-dissenting Fortune Shareholders are entitled to receive, on the basis set forth in Section 3(a)(iii)(A).
- (b) In no event shall Fortune or Spinco or any other Person be required to recognize a Dissenting Holder as a registered or beneficial owner of Fortune Shares at or after the Effective Time, and at the Effective Time the names of such Dissenting Holders shall be deleted from the central securities register of Fortune as at the Effective Time.
- (c) For greater certainty, in addition to any other restrictions in the Interim Order, no Person shall be entitled to exercise Dissent Rights with respect to Fortune Shares in respect of which such Person voted in favour of the Arrangement.

6. AMENDMENT

- (a) Fortune reserves the right to amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that any amendment, modification or supplement must be contained in a written document which is filed with the Court and, if made following the Fortune Meeting, then: (i) approved by the Court, and (ii) if the Court directs, approved by the Fortune Shareholders, Fortune Warranholders and Fortune Optionholders voting as a single class and in any event communicated to them, and in either case in the manner required by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be made at any time prior to or at the Fortune Meeting, with or without any other prior notice or communication and, if so proposed and accepted by the Persons voting at the Fortune Meeting (other than as may be required under the Interim Order) shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Fortune Meeting will be effective only if it is consented to by Fortune and, if required by the Court, by the Fortune

Shareholders, Fortune Warrantholders and Fortune Optionholders, voting as a single class.

- (d) Any amendment, modification or supplement to this Plan of Arrangement may be made by Fortune without approval of the Fortune Shareholders, Fortune Warrantholders and the Fortune Optionholders provided that it concerns a matter which, in the reasonable opinion of Fortune is of an administrative or ministerial nature required to better give effect to the implementation of this Plan of Arrangement and is not materially adverse to the financial or economic interests of any of the Fortune Shareholders, Fortune Warrantholders and the Fortune Optionholders.
- (e) Notwithstanding the foregoing provisions of this Section 6, no amendment, modification or supplement of this Plan of Arrangement may be made prior to the Effective Time except in accordance with the terms of the Transaction Agreement.

Appendix A to Schedule A

Share conditions attaching to Fortune Shares and New Fortune Shares at the time of the amendment contemplated in Section 3(a)(ii) of the Plan of Arrangement

1. The rights, privileges, restrictions and conditions attaching to the Class A Common Shares shall be as follows:
 - a) The holders of Class A Common Shares shall be entitled to receive notice of and to attend and vote at all meetings of shareholders of the Corporation except meetings of the holders of another class of shares. Each Class A Common Share shall entitle the holder thereof to two votes in respect of each Class A Common Share held.
 - b) The holders of Class A Common Shares shall be entitled to receive such dividends as may be declared thereon by the board of directors of the Corporation from time to time.
 - c) In the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, the holders of Class A Common Shares shall be entitled, along with the holders of all other common shares of the Corporation, to receive pro rata all of the assets remaining for distribution.

2. The rights, privileges, restrictions and conditions attaching to the Common Shares shall be as follows:
 - a) The holders of Common Shares shall be entitled to receive notice of and to attend and vote at all meetings of shareholders of the Corporation except meetings of the holders of another class of shares. Each Common Share shall entitle the holder thereof to one vote in respect of each Common Share held.
 - b) The holders of Common Shares shall be entitled to receive such dividends as may be declared thereon by the board of directors of the Corporation from time to time.
 - c) In the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, the holders of Common Shares shall be entitled, along with the holders of all other common shares of the Corporation, to receive pro rata all of the assets remaining for distribution.

Appendix B to Schedule A

Share conditions attaching to New Fortune Shares at the time of the amendment contemplated in Section 3(a)(v) of the Plan of Arrangement

1. The rights, privileges, restrictions and conditions attaching to the Common Shares shall be as follows:
 - a) The holders of Common Shares shall be entitled to receive notice of and to attend and vote at all meetings of shareholders of the Corporation except meetings of the holders of another class of shares. Each Common Share shall entitle the holder thereof to one vote in respect of each Common Share held.
 - b) The holders of Common Shares shall be entitled to receive such dividends as may be declared thereon by the board of directors of the Corporation from time to time.
 - c) In the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, the holders of Common Shares shall be entitled, along with the holders of all other common shares of the Corporation, to receive pro rata all of the assets remaining for distribution.

SCHEDULE B
SPIN-OUT ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. The arrangement (the "**Arrangement**") under Section 192 of the Canada Business Corporations Act (the "**CBCA**") involving Fortune Bay Corp. ("**Fortune**"), all as more particularly described and set forth in the Management Proxy Circular (the "**Proxy Circular**") of Fortune dated ►, 2015, accompanying the notice of this meeting (as the Arrangement may be modified or amended), is hereby authorized, approved and adopted;
2. The plan of arrangement, as it may be or has been amended (the "**Plan of Arrangement**"), involving Fortune and implementing the Arrangement, the full text of which is set out in Appendix B to the Proxy Circular, is hereby authorized, approved and adopted;
3. The transaction agreement (the "**Transaction Agreement**") between Fortune, Kneat Solutions Limited and 9617337 Canada Limited, dated February 9, 2016 and all the transactions contemplated therein, the actions of the directors of Fortune in approving the Arrangement and the actions of the officers of Fortune in executing and delivering the Transaction Agreement and any amendments thereto are hereby confirmed, ratified, authorized and approved;
4. Notwithstanding that this resolution has been passed (and the Arrangement adopted) or that the Arrangement has been approved by the Ontario Superior Court of Justice, the directors of Fortune are hereby authorized and empowered, without further notice to, or approval of, any securityholders of Fortune:
 - (a) to amend the Transaction Agreement or the Plan of Arrangement to the extent permitted by the Transaction Agreement or the Plan of Arrangement; or
 - (b) subject to the terms of the Transaction Agreement, not to proceed with the Arrangement;
5. Any one or more directors or officers of Fortune is hereby authorized, for and on behalf and in the name of Fortune, to execute and deliver, whether under corporate seal of Fortune or not, all such agreements, applications, forms, waivers, notices, certificates, confirmations and other documents and instruments and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the Transaction Agreement and the completion of the Plan of Arrangement in accordance with the terms of the Transaction Agreement, including:
 - (a) all actions required to be taken by or on behalf of Fortune, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and

- (b) the signing of the certificates, consents and other documents or declarations required under the Transaction Agreement or otherwise to be entered into by Fortune; such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

SCHEDULE C
KEY REGULATORY APPROVALS

Key Regulatory Approvals Related to Kneat

- None

Key Regulatory Approvals Related to Fortune

- All authorizations of the TSX or TSXV that are required in connection with the completion of the Arrangement.

