

Fortune Bay Corp. announces definitive agreement with Kneat Solutions Limited and intention to complete private placement

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HALIFAX, Feb. 10, 2016 - [Fortune Bay Corp.](#) ("Fortune Bay") (TSX: FOR) and Kneat Solutions Limited ("Kneat") are pleased to announce that they have entered into a transaction agreement pursuant to which Fortune Bay will: (i) spin-out its resources properties by way of a court-approved plan of arrangement in Ontario (the "Arrangement"); and (ii) acquire 100% of the issued and outstanding ordinary shares of Kneat by way of a concurrent scheme of arrangement in Ireland (the "Merger"). The Merger will create a listed Canadian software company providing leading compliance document and data management solutions for the life sciences industry and other regulated industries. By merging with Fortune Bay, Kneat acquires access to public markets and the increased financial resources required to meet the growing demand for its software solutions.

Pursuant to the Arrangement, Fortune Bay shareholders will receive one (1) new common share of Fortune Bay (each a "New Fortune Bay Share") and one and one half (1.5) of a common share (a "Spinco Share") of a newly formed exploration company ("Spinco") in exchange for each three (3) common shares of Fortune Bay held by them. Upon closing of the Arrangement and the Merger, Fortune Bay shareholders will hold 100% of the issued and outstanding Spinco Shares and 31.3% of the issued and outstanding New Fortune Bay Shares, with the former shareholders of Kneat holding the remaining 68.7% of the issued and outstanding New Fortune Bay Shares. In addition to acquiring all the issued and outstanding shares of Kneat, Fortune Bay will retain net CAD \$8.2 million. SpinCo will hold Fortune Bay's interests in the Goldfields project in Saskatchewan and the Ixhuatán and Huizopa projects in Mexico. It is expected that an application will be submitted to list the shares of Spinco on the TSX Venture Exchange.

"Fortune Bay is pleased to enter into this transaction with Kneat. This transaction enables Fortune Bay shareholders to become part of a fast growing software development company with a best in class solution for the life sciences industry, while still enabling our shareholders to maintain their ownership in our resource properties going forward," said Wade Dawe, Chief Executive Officer of Fortune Bay. "We are looking forward to being part of Kneat's exciting future and working with Edmund and his team at Kneat."

"We are excited to take the next step on our way to capturing the rapidly growing market for compliance related document and data management software for regulated industries," stated Edmund Ryan, Chief Executive Officer of Kneat. "After several years of development, we launched our first solution in 2014, initially targeting validation applications for the biotech and pharmaceutical industries. Now we can count several leading biotech and pharmaceutical companies as clients. Existing clients are realizing the power of the Kneat platform, expanding its use into areas beyond validation. We view the opportunity to combine with Fortune Bay as providing the financial resources and flexibility to accelerate Kneat's progress in expanding our client base and our unique software platform."

Kneat is a privately owned company operating from its head office in Limerick, Ireland. Kneat designs, develops and supplies software for data and document management within regulated environments. Kneat's current product is Kneat GX, a configurable commercial off the shelf application focused on validation lifecycle management and testing within the life sciences industry. Complete and comprehensively documented validation of processes, products, equipment and software is a significant and impactful regulatory requirement in the life sciences industry. The Kneat GX application provides a compliant e-solution that enables life science companies to become efficient and compliant with an automated process that has traditionally been manual, inefficient and 100% paper-based. Kneat is an ISO certified company along with the Kneat GX software application.

The Board of Directors of Fortune Bay and Kneat have unanimously approved the transaction.

Arrangement Summary

The Arrangement will be effected by way of a court-approved plan of arrangement and will require the approval of at least 66.6% of the votes cast by Fortune Bay's shareholders at a special meeting expected to take place in April 2016 (the "Meeting"). The transaction is also subject to applicable regulatory approvals,

including approval of the Toronto Stock Exchange (the "TSX"), and the satisfaction of certain closing conditions customary in transactions of this nature.

The Arrangement will result, through a series of transactions, in:

- Fortune Bay shareholders receiving one New Fortune Bay Share and one and one half of a Spinco Share for each three Fortune Bay Shares currently held by them;
- Holders of Kneat Shares receiving that number of New Fortune Bay Shares representing 68.7% of the issued and outstanding New Fortune Bay Shares in exchange for the acquisition by Fortune Bay of all the issued and outstanding Kneat Shares; and
- The change of Fortune Bay's name to "Kneat Solutions Inc."; and
- Spinco to be named "[Fortune Bay Corp.](#)".

On completion of the Arrangement, Spinco will own and operate the existing business of Fortune Bay, and Fortune Bay will own and operate the existing business of Kneat. Fortune Bay shareholders who receive New Fortune Bay Shares and Spinco Shares under the Arrangement will hold 100% of the issued and outstanding Spinco Shares and 31.3% of the issued and outstanding New Fortune Bay Shares, with the former holders of Kneat Shares holding the remaining 68.7% of the issued and outstanding New Fortune Bay Shares.

After taking into consideration, among other things, the terms of the Arrangement and the Merger, the unanimous recommendation of a Special Committee of the Fortune Bay Board of Directors established to review the Arrangement and discussions with its legal advisors, Fortune Bay's Board of Directors has unanimously concluded that the Arrangement is in the best interests of Fortune Bay and has approved the Arrangement. Fortune Bay's Board of Directors intends to recommend in the Management Information Circular, to be mailed in connection with the Meeting, that Fortune Bay's shareholders vote in favour of the Arrangement.

In conjunction with the Arrangement, it is expected that Mr. Wade Dawe, the current Chief Executive Officer of [Fortune Bay Corp.](#), will continue with Kneat Solutions Inc. as a Director and Ms. Sarah Oliver will continue as Chief Financial Officer. In light of the change in nature of the business, Mr. Brent MacKinnon will not be continuing on as President and Chief Operating Officer. We wish to thank Mr. MacKinnon for his contribution to Fortune Bay over the past year. Mr. Edmund Ryan, current Chief Executive Officer of Kneat, will become the new President and Chief Executive Officer of Kneat Solutions Inc.

Advisors

Fortune Bay's legal counsel is Fogler, Rubinoff LLP and Mason Hayes & Curran is Kneat's legal counsel.

Private Placement

Fortune Bay is pleased to announce that it intends to complete a non-brokered private placement financing for an estimated aggregate gross proceeds of up to \$2,000,000 (the "Offering"). Fortune Bay intends to issue up to 6,666,667 common shares at an issue price of \$0.30 per share.

Closing of the Offering is subject to certain conditions, including approval of the TSX. All securities issued pursuant to the Offering will be subject to a statutory four-month hold period in accordance with Canadian securities legislation.

About Fortune Bay Corp.

Fortune Bay is engaged in the exploration and potential development of two primary mining projects: the Goldfields project and the Ixhuatán project. The Goldfields project is a property located in northern Saskatchewan and consists of two gold deposits: the Box deposit and the Athona deposit. The Ixhuatán project is located in the northern Chiapas State in Mexico.

About Kneat Solutions Limited

Kneat, headquartered in Limerick, Ireland, is in the business of developing and marketing the Kneat Gx platform software that meets the stringent pharmaceutical industry regulatory requirements for all forms of

validation, equipment changeover management, risk lifecycle management, change control and much more. It has been designed to allow the customer to configure and manage many regulated data and document processes in a paper-less environment.

Cautionary and Forward-Looking Statements

Except for the statements of historical fact contained herein, certain information presented constitutes "forward-looking information" within the meaning of applicable Canadian securities laws. Such forward-looking information, includes, but is not limited to, the approval of the Arrangement and the Merger by the respective shareholders of Fortune Bay and Kneat, the listing of Spinco on the TSX Venture Exchange and the completion of the Offering. While such forward-looking statements are expressed by Fortune Bay, as stated in this release, in good faith and believed by Fortune Bay to have a reasonable basis, they are subject to important risks and uncertainties. As a result of these risks and uncertainties, the events predicted in these forward-looking statements may differ materially from actual results or events. These forward-looking statements are not guarantees of future performance, given that they involve risks and uncertainties. Fortune does not undertake any obligation to release publicly revisions to any forward-looking statement, except as may be required under applicable securities laws. Investors should not assume that any lack of update to a previously issued forward-looking statement constitutes a reaffirmation of that statement. Continued reliance on forward-looking statements is at investors' own risk.

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