

**FOUNTAIN ASSET CORP.**

**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

NOTICE IS HEREBY given that the Annual General Meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of the subordinate voting shares and the multiple voting shares of Fountain Asset Corp. (the “**Company**” or “**Fountain Asset**”) will be held on November 23, 2020 at the hour of 10:00 a.m., at 99 Scollard St., Toronto, Ontario, M5R 1G4. The purpose of the Meeting is:

1. TO RECEIVE the audited consolidated financial statements of the Company for the years ended December 31, 2019 and 2018 and the auditor’s report thereon;
2. TO ELECT five (5) directors for the ensuing year;
3. TO APPOINT MNP LLP as auditors of the Company and to authorize the directors to fix their remuneration;
4. TO CONSIDER and, if deemed appropriate, to pass, an ordinary resolution to reapprove the rolling stock option plan of the Company as more fully set forth in the accompanying Information Circular (the “**Circular**”); and
5. TO TRANSACT such other business as may properly come before the Meeting or any adjournments thereof.

**To proactively deal with the unprecedented public health impact of the coronavirus, also known as COVID-19 (“COVID-19”) and Provincial and Federal guidance regarding public gatherings, Shareholders and proxyholders are strongly encouraged NOT to attend the Meeting in person. The COVID-19 virus is causing unprecedented social and economic disruption and the Company wants to ensure that no one is unnecessarily exposed to any risks. Furthermore, so that the Company can mitigate potential risks to the health and safety of Shareholders, employees, and the community, there will be strict limitations on the number of persons permitted entry to the Meeting and anyone who is not a registered Shareholder or proxyholder will not be permitted entry.**

**The Company urges all Shareholders to vote by proxy in advance of the Meeting in accordance with the instructions set out below. The COVID-19 situation is dynamic and continues to evolve daily. If events arise that require the Company to make changes to the date, time and/or location of the Meeting it will promptly notify Shareholders and communicate any changes through a press release. The Company intends to resume holding unrestricted in-person Shareholder’s meetings in future years.**

The accompanying Circular provides additional information relating to the matters to be dealt with at the Meeting and forms part of this notice.

A form of proxy accompanies this notice. If you are a registered Shareholder, whether or not you are able to attend the Meeting in person, the accompanying form of proxy should be completed, signed, dated and returned to TSX Trust Company, 301 - 100 Adelaide Street West, Toronto, Ontario, M5H 4H1, Attention: Proxy Department, not later than 10:00 a.m. on November 19, 2020 or, if the Meeting is adjourned, no later than 48 hours (excluding Saturdays, Sundays and statutory holidays) before any adjourned meeting. Late proxies may be accepted or rejected by the Chairman of the Meeting at his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

If you are a non-registered Shareholder and receive these materials through your broker or through another intermediary, please complete and return the form of proxy in accordance with instructions provided to you by your broker or such other intermediary.

**BY ORDER OF THE BOARD OF DIRECTORS**

Dated October 19, 2020

“*Andrew Parks*” (signed)

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**Andrew Parks**  
Chief Executive Officer

**FOUNTAIN ASSET CORP.  
INFORMATION CIRCULAR  
(as at October 19, 2020, except as indicated)**

**SOLICITATION OF PROXIES**

This Information Circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by and on behalf of management of Fountain Asset Corp. (the “**Company**” or “**Fountain Asset**”) for use at the annual general meeting of the holders of the subordinate voting shares (the “**SVS**”) and the multiple voting shares (the “**MVS**” and, together with the SVS, the “**shares**”) of the Company (the “**Meeting**”) to be held on **November 23, 2020 at the hour of 10:00 a.m.**, at 99 Scollard St., Toronto, Ontario, M5R 1G4 and for the purpose set forth in the enclosed notice of annual general meeting of shareholders (the “**Notice of Meeting**”) and at any adjournments thereof.

Proxies will be solicited primarily by mail but may also be solicited personally, by telephone or by facsimile by the directors, officers or employees of the Company at nominal costs. The costs of solicitation will be borne by the Company. Pursuant to National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy solicitation material to the beneficial owners of the shares of the Company. The Company will provide, without cost to such persons, upon request to the Secretary of the Company, additional copies of the foregoing documents required for this purpose.