SCHEDULE D
KEY THIRD PARTY CONSENTS

Key Third Party Consents Related to Kneat

- Enterprise Ireland

Key Third Party Consents Related to Fortune

- None

**SCHEDULE E
FORM OF FORTUNE IRREVOCABLE UNDERTAKING**

KNEAT SOLUTIONS LIMITED

DEED OF IRREVOCABLE UNDERTAKING

To: Fortune Bay Corp. ("**Fortune Bay**")

From: [Shareholder's Name] (the "**Shareholder**")

[DATE]

Re: Scheme of Arrangement of Kneat Solutions Limited (the "Company" or "Kneat")

Dear Sirs,

1. In this deed of irrevocable undertaking (this "**Deed**") unless the context otherwise requires:

"**Business Day**" means any day, other than a Saturday, Sunday, public holiday or a day on which banks in Ireland or Ontario are authorised or required by law or executive order to be closed;

"**Committed Shares**" means the Shares specified in the Schedule hereto, including any Shares deriving from the rights set out in column 4 of Part (A) of that Schedule;

"**Court**" means the High Court of Ireland;

"**Encumbrance**" means, other than arising by virtue of this Deed, applicable law (including the Companies Act 2014 and Canadian securities law) and/or the Articles of Association of the Company, any lien, pledge, hypothecation, charge, mortgage, security interest, encumbrance, claim, option, right of first refusal, preemptive right, community property interest or other similar restriction on (i) the voting of any security; (ii) the transfer of any security or other asset; (iii) the receipt of any income derived from any asset; (iv) use of any asset; or (v) the possession, exercise or transfer of any other attribute of ownership of any asset;

"**Exempted Transfer**" means any of the following transfers of Shares:

- (a) transfer(s) of Shares by testamentary disposition or operation of law, in which case this Deed shall bind the transferee;
- (b) transfer(s) of Shares pursuant to any pledge agreement, subject to the pledgee agreeing in writing to be bound by the terms of this Deed as if a party hereto;
- (c) transfer(s) of Sha/res to companies that are subsidiaries or holding companies of the Shareholder or subsidiaries of any holding company of the Shareholder subject to the transferee agreeing in writing to be bound by the terms of this Deed as if a party hereto;

- (d) transfer(s) of Shares in connection with estate and charitable planning purposes, including transfers to relatives, trusts and charitable organisations, subject to the transferee first agreeing in writing to be bound by the terms of this Deed in a manner reasonably satisfactory to Fortune Bay; and
- (e) such transfer(s) of Shares as Fortune Bay may otherwise permit in its discretion;

"Extraordinary General Meeting" or "EGM" means the extraordinary general meeting of registered holders of the Shares (and any adjournment thereof) to be convened in connection with the Scheme, expected to be convened for a date and time immediately after the Scheme Meeting shall have been concluded (it being understood that if the Scheme Meeting is adjourned, the EGM shall be correspondingly adjourned);

"Further Shares" means any other shares in the capital of the Company of which the Shareholder may hereafter become the beneficial owner and, with respect to which shares, the Shareholder is entitled to control the voting thereof;

"Merger" means the proposed acquisition of the Shares by Fortune Bay by means of the Merger Scheme pursuant to the Transaction Agreement;

"Merger Conditions" shall have the meaning given to that term in the Transaction Agreement;

"Merger Scheme" or "Scheme of Arrangement", means the proposed scheme of arrangement under Chapter 1 of Part 9 of the Irish Act and the related reduction of capital under Sections 84 to 86 of the Irish Act to effect the Merger pursuant to this Agreement, on the terms (including the Merger Conditions) and for the issue of the Acquired Fortune Shares and on such other terms and in such form not being inconsistent therewith as the Parties mutually agree in writing, including any revision thereof as may be so agreed between the Parties;

"Scheme" means the proposed court-approved scheme of arrangement under Chapter 1 of Part 9 of the Companies Act 2014 as described in the Transaction Agreement and any reference to the **"Scheme"** include any revisions, extensions or renewals of such Scheme on terms at least as favourable to the Shareholder, in the aggregate, as that under the Scheme;

"Scheme Circular" means the formal document containing, inter alia, the terms and conditions of the Scheme and explanatory statement in relation thereto;

"Scheme Meeting" means the meeting or meetings of the registered holders of Shares (and any adjournment thereof) convened by (i) resolution of the board of Kneat or (ii) order of the Court, in either case pursuant to Section 450 of the Companies Act 2014, to consider and vote on approving and implementing the Scheme;

"Shares" means the A Ordinary Shares, the Ordinary Shares the Convertible Shares and the A Convertible Shares of €1.00 each in the capital of the Company;

"subsidiaries" means subsidiaries as defined in Section 7 of the Companies Act 2014; and

"Transaction Agreement" means the agreement setting out certain matters in relation to the Merger between the Company and Fortune Bay dated [].

Except as otherwise defined herein or where the context otherwise requires, the terms in this Deed shall have the meanings given to them in the Transaction Agreement.

2. The Shareholder hereby irrevocably and unconditionally warrants and undertakes with Fortune Bay (save in respect of paragraphs 2.2, 2.3, 2.4 and 2.6, as to which the Shareholder undertakes only) on the terms of this Deed for so long as this Deed remains in effect, that:
 - 2.1 the Shareholder is the sole beneficial owner of the Committed Shares and has, and will continue to have, all relevant authority to vote the Committed Shares and any Further Shares in favour of the Scheme and, as otherwise reasonably required to progress or implement the Scheme;
 - 2.2 the Shareholder shall cast or procure the casting of all votes, in person or by proxy in respect of all of its Committed Shares and Further Shares, in favour of the Scheme and as otherwise reasonably required to progress or implement the Scheme including in favour of any resolutions to reduce the share capital of the Company and alter the articles of association of the Company whether at the Scheme Meeting or Extraordinary General Meeting or at any other meeting of any class of which the Shareholder is or has been determined by a court of competent jurisdiction to be a member;
 - 2.3 other than the Committed Shares, the Shareholder does not own, manage, control or have any interest, directly or indirectly, in any Shares or other securities of the Company or any rights to subscribe for, purchase or otherwise acquire any such Shares or securities either alone or together with others;
 - 2.4 the Shareholder shall not:
 - (a) except by way of an Exempted Transfer or except pursuant to the Merger, sell, transfer, encumber, grant any option over or otherwise dispose of or permit the sale, transfer, charging or other disposition or the creation or grant of any other Encumbrance over, all or any of the Committed Shares or any Further Shares or any interest in all or any thereof;
 - (b) exercise any rights attributable to or conferred by the Committed Shares or the Further Shares that would reasonably be expected to impede or delay or adjourn the convening or holding of the Scheme Meeting or the EGM or any extraordinary general meeting convened in order to progress or implement the Scheme;
 - (c) other than in relation to the Further Shares issued after the date hereof and attributable to or derived from the Shareholder's holdings of Committed Shares or rights specified or referred to in the Schedule, acquire or become beneficially interested in any Shares, or securities convertible into Shares, in the Company or any interest in such Shares or securities without the prior written consent of Fortune Bay; or
 - (d) enter into any deed, agreement, arrangement or incur an obligation or

give any indication of intent (whether conditional or unconditional and whether or not legally binding):

- (i) to do all or any of the acts referred to in this paragraph 2.4; or
- (ii) which, in relation to the Committed Shares or the Further Shares, would reasonably be expected to impede or delay the Shareholder from voting in favour of the Scheme;

2.5 the Shareholder has and will continue to have all relevant authority and power to enter into, and to perform all obligations under this Deed; and

2.6 where the Committed Shares and/or the Further Shares are registered in the name of a nominee, the Shareholder shall direct and procure the nominee to act as if the nominee were bound by the terms of this Deed and shall do all acts necessary to carry the terms hereof into effect as if the Shareholder had been the registered holder of the Committed Shares and/or the Further Shares.

- 3. The Shareholder recognises and acknowledges that if the Shareholder should fail to comply with the obligations contained herein or should otherwise be in breach of any of its obligations under this Deed, damages may not be an adequate remedy and that Fortune Bay should accordingly be entitled to seek equitable relief, including an injunction or order for specific performance for such failure or breach.
- 4. The Shareholder warrants that the details of all of its interests in securities of the Company and dealings in securities of the Company as set out in the Schedule are true, complete and accurate in all respects and that its interests are correctly described, including the registered holders of the securities to which they relate. The Shareholder shall notify Fortune Bay promptly in writing of any changes in such details and shall, on request, provide Fortune Bay with all reasonable assistance in compiling and confirming the details of its interests and dealings in securities of the Company. The Shareholder confirms that it does not hold any interest in securities in Fortune Bay and the Shareholder has never had any dealings in securities in Fortune Bay.
- 5. The Shareholder will provide Fortune Bay with all assistance and further information in relation to its interest in the Committed Shares or any Further Shares as Fortune Bay may reasonably require in order to comply with any legal or regulatory requirements for inclusion in the Scheme Circular (or any other document required in connection with the Merger).
- 6. This Deed shall cease to have any effect whatsoever and all the obligations, undertakings and warranties under this Deed will lapse upon the earliest to occur of the following events:
 - (a) if the Transaction Agreement is terminated in accordance with its terms;
 - (b) if the Scheme lapses or is withdrawn with, to the extent required, the approval of the High Court of Ireland; or
 - (c) the Merger Effective Date.
- 7. Notwithstanding anything in this Deed to the contrary: (i) the Shareholder makes no

agreement or understanding herein in any capacity other than in the Shareholder's capacity as owner of the Shares, and not in Shareholder's capacity as a director, officer or employee of the Company, and (ii) nothing herein will be construed to limit, require or affect any action or inaction by Shareholder serving on the board of directors of the Company or as an officer or fiduciary of the Company, or acting in such person's capacity as a director, officer, employee or fiduciary of the Company.

8. The Shareholder hereby accepts and acknowledges that:
- (a) it has not entered into this Deed relying on any statement or representation, made by Fortune Bay (or any of its directors, officers, employees or agents) or any other person;
 - (b) any time, date or period mentioned in this Deed may be extended by agreement between the parties but as regards any time, date or period originally fixed or so extended time shall be of the essence;
 - (c) the invalidity, illegality or enforceability of a provision of this Deed shall not affect or impair the continuance in force of the remainder of this Deed;
 - (d) Fortune Bay may not assign any of its rights and obligations under this Deed without the prior written consent of the Shareholder;
 - (e) the Shareholder will keep confidential the possibility, terms and conditions of the Merger and the existence and terms of this Deed until, in each case, the announcement of the same by or on behalf of Fortune Bay;
 - (f) by signing this Deed the Shareholder acknowledges that particulars of this Deed will be contained in the Scheme Circular; and
 - (g) this Deed will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and that the courts of the Province of Ontario are to have exclusive jurisdiction for all purposes in connection herewith.

SCHEDULE HOLDINGS AND DEALINGS IN KNEAT

Holdings as at date hereof

(1) Registered Holder	(2) Beneficial Owner	(3) Number and Class of Shares in the Company	(4) Number of Shares in Company, subject to options, warrants or other rights to subscribe, acquire or convert

IN WITNESS whereof this voting undertaking has been entered into and delivered as a deed the day and year first herein **WRITTEN**.

Signed and delivered as a **DEED** by

[SHAREHOLDER NAME]

In the presence of:

Signature of Witness:

Address of Witness:

Occupation of Witness:

SCHEDULE F
FORM OF KNEAT IRREVOCABLE UNDERTAKING
FORTUNE BAY CORP.
SHAREHOLDER'S DEED OF IRREVOCABLE UNDERTAKING

To: Kneat Solutions Limited. ("**Kneat**")

From: [Shareholder's Name] (the "**Shareholder**")

[DATE]

Re: Plan of Arrangement of Fortune Bay Corp. (the "Company" or "Fortune")

Dear Sirs,

1. In this deed of irrevocable undertaking (this "**Deed**") unless the context otherwise requires:

"**Acquired Fortune Shares**" means fully paid common shares in the authorized share structure of Fortune to be created and issued under the Merger Scheme;

"**Business Day**" means any day, other than a Saturday, Sunday, public holiday or a day on which banks in Ireland or in Ontario are authorised or required by law or executive order to be closed;

"**Committed Shares**" means the Fortune Shares specified in the Schedule hereto, including any Fortune Shares deriving from the rights set out in column 4 of Part (A) of that Schedule;

"**Encumbrance**" means, other than arising by virtue of this Deed, applicable law (including the Companies Act 2014 and Canadian securities law) and/or the Articles of Association of the Company, any lien, pledge, hypothecation, charge, mortgage, security interest, encumbrance, claim, option, right of first refusal, preemptive right, community property interest or other similar restriction on (i) the voting of any security; (ii) the transfer of any security or other asset; (iii) the receipt of any income derived from any asset; (iv) use of any asset; or (v) the possession, exercise or transfer of any other attribute of ownership of any asset;

"**Exempted Transfer**" means any of the following transfers of Fortune Shares:

- (f) transfer(s) of Fortune Shares by testamentary disposition or operation of law, in which case this Deed shall bind the transferee;
- (g) transfer(s) of Fortune Shares pursuant to any pledge agreement, subject to the pledgee agreeing in writing to be bound by the terms of this Deed as if a party hereto;
- (h) transfer(s) of Fortune Shares to companies that are subsidiaries or holding

companies of the Shareholder or subsidiaries of any holding company of the Shareholder subject to the transferee agreeing in writing to be bound by the terms of this Deed as if a party hereto;

- (i) transfer(s) of Fortune Shares in connection with estate and charitable planning purposes, including transfers to relatives, trusts and charitable organisations, subject to the transferee first agreeing in writing to be bound by the terms of this Deed in a manner reasonably satisfactory to Kneat; and
- (j) such transfer(s) of Fortune Shares as Kneat may otherwise permit in its discretion;

"Fortune Disclosure Letter" means the disclosure letter executed by Fortune and delivered to Kneat in connection with the execution of the Transaction Agreement;

"Fortune Meeting" means the special meeting of Fortune Securityholders, including any adjournment or postponement thereof, to be called and held in accordance with the Spin-Out Interim Order to consider, among other things, the Spin-Out Arrangement Resolution;

"Fortune Securityholders" means, collectively, the Fortune Shareholders, the Fortune Optionholders and the Fortune Warrantholders;

"Fortune Shares" means the common shares in the authorized share structure of Fortune, as currently constituted;

"Fortune Shareholders" means the holders of Fortune Shares;

"Fortune Warrants" mean the outstanding warrants to purchase Fortune Shares or New Fortune Shares as set forth in the Fortune Disclosure Letter;

"Fortune Warrantholders" means the holders of Fortune Warrants;

"Further Shares" means any other shares in the capital of the Company of which the Shareholder may hereafter become the beneficial owner and, with respect to which shares, the Shareholder is entitled to control the voting thereof;

"Irish Act" means the Irish Companies Act 2014;

"Kneat Shares" means the Kneat A Convertible Shares, Kneat A Ordinary Shares, Kneat Convertible Shares and Kneat Ordinary Shares;

"Merger" means the proposed acquisition of the Kneat Shares by Fortune by means of the Merger Scheme pursuant to the Transaction Agreement;

"Merger Conditions" shall have the meaning given to that term in the Transaction Agreement;

"Merger Scheme" or **"Scheme of Arrangement"**, means the proposed scheme of arrangement under Chapter 1 of Part 9 of the Irish Act and the related reduction of capital under Sections 84 to 86 of the Irish Act to effect the Merger pursuant to the Transaction Agreement, on the terms (including the Merger Conditions) and for the issue of the Acquired Fortune Shares and on such other terms and in such form not

being inconsistent therewith as the Parties mutually agree in writing, including any revision thereof as may be so agreed between the Parties;

"New Fortune Shares" means Spin-Out New Fortune Shares and the Acquired Fortune Shares;

"Ontario Court" means the Ontario Superior Court of Justice (Commercial List), or other court as applicable;

"Spin-Out Arrangement Resolution" means the special resolution of the Fortune Securityholders approving the Spin-Out Arrangement, to be considered at the Fortune Meeting, substantially in the form attached at Schedule B of the Transaction Agreement;

"Spin-Out Interim Order" means the interim order of the Ontario Court made in connection with the Spin-Out Arrangement in a form acceptable to Kneat and Fortune, acting reasonably, providing for, among other things, the calling and holding of the Fortune Meeting, as the same may be amended, supplemented or varied by the Ontario Court;

"Spin-Out New Fortune Shares" means fully paid common shares in the authorized share structure of Fortune to be created and issued under the Spin-Out Arrangement;

"Spin-Out Plan of Arrangement" means the plan of arrangement, substantially in the form and on the terms set out in Schedule A of the Transaction Agreement, and any amendments or variations thereto made in accordance with Section 11.1 of the Transaction Agreement or the Spin-Out Plan of Arrangement;

"subsidiaries" means subsidiaries as defined in Section 7 of the Companies Act 2014; and

"Transaction Agreement" means the agreement setting out certain matters in relation to the Merger between the Company and Kneat dated [].

Except as otherwise defined herein or where the context otherwise requires, the terms in this Deed shall have the meanings given to them in the Transaction Agreement.

2. The Shareholder hereby irrevocably and unconditionally warrants and undertakes with Kneat (save in respect of paragraphs 2.2, 2.3, 2.4 and 2.6, as to which the Shareholder undertakes only) on the terms of this Deed for so long as this Deed remains in effect, that:
 - 2.5 the Shareholder is the sole beneficial owner of the Committed Shares and has, and will continue to have, all relevant authority to vote the Committed Shares and any Further Shares in favour of the Spin-Out Arrangement and, as otherwise reasonably required to progress or implement the Spin-Out Arrangement;
 - 2.6 the Shareholder shall cast or procure the casting of all votes, in person or by proxy in respect of all of its Committed Shares and Further Shares, in favour of the Spin-Out Arrangement and as otherwise reasonably required to progress or implement the Spin-Out Arrangement at the Fortune Meeting;

- 2.7 other than the Committed Shares, the Shareholder does not own, manage, control or have any interest, directly or indirectly, in any Fortune Shares or other securities of the Company or any rights to subscribe for, purchase or otherwise acquire any such Fortune Shares or securities either alone or together with others;
- 2.8 the Shareholder shall not;
- (a) except by way of an Exempted Transfer or except pursuant to the Spin-Out Arrangement, sell, transfer, encumber, grant any option over or otherwise dispose of or permit the sale, transfer, charging or other disposition or the creation or grant of any other Encumbrance over, all or any of the Committed Shares or any Further Shares or any interest in all or any thereof;
 - (b) exercise any rights attributable to or conferred by the Committed Shares or the Further Shares that would reasonably be expected to impede or delay or adjourn the convening or holding of the Fortune Meeting or any extraordinary general meeting convened in order to progress or implement the Spin-Out Arrangement;
 - (c) other than in relation to the Further Shares issued after the date hereof and attributable to or derived from the Shareholder's holdings of Committed Shares or rights specified or referred to in the Schedule, acquire or become beneficially interested in any Fortune Shares, or securities convertible into Fortune Shares, or any interest in such Fortune Shares without the prior written consent of Kneat; or
 - (d) enter into any deed, agreement, arrangement or incur an obligation or give any indication of intent (whether conditional or unconditional and whether or not legally binding):
 - (i) to do all or any of the acts referred to in this paragraph 2.4; or
 - (ii) which, in relation to the Committed Shares or the Further Shares, would reasonably be expected to impede or delay the Shareholder from voting in favour of the Spin-Out Arrangement;
- 2.5 the Shareholder has and will continue to have all relevant authority and power to enter into, and to perform all obligations under this Deed; and
- 2.6 where the Committed Shares and/or the Further Shares are registered in the name of a nominee, the Shareholder shall direct and procure the nominee to act as if the nominee were bound by the terms of this Deed and shall do all acts necessary to carry the terms hereof into effect as if the Shareholder had been the registered holder of the Committed Shares and/or the Further Shares.
9. The Shareholder recognises and acknowledges that if the Shareholder should fail to comply with the obligations contained herein or should otherwise be in breach of any of its obligations under this Deed, damages may not be an adequate remedy and that Kneat should accordingly be entitled to seek equitable relief, including an injunction or order for specific performance for such failure or breach.

10. The Shareholder warrants that the details of all of its interests in securities of the Company and dealings in securities of the Company as set out in the Schedule are true, complete and accurate in all respects and that its interests are correctly described, including the registered holders of the securities to which they relate. The Shareholder shall notify Kneat promptly in writing of any changes in such details and shall, on request, provide Kneat with all reasonable assistance in compiling and confirming the details of its interests and dealings in securities of the Company. The Shareholder confirms that it does not hold any interest in securities in Kneat and the Shareholder has never had any dealings in securities in Kneat.
11. The Shareholder will provide Kneat with all assistance and further information in relation to its interest in the Committed Shares or any Further Shares as Kneat may reasonably require in order to comply with any legal or regulatory requirements for inclusion in the Spin-Out Plan of Arrangement (or any other document required in connection with the Spin-Out Arrangement).
12. This Deed shall cease to have any effect whatsoever and all the obligations, undertakings and warranties under this Deed will lapse upon the earliest to occur of the following events:
 - (a) if the Transaction Agreement is terminated in accordance with its terms;
 - (b) if the Spin-Out Arrangement lapses or is withdrawn with, to the extent required, the approval of the Ontario Court; or
 - (c) the Merger Effective Date.
13. Notwithstanding anything in this Deed to the contrary: (i) the Shareholder makes no agreement or understanding herein in any capacity other than in the Shareholder's capacity as owner of the Fortune Shares, and not in Shareholder's capacity as a director, officer or employee of the Company, and (ii) nothing herein will be construed to limit, require or affect any action or inaction by Shareholder serving on the board of directors of the Company or as an officer or fiduciary of the Company, or acting in such person's capacity as a director, officer, employee or fiduciary of the Company.
14. The Shareholder hereby accepts and acknowledges that:
 - (a) it has not entered into this Deed relying on any statement or representation, made by Kneat (or any of its directors, officers, employees or agents) or any other person;
 - (b) any time, date or period mentioned in this Deed may be extended by agreement between the parties but as regards any time, date or period originally fixed or so extended time shall be of the essence;
 - (c) the invalidity, illegality or enforceability of a provision of this Deed shall not affect or impair the continuance in force of the remainder of this Deed;
 - (d) Kneat may not assign any of its rights and obligations under this Deed without the prior written consent of the Shareholder;
 - (e) the Shareholder will keep confidential the possibility, terms and conditions of the Spin-Out Arrangement and the existence and terms of this Deed until, in each

case, the announcement of the same by or on behalf of Fortune;

- (f) by signing this Deed the Shareholder acknowledges that particulars of this Deed will be contained in the Spin-Out Plan of Arrangement; and
- (g) this Deed will be governed by and construed in accordance with Irish law and that the Irish courts are to have non-exclusive jurisdiction for all purposes in connection herewith.

(k) **SCHEDULE HOLDINGS AND DEALINGS IN FORTUNE**

(l) **Holdings as at date hereof**

(m)

(n) (1) Registered Holder	(o) (2) Beneficial Owner	(p) (3) Number and Class of Shares in the Company	(q) (4) Number of Shares in Company, subject to options, warrants or other rights to subscribe, acquire or convert

IN WITNESS whereof this voting undertaking has been entered into and delivered as a deed the day and year first herein **WRITTEN**.

Signed and delivered as a **DEED** by

[SHAREHOLDER NAME]

In the presence of:

Signature of Witness:

Address of Witness:

Occupation of Witness:

**SCHEDULE G
SPINCO ASSETS**

- Cash in excess of the amount of Fortune Cash Balance, as outlined in section 7.2(k) of the Transaction Agreement to which this schedule is attached.
- All investments including marketable securities owned by Fortune Bay Corp.
- All accounts receivable due to Fortune Bay Corp.
- Prepaid expenses related to Fortune Bay Corp.
- Reclamation deposit in the name of Fortune Bay Corp.
- Property and equipment owned by Fortune Bay Corp. as included in the December 31, 2015 audited financial statements.
- Exploration and evaluation assets owned by Fortune Bay Corp. as included in the December 31, 2015 audited financial statements, including the Goldfields deposit in Saskatchewan, Alberta, Ixhuatan deposit in Mexico and the Huizopa net smelter royalty in Mexico.
- all subsidiaries of Fortune Bay Corp. and any assets in the name of, or otherwise held or owned by, such subsidiaries.

**SCHEDULE H
MERGER SCHEME OF ARRANGEMENT**

THE SCHEME OF ARRANGEMENT

THE HIGH COURT

IN THE MATTER OF

KNEAT SOLUTIONS LIMITED

AND IN THE MATTER OF

THE COMPANIES ACT 2014

SCHEME OF ARRANGEMENT

(UNDER CHAPTER 1 OF PART 9 OF THE COMPANIES ACT 2014)

BETWEEN

KNEAT SOLUTIONS LIMITED

AND

THE HOLDERS OF THE SCHEME SHARES

(AS HEREINAFTER DEFINED)

PRELIMINARY

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions bear the following meanings:

“**Act**”, the Irish Companies Act 2014 and all enactments which are to be read as one with, or construed or read together as one with, the Irish Companies Act 2014;

“**Business Day**”, any day, other than a Saturday, Sunday, public holiday or a day on which banks in Ireland are authorised or required by law or executive order to be closed;

“**Cancellation Record Time**”, 11:59 pm (Irish time) on the day before the High Court hearing to sanction the Scheme;

“**Cancellation Shares**”, any Kneat Shares in issue before the Cancellation Record Time;

“**Cancellation Ordinary Shares**”, any Cancellation Shares that are Kneat Ordinary Shares or Kneat A Ordinary Shares;

“**Conditions**”, the conditions of the Scheme and the Merger set out in [Part ●] (Conditions to and Further Terms of the Merger and the Scheme) of the Scheme Document and “**Condition**” means any one of the Conditions;

“**Consideration Shares**”, the 32.3858 Fortune Shares to be issued by Fortune to each Scheme Ordinary Shareholder for each Scheme Ordinary Share held by him, her or it;

“**Convertible Share Proposal**”, the proposal made by Fortune to the Scheme Convertible Shareholder pursuant to which Fortune agrees, subject to the Scheme becoming effective, to become bound by the terms of a loan owed by Fortune to the Scheme Convertible Shareholder in the aggregate amount of €[●];

“**Effective Date**”, the date on which this Scheme becomes effective in accordance with its terms;

“**Effective Time**”, the time on the Effective Date at which the Scheme Order and a copy of the minute required by Section 86 of the Act are registered by the Registrar of Companies;

“**EIIS Proposal**”, the proposal made by Fortune to each of the EIIS Shareholders pursuant to which Fortune agrees, subject to the Scheme becoming effective, to make an additional payment to each such EIIS Shareholder calculated on the basis of the relief from income tax that would be foregone by such EIIS Shareholder as a result of this Scheme becoming effective;

“**EIIS Shareholders**”, Kneat Shareholders who are holders of EIIS Shares;

“**EIIS Shares**”, Kneat Ordinary Shares issued as eligible shares pursuant to an employment and investment incentive scheme under Part 16 of the Taxes Consolidation Act 1997;

“**End Date**”, [DATE]; provided, that if as of such date all Conditions as set out in [Part ●] (Conditions and Further Terms of the Merger and the Scheme) of the Scheme Document (other than the Conditions set out at paragraphs ●) have been satisfied (or, in the sole discretion of the applicable party, waived (where permissible)) or would be satisfied (or, in the sole discretion of the applicable party, waived (where permissible)) if the Merger were completed on such date, the "End Date" shall be [DATE] (or such later date as Fortune and Kneat may agree and (if required) the High Court may allow);

“**Fortune Bay Corp.**”, or “**Fortune**”, a corporation existing under the laws of Canada;

“**Fortune Shares**”, fully paid common shares in the authorized share structure of Fortune to be created and issued under the Scheme;

“**High Court**”, the High Court of Ireland;

“**Holder**”, in relation to any Kneat Share, the Member whose name is entered in the Register of Members as the holder of the Share and “**Joint Holders**” shall mean the Members whose names are entered in the Register of Members as the joint holders of the share, and includes any person(s) entitled by transmission;

“**Kneat**” or the “**Company**”, Kneat Solutions Limited, a company incorporated in Ireland with registered number 381335;

“**Kneat Shareholders**”, Holders of Kneat Shares;

“**Kneat A Convertible Shares**”, the 8% A cumulative redeemable convertible preference shares of €1.00 each in the capital of Kneat;

“**Kneat A Ordinary Shares**”, the A ordinary shares with a nominal value of €1.00 each in the capital of Kneat;

“**Kneat Convertible Shares**”, the 8% cumulative redeemable convertible preference shares of €1.00 each in the capital of Kneat;

“**Kneat Ordinary Shares**”, ordinary shares with a nominal value of €1.00 each in the capital of Kneat;

“**Kneat Shares**”, the Kneat A Convertible Shares, Kneat A Ordinary Shares, Kneat Convertible Shares and Kneat Ordinary Shares;

“**Members**”, members of the Company on its Register of Members at any relevant date;

“**Merger**”, the proposed acquisition of Kneat by Fortune by means of the Scheme (as it may be revised, amended or extended from time to time) pursuant to the Transaction Agreement;

“**New Kneat Shares**”, the Kneat Shares to be issued credited as fully paid up to Fortune and/or its nominees pursuant to the Scheme;

“**Parties**” means Kneat and Fortune, and “**Party**” shall mean either Kneat or Fortune (as the context requires);

“**Reduction of Capital**”, the reduction of the issued share capital of the Company by the cancellation of the Cancellation Shares to be effected as part of the Scheme as referred to in Clause 1.1 of this Scheme;

“**Register of Members**”, the register of members maintained by the Company pursuant to the Act;

“**Registrar of Companies**”, the Registrar of Companies in Dublin, Ireland as defined in Section 2 of the Act;

“Restricted Jurisdiction”, any jurisdiction in relation to which Kneat or Fortune (as the case may be) is advised that the release, publication or distribution of the Scheme Document or the related forms of proxy, would or might infringe the laws of that jurisdiction or would or might require compliance with any governmental or other consent or any registration, filing or other formality that the Company is unable to comply with or regards as unduly onerous to comply with;

“Restricted Overseas Shareholder”, a Scheme Shareholder (including an individual, partnership, unincorporated syndicate, limited liability company, unincorporated organisation, trust, trustee, executor, administrator or other legal representative) in, or resident in, or any Kneat Shareholder whom the Company believes to be in, or resident in, a Restricted Jurisdiction;

“Scheme” or **“Scheme of Arrangement”**, the proposed scheme of arrangement under Chapter 1 of Part 9 of the Act and the related reduction of capital under Sections 84 to 86 of the Act to effect the Merger pursuant to the Transaction Agreement, on the terms (including the Conditions) and for the Consideration Shares and on such other terms and in such form not being inconsistent therewith as the Parties mutually agree in writing, including any revision thereof as may be so agreed between the Parties;

“Scheme Convertible Shareholder”, the Holder of the Scheme Convertible Shares;

“Scheme Convertible Shares”, Scheme Shares that are Kneat A Convertible Shares or Kneat Convertible Shares;

“Scheme Document”, the circular dated [DATE] sent to Kneat Shareholders [(and for information only, to Kneat Optionholders)] of which this Scheme forms part;

“Scheme Meetings”, the meetings of the Scheme Shareholders (and any adjournment thereof) convened by order of the High Court pursuant to Section 450 of the Act for the purpose of their considering, and voting on, a resolution proposing that the Scheme (with or without modification) be agreed to;

“Scheme Order”, the order or orders of the High Court sanctioning the Scheme under Section 453 of the Act and confirming the reduction of share capital which forms part of it under Section 85 of the Act;

“Scheme Ordinary Shareholder”, a Holder of Scheme Ordinary Shares;

“Scheme Ordinary Shares”, Scheme Shares that are Kneat Ordinary Shares or Kneat A Ordinary Shares;

“Scheme Record Time”, 11:59 pm (Irish time) on the last Business Day before the Effective Date;

“Scheme Shareholder”, a Holder of Scheme Shares;

“**Scheme Shares**”, the Cancellation Shares and the Transfer Shares;

"**Transaction Agreement**", the Transaction Agreement entered into between Kneat and Fortune dated February 9, 2016 relating to, amongst other things, the implementation of the Merger as described in paragraph [●] of Part 1 (Letter of Recommendation from the Kneat Board) of the Scheme Document;

“**Transfer Shares**”, the Kneat Shares issued at or after the Cancellation Record Time and/or at or before the Scheme Record Time;

- (B) The authorised share capital of the Company consists of 1,300,000 Kneat Ordinary Shares, 800,000 Kneat A Ordinary Shares, 300,000 Kneat Convertible Shares, 300,000 A Convertible Shares and 300,000 A Preference Shares. As at [DATE], 578,172 Kneat Ordinary Shares, 216,079 Kneat A Ordinary Shares and 532,000 Kneat A Convertible Shares were issued and credited as fully paid.
- (C) The purpose of the Scheme is to provide for the cancellation and transfer of the Scheme Shares in consideration for the Consideration Shares and subject to the EIS Proposal and the Convertible Share Proposal.
- (D) [Fortune has agreed to appear by counsel on the hearing of the petition to sanction this Scheme and to submit thereto.]¹ Fortune undertakes to the High Court to be bound by and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.

THE SCHEME

1. Cancellation of the Cancellation Shares

- 1.1 Pursuant to Sections 84 to 86 and Chapter 1 of Part 9 of the Act and Article 52 of the Articles of Association of the Company, the issued share capital of the Company shall be reduced by cancelling and extinguishing all of the Cancellation Shares without thereby reducing the authorised share capital of the Company.
- 1.2 Forthwith and contingently upon the Reduction of Capital taking effect:
 - 1.2.1 the issued share capital of the Company shall be increased to its former amount by the allotment of such number of New Kneat Shares as shall be equal to the number of Cancellation Ordinary Shares, with each such New Kneat Share having the same rights as the Cancellation Ordinary Share so cancelled; and
 - 1.2.2 the reserve arising in the Company’s books of account as a result of the said Reduction of Capital shall be capitalised and applied in paying up in full at par the

¹ To be discussed with Irish counsel whether considered necessary or desirable in connection with approval of the Scheme.

New Kneat Shares allotted pursuant to Clause 1.2.1, which shall be allotted and issued credited as fully paid to Fortune.

- 1.3 Such New Kneat Shares shall be allotted and issued to Fortune credited as fully paid and free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature whatsoever.

2. **Acquisition of Transfer Shares**

Contingently upon and immediately following the cancellation of the Cancellation Shares becoming effective in accordance with the terms of this Scheme, the allotment of the New Kneat Shares referred to in Clause 1.2.1 of this Scheme and the registration of such New Kneat Shares in the name of Fortune, Fortune shall automatically, and without any further action required, acquire the Transfer Shares (including the legal and beneficial interest therein) of each Holder appearing in the Register of Members at the Scheme Record Time as the Holder of Transfer Shares fully paid, free from all liens, equities, charges, encumbrances and other interests and together with all and any rights at the date of this Scheme or thereafter attached thereto including voting rights and the right to receive and retain in full all dividends and other distributions declared, paid or made thereon, on the Effective Date.

3. **Consideration for the Scheme Shares and the allotment of the New Kneat Shares**

- 3.1 In consideration for the cancellation of the Cancellation Shares pursuant to [Clause 1.1], the transfer of the Transfer Shares pursuant to Clause 2 and the allotment and issue of the New Kneat Shares as provided in Clause 1.2:
 - 3.1.1 Fortune shall issue 32.3858 Fortune Shares to each Scheme Ordinary Shareholder for each Scheme Ordinary Share held by that Scheme Ordinary Shareholder;
 - 3.1.2 Fortune shall additionally deliver or procure the delivery to each of the EIIS Shareholders, or as such EIIS Shareholder may direct, a cheque in the amount payable to that EIIS Shareholder pursuant to the terms of the EIIS Proposal (without interest and less any applicable withholding taxes); and
 - 3.1.3 Fortune shall become bound by the terms of the Convertible Share Proposal.
- 3.2 The Consideration Shares, when allotted and issued to the Scheme Ordinary Shareholders, shall be allotted and issued credited as fully paid and free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature whatsoever and together with all rights attaching or accruing thereto.
- 3.3 The Consideration Shares will rank *pari passu* with the existing issued Fortune Shares as at the date of issuance of the Consideration Shares.
- 3.4 Neither Fortune nor the Company shall be liable to any Scheme Shareholder for any cash payment, dividends or distributions with respect to Scheme Shares delivered to a public

official in compliance with any abandoned property, escheat or law permitting attachment of money or property or similar law.

4. Overseas Shareholders

4.1 The provisions of Clauses 2 and 3 shall be subject to any prohibition or condition imposed by law.

4.2 Notwithstanding the provisions of Clause 4.1, the Company retains the right to permit the release, publication or distribution of the Scheme Document and related forms of proxy to any Restricted Overseas Shareholder who satisfies the Company (in its sole discretion) that doing so will not infringe the laws of the relevant Restricted Jurisdiction or require compliance with any governmental or other consent or any registration, filing or other formality that the Company is unable to comply with or regards as unduly onerous to comply with.

5. The Effective Date

5.1 This Scheme shall become effective as soon as an office copy of the Scheme Order and a copy of the minute required by Section 86 of the Act shall have been duly delivered by the Company to the Registrar of Companies for registration and registered by him, all of which deliveries shall be subject to Clause 5.3.

5.2 Unless this Scheme shall have become effective on or before the End Date, or such later date, (if any), as the Company and Fortune may agree with the consent of the High Court where required, it shall not proceed and all undertakings given to the High Court in respect of the Scheme shall be deemed to have lapsed with immediate effect.

5.3 The Company and Fortune have agreed that in certain circumstances the necessary actions to seek sanction of this Scheme may not be taken.

6. Modification

The Company and Fortune may jointly consent on behalf of all persons concerned to any modification of or addition to this Scheme or any condition that the High Court may approve or impose.

7. Costs

The Company is authorised and permitted to pay all the costs and expenses relating to the negotiation, preparation, approval and implementation of this Scheme.

8. Governing Law

The Scheme shall be governed by, and construed in accordance with, the laws of Ireland and the Company and the Scheme Shareholders hereby agree that the High Court shall

have exclusive jurisdiction to hear and determine any suit, action or proceeding or to settle any dispute which may arise in relation thereto.

Dated: **[DATE]**

SCHEDULE I
KNEAT EXCHANGE RATIO CALCULATION

(A) If the CDN\$-Euro Exchange Rate is less than \$0.67 on the second last Business Day before the Merger Effective Date, a proportionate adjustment upwards shall be made to the Kneat Exchange Ratio based on the difference between the CDN\$-Euro Exchange Rate on the calculation date and \$0.67 as illustrated in the example below:

Assumption: CDN\$-Euro Exchange Rate on calculation date is \$0.65, which is \$0.02 below \$0.67.

Calculation: $\$0.02/\$0.67 = 2.985\%$

Kneat Exchange Ratio: $32.3858 \times 1.02985 = 33.3525$

(B) If the CDN\$-Euro Exchange Rate is greater than \$0.71 on the second last Business Day before the Merger Effective Date, a proportionate adjustment downwards shall be made to the Kneat Exchange Ratio based on the difference between the CDN\$-Euro Exchange Rate on the calculation date and \$0.71 as illustrated in the example below:

Assumption: CDN\$-Euro Exchange Rate on calculation date is \$0.72, which is \$0.01 above \$0.71.

Calculation: $\$0.01/\$0.71 = 1.408\%$

Kneat Exchange Ratio: $32.3858 \times 0.98592 = 31.9298$

(C) Notwithstanding paragraphs (A) and (B) above, Fortune shall have the option prior to the Merger Effective Date to convert CDN\$7,605,000, which represents 90% of the required Fortune Cash Balance on the Merger Effective Date of CDN\$8,450,000, into European Euros at a CDN\$-Euro Exchange Rate of between \$0.67 and \$0.71. If the conversion described in this paragraph (C) is effected by Fortune, there shall be no adjustment to the Kneat Exchange Ratio.