**To proactively deal with the unprecedented public health impact of the coronavirus, also known as COVID-19 (“COVID-19”) and Provincial and Federal guidance regarding public gatherings, shareholders and proxyholders are strongly encouraged NOT to attend the Meeting in person. The COVID-19 virus is causing unprecedented social and economic disruption and the Company wants to ensure that no one is unnecessarily exposed to any risks. Furthermore, so that the Company can mitigate potential risks to the health and safety of shareholders, employees, and the community, there will be strict limitations on the number of persons permitted entry to the Meeting and anyone who is not a registered shareholder or proxyholder will not be permitted entry.**

The Company urges all shareholders to vote by proxy in advance of the Meeting in accordance with the instructions set out below. The COVID-19 situation is dynamic and continues to evolve daily. If events arise that require the Company to make changes to the date, time and/or location of the Meeting it will promptly notify shareholders and communicate any changes through a press release. The Company intends to resume holding unrestricted in-person shareholder’s meetings in future years.

Unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to “\$” are to Canadian dollars.

**APPOINTMENT OF PROXY HOLDERS AND REVOCATION OF PROXIES**

The persons named in the enclosed form of proxy with this Circular are directors of the Company. **Any shareholder desiring to appoint some other person, who need not be a shareholder of the Company, to represent them at the Meeting may do so** by inserting such other person’s name in the blank space provided in the form of proxy and depositing the completed proxy with the Company’s transfer agent, TSX Trust Company, 301 - 100 Adelaide Street West, Toronto, Ontario, M5H 4H1, Attention: Proxy Department before **10:00 a.m. on November 19, 2020** or, if the Meeting is adjourned, no later than 48 hours (excluding Saturdays, Sundays and statutory holidays) before any adjourned meeting. A proxy can be executed by the shareholder or his attorney duly authorized in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized.

A shareholder has the right to revoke a proxy by delivering an instrument in writing, executed by the shareholder or by the shareholder’s personal representative authorized in writing and delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting or an adjournment thereof, or in any other manner provided by law.

**ADVICE TO BENEFICIAL SHAREHOLDERS**

The information set forth in this section is of significant importance to many shareholders of the Company as a substantial number of shareholders do not hold shares of the Company in their own name and thus are considered non-registered beneficial shareholders. Shareholders who do not hold shares of the Company in their own name (“**Beneficial**

**Holders**) should note that only proxies deposited by shareholders whose names appear on the records of the Company as the registered holders of shares can be recognized and acted upon at the Meeting. If shares of the Company are listed in an account statement provided to a shareholder by a broker then, in almost all cases, those shares will not be registered in the shareholder's name on the records of the Company. Shares beneficially owned by Beneficial Holders are typically registered either: (i) in the name of an intermediary (an **"Intermediary"**) (including, among others, banks, trust companies, securities dealers, brokers and trustees or administrators of self-administered RRSPs, RRFs, RESPs and similar plans) that the Beneficial Holder deals with in respect of the shares, or (ii) in the name of a clearing agency (such as the Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with the requirements of the Canadian Securities Administrators, the Company will have distributed copies of the Notice of Meeting, this Circular and the enclosed form of proxy to the Intermediaries or clearing agencies for onward distribution to Beneficial Holders. If you are a Beneficial Holder, your Intermediary will be the entity legally entitled to vote your shares at the Meeting. Shares of the Company held by an Intermediary can only be voted upon the instructions of the Beneficial Holder. Without specific instructions, Intermediaries are prohibited from voting shares.

Applicable regulatory policy requires Intermediaries to seek voting instructions from Beneficial Holders in advance of the Meeting. Often, the form of proxy supplied to a Beneficial Holder by its Intermediary is identical to the form of proxy provided to registered shareholders; however, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Holder. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (**"Broadridge"**). Broadridge typically mails a scannable voting instruction form in lieu of the form of proxy. The Beneficial Holder is requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, the Beneficial Holder may call a toll-free telephone number or access the Internet to provide instructions regarding the voting of shares held by the Beneficial Holder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. A Beneficial Holder receiving a voting instruction form cannot use that voting instruction form to vote shares of the Company directly at the Meeting, as the voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have such shares voted.

**Beneficial Holders should ensure that instructions respecting the voting of their shares of the Company are communicated in a timely manner and in accordance with the instructions provided by their Intermediary or Broadridge, as applicable. Every Intermediary has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Holders in order to ensure that their shares are voted at the Meeting.**

Although a Beneficial Holder may not be recognized directly at the Meeting for the purpose of voting shares of the Company registered in the name of their Intermediary, a Beneficial Holder may attend the Meeting as proxyholder for the Intermediary and vote the shares in that capacity. **Beneficial Holders who wish to attend the Meeting and indirectly vote their shares as a proxyholder should enter their own names in the blank space on the form of proxy or voting instruction form provided to them by their Intermediary and/or Broadridge, as applicable, and return the same in accordance with the instructions provided by their Intermediary and/or Broadridge, as applicable, well in advance of the Meeting.**

The purpose of the above noted procedures is to permit Beneficial Holders to direct the voting of the shares of the Company which they beneficially own. Beneficial Holders should carefully follow the instructions and procedures of their Intermediary or Broadridge, as applicable, including those regarding when and where the form of proxy or voting instruction form is to be delivered.

#### **NOTICE TO BENEFICIAL HOLDERS**

Beneficial Holders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Company are referred to as non-objecting beneficial owners, or "NOBOs". Beneficial Holders who have objected to their Intermediary disclosing the ownership information about themselves to the Company are referred to as objecting beneficial owners, or "OBOs". In accordance with the requirements of NI 54-101, the Company is sending the Notice of Meeting, this Circular, and a form of proxy or voting instruction form, as applicable (collectively, the **"Meeting Materials"**) directly to the NOBOs and, indirectly, through Intermediaries to the OBOs. By choosing to send these materials to you directly, the Company (and not the Intermediary holding on your behalf) has assumed responsibility for: (i) delivering these materials to you; and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions. The Company will pay the fees and costs of Intermediaries for their services in delivering Meeting Materials to OBOs in accordance with NI 54-101.

## VOTING OF PROXIES

A shareholder may direct the manner in which his or her Fountain Asset shares are to be voted by marking the form of proxy accordingly. If the instructions in a proxy given to management are certain, the Fountain Asset shares represented by the proxy will be voted on any poll, and where a choice with respect to the resolution has been specified in the proxy, the Fountain Asset shares will be voted on any poll in accordance with the specification so made. Where no choice is so specified or in the absence of certain instructions, the proxy will confer discretionary authority and will be voted:

- (a) FOR the election of the five (5) nominees identified in this Circular as directors of the Company;
- (b) FOR the appointment of MNP LLP as independent auditors of the Company; and
- (c) FOR the reapproval of the Company's stock option plan (the "Plan"), including the reservation for issuance under the Plan at any time of a maximum of 10% of the issued SVS of the Company, in accordance with the policies of the TSX Venture Exchange (the "Exchange").

## EXERCISE OF DISCRETION BY PROXY HOLDERS

The enclosed form of proxy confers discretionary authority upon the proxy holders named therein with respect to amendments or variations to matters identified in the Notice of Meeting and other matters not so identified which may properly be brought before the Meeting. At the date of this Circular, the management of Fountain Asset knows of no such amendments, variations or other matters to come before the Meeting. **If any other matter comes before the Meeting, the persons named in the proxy will vote in accordance with their judgement on such matter.**

## QUORUM

Two persons present in person, each being a shareholder entitled to vote thereat, or a duly appointed proxy for an absent shareholder so entitled will constitute a quorum at the Meeting or any adjournment or postponement thereof. The Company's list of shareholders as of the Record Date (as defined below) has been used to deliver to shareholders the Meeting Materials as well as to determine who is eligible to vote at the Meeting.

## RECORD DATE

The Board of Directors of the Company (the "Board") has fixed the close of business on October 20, 2020 as the record date (the "Record Date") for the purposes of determining the holders of Fountain Asset shares entitled to receive notice of and to vote at the Meeting. In accordance with the provisions of the *Canada Business Corporations Act* (the "CBCA"), the Company has prepared a list of the holders of Fountain Asset shares on the Record Date. All shareholders of record as at the close of business on the Record Date will be entitled to vote at the Meeting.

## INTERESTS OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as otherwise set out herein, no director or senior officer of the Company or any proposed nominee of management of the Company for election as a director of the Company, nor any associate or affiliate of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting other than the election of directors. Directors and officers of the Company have an interest in the resolution to reapprove the Plan, since such persons have been granted and are eligible to be granted awards under the Plan.

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

As of October 19, 2020, the Company had outstanding:

- 87,760 MVS
  - The holders of the MVS are entitled to four votes for each MVS held.
- 58,906,702 SVS
  - The holders of the SVS are entitled to one vote for each SVS held.

In order to be effective, each ordinary resolution to be submitted to shareholders at the Meeting must be approved by the affirmative vote of at least 50% of the votes cast thereon. Approximately 99.4% of the votes are controlled by the outstanding SVS.

Pursuant to the Company's Articles of Amalgamation, if an offer to purchase MVS must, by reason of applicable securities legislation or the requirements of a stock exchange on which the MVS or the SVS are listed, be made to all holders of MVS located in a particular province of Canada in which the requirement applies, and is not made concurrently with an offer to purchase SVS, each SVS will become convertible, at the option of the holder, into one MVS. The conversion right may be only exercised for the purpose of depositing the resulting MVS in response to the offer and the transfer agents and the registrar of the Company will deposit the resulting MVS on behalf of the shareholder. If the MVS resulting from the conversion are subsequently withdrawn from the bid by the shareholder or not taken up by the offeror or if the offer is abandoned and withdrawn by the offeror, the MVS thus converted will be reconverted into SVS. In no other circumstances will the SVS be convertible into MVS.

To the knowledge of the directors and senior officers of the Company, as at October 19, 2020, the only person or company known to Fountain Asset, its directors and officers to beneficially own, directly or indirectly, or exercise control or direction over shares carrying more than 10% of the voting rights attached to the outstanding MSV is 425674 Ontario Limited who holds directly and indirectly 13,564 MVS (representing approximately 15.46% of the outstanding MVS).

To the knowledge of the directors and senior officers of the Company, as at October 19, 2020, no one person or company known to Fountain Asset, its directors and officers beneficially owns, directly or indirectly, or exercises control or direction over shares carrying more than 10% of the voting rights attached to the outstanding SVS.

## PRESENTATION OF FINANCIAL STATEMENTS

The audited consolidated financial statements of the Company for the financial years ended December 31, 2019 and 2018, together with the report of the auditors thereon, will be presented to the shareholders at the Meeting. Receipt at the Meeting of the financial statements of the Company for the financial years ended December 31, 2019 and 2018, and the auditors' report thereon, will not constitute approval or disapproval of any matters referred to therein.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

National Policy 58-201 *Corporate Governance Guidelines* sets out a series of guidelines for effective corporate governance (the "**Guidelines**"). The Guidelines address matters such as the constitution and independence of corporate boards, the functions to be performed by boards and their committees and the effectiveness and education of board members. National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("**NI 58-101**") requires disclosure by each listed corporation of its approach to corporate governance with reference to the Guidelines, as it is recognized that the unique characteristics of each corporation will result in varying degrees of compliance with the Guidelines. Set out below is a description of the Company's approach to corporate governance in relation to the Guidelines.

### Board of Directors

NI 58-101 defines an "independent director" as a director who has no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with such member's independent judgment.

The Board facilitates its exercise of independent supervision over management by maintaining a majority of 'independent' directors on the Board. Morris Prychidny, Michael Galloro, Roger Daher and Paul Kelly are independent directors. Andrew Parks is not independent by reason of his position as Chief Executive Officer of the Company.

The Board has adopted corporate governance practices that comply with all applicable securities laws and the rules of the Exchange to the extent applicable. The Board will include independent directors so as to fairly reflect investment of minority shareholders in the Company.

As part of the overall stewardship responsibility, the Board assumes responsibility for the following matters, amongst others:

- (i) adoption of a strategic planning process;
- (ii) the identification of the principal risks of the Company's business and ensuring the implementation of appropriate systems to manage these risks;
- (iii) the succession planning, including appointing, training and monitoring senior management;
- (iv) a communications policy for the Company;
- (v) the integrity of the Company's internal control and management information systems; and
- (vi) the evaluation of the performance of the directors individually and their performance in the various committees.

## Directorships

The following current and proposed directors of the Company currently serve on the board of directors of reporting issuers (or the equivalent in a jurisdiction outside of Canada) other than the Company as listed below:

Name	Name of Reporting Issuer	Exchange
Morris Prychidny	Nighthawk Gold Corp.	TSX Exchange
	Northfield Capital Corporation	TSX Venture Exchange
	Talisker Resources Ltd.	TSX Exchange
Roger Daher	Aumento Capital VII Corp.	TSX Venture Exchange
	Cansortium Inc.	Canadian Securities Exchange
	SkyScape Capital Inc.	TSX Venture Exchange
Michael Galloro	AF1 Capital Corp.	TSX Venture Exchange
	Bluma Wellness Inc.	TSX Venture Exchange
	Cool Holdings Inc.	Nasdaq
	World Class Extractions Inc.	Canadian Securities Exchange
	1169071 BC Ltd.	N/A
	1169077 BC Ltd.	N/A

## Orientation and Continuing Education

The Board encourages directors to participate in continuing education programs. The Board is responsible for providing an orientation and education program for new directors which deals with the following matters and such other matters the Board considers relevant, including: (i) the role of the Board and its committees; (ii) the nature and operation of the business of the Company; and (iii) the contribution which individual directors are expected to make to the Board in terms of both time and resource commitments.

In addition, the Board is also responsible for providing continuing education opportunities to existing directors so that individual directors can maintain and enhance their abilities and ensure that their knowledge of the business of the Company remains current, at the request of any individual director.

New directors of the Company are provided with comprehensive information about the Company. They also have the opportunity to meet with management of the Company and to obtain insight into the Company's business. All of the members of the Board are familiar with the Company's business and have experience acting as board members or management of other public companies.

## Ethical Business Conduct

In order to encourage and promote a culture of ethical business conduct, the Board has adopted a Governance Manual containing a Code of Conduct (the "Code") and related policies and procedures. The Code of Conduct outlines ethics policies and rules for employees and senior officers. Senior officers are expected to sign a Compliance Affirmation certifying that they have read and agree to the policies of the Code.

The purpose of the Code is to:

- (i) promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (ii) promote avoidance of conflicts of interest;
- (iii) promote full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, the securities regulators and in other public communications made by the Company;
- (iv) promote compliance with applicable governmental laws, rules and regulations;
- (v) promote the prompt internal reporting to an appropriate person of violations of the Code;
- (vi) promote accountability for adherence to the Code;
- (vii) provide guidance to employees, officers and directors of the Company to help them recognize and deal with ethical issues;
- (viii) provide mechanisms to report unethical conduct; and
- (ix) help foster a culture of honesty and accountability for the Company.

The Board is responsible for monitoring compliance with the Code. Any violations of the Code by any employee, officer or director are grounds for disciplinary action including termination of employment, office and directorship.

### **Nomination of Directors**

Directors are recruited by recommendations from current or former directors or by members of its industry. New candidates are screened and interviewed and their qualifications considered. In identifying new candidates for nomination to the Board, matters of importance will include: (a) the specific skill set required on the Board at a given time, taking into account the existing skill sets of the Board; (b) the competencies and skills that the Board considers each existing director to possess and the competencies and skills each new nominee will bring to the boardroom; (c) the academic and employment-related qualifications of the individual; (d) relevant industry experience; and (e) alignment with the philosophies of the Company.

A short list is then prepared and submitted to the Board by the Chief Executive Officer of the Company. Upon approval by the Board, the Chief Executive Officer of the Company nominates the proposed director to the Board.

The Board has determined that the size of the Board is appropriate for the Company at this time and offers the flexibility to respond quickly to corporate opportunities and challenges as they arise from time to time. The Board as currently constituted brings together a mix of skills, backgrounds and attitudes that the Board considers appropriate for the stewardship of the Company.

### **Compensation**

Compensation of management and the Board is determined by the Board with recommendations from the Compensation Committee of the Board. Compensation is determined by reference to the market and the personal contribution of each individual to the Company. For further details concerning the process of determining compensation for directors and officers of the Company, including the Chief Executive Officer, see "Statement of Executive Compensation" in this Circular.

### **Committees**

There are two committees of the Board: the Audit Committee and the Compensation Committee.

The Audit Committee is responsible for reviewing in detail the Company's financial statements and financial reporting and for ensuring that management designs and implements an effective system of internal control. The Charter of the Audit Committee is set out in this Circular as Appendix "A". For further details on the Audit Committee, see "Audit Committee" below.

## Assessments

The Board has no formal performance review procedure in place. However, the Board regularly monitors and assesses the effectiveness of the relationship between management and the Board, the effectiveness of Board operations, the operations of the committees of the Board as well as of individual directors in order to recommend improvements to each of the above.

## Diversity

Effective January 1, 2020, the CBCA was amended to require additional disclosure regarding diversity. The Company believes in diversity and values the benefits that diversity can bring to its Board, its senior management team and within its entire organization. Diversity promotes the inclusion of different perspectives and ideas, mitigates against group-think and ensures that the Company has the opportunity to benefit from all available talent. The Company has not adopted a written policy relating to the identification and nomination of women, Aboriginal peoples, persons with disabilities and members of visible minorities (collectively, “**Designated Groups**”) for the Board but may consider adopting a policy in the future. The Company has not adopted such a policy, written or otherwise, because the Board generally has and will continue to consider diversity of race, ethnicity, gender, age, national origin, Aboriginal status, disability, sexual orientation, visible minority status, cultural background, professional experience and other factors in evaluating candidates for membership to the Board and when making senior management appointments.

The Company does at all times seeks the most qualified persons to serve as members of the Board and on senior management. The Company believes that this approach enables it to make decisions regarding the composition of the Board and senior management team based on what is in the best interests of the Company and its shareholders. In addition, the Company has not adopted a target for Designated Groups on the Board or in positions of senior management positions because the Company does not believe that any candidate should be chosen nor excluded solely or largely due to self-identification as a member of a Designated Group. In selecting a candidate, the Company considers the skills, expertise and background that would complement the existing senior management team or Board.

As of the date hereof, no members of the Company’s senior management team or the Board self-identify as women, Aboriginal persons, persons with disabilities or visible minorities.

## Conflicts of Interest

Certain of the directors and officers of Fountain Asset also serve as directors and/or officers of other companies or other managerial positions involved or related to emerging growth companies or investing in emerging growth companies. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers involving Fountain Asset will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of Fountain Asset and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the CBCA and other applicable laws. Activities that could give rise to conflicts of interest are prohibited unless specifically approved in advance by the Board. It is not always easy to determine whether a conflict of interest exists, so any potential conflicts of interests must be reported immediately to senior management.

## AUDIT COMMITTEE

National Instrument 52-110 *Audit Committees*, (“**NI 52-110**”) requires the Company to disclose annually in its management information circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor, as set forth below.

### Audit Committee Charter

The text of the Audit Committee’s charter is attached as Appendix “A” to this Circular.

### Composition

The Company’s current audit committee (the “**Audit Committee**”) consists of Morris Prychidny (Chairman), Roger Daher, and Michael Galloro. NI 52-110 provides that a member of an audit committee is “independent” if the member has no direct or indirect material relationship with the issuer, which could, in the view of the issuer’s board of directors, reasonably interfere with the exercise of the member’s independent judgment. All members of the Audit Committee are independent.

## Financial Literacy

NI 52-110 provides that an individual is “financially literate” if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements. All of the members of the Audit Committee of the Company are financially literate as that term is defined in NI 52-110. For a description of the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member, please see “Election of Directors –Director Biographies”.

## Audit Committee Oversight

Since the commencement of the Company’s most recently completed financial year, the Audit Committee has not made any recommendations to nominate or compensate an external auditor which were not adopted by the Board.

## Reliance on Certain Exemptions

Since the commencement of the Company’s most recently completed financial year, the Company has not relied on:

- (a) the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110; or
- (b) an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*).

## Pre-Approval Policies and Procedures

The Audit Committee has not adopted any specific policies and procedures for the engagement of non-audit services.

## Audit Fees

The following table sets forth the fees paid by the Company and its subsidiaries to its auditors for services rendered in the last two fiscal years:

	<u>2019</u>	<u>2018</u>
Audit Fees.....	\$117,500	\$110,000
Audit-Related Fees .....	-	-
Tax Fees .....	5,100	-
All Other Fees .....	-	-
Total.....	<u>\$122,600</u>	<u>\$110,000</u>

Notes:

- (1) “Audit-Related Fees” include fees billed for assurance and related services by the Company’s auditor that are reasonably related to the performance of the audit or review of the Company’s financial statements.
- (2) “Tax Fees” include fees for tax compliance, tax planning and tax advice.
- (3) “All Other Fees” include fees for products and services provided by auditors, other than the services reported above.

The Company is a “venture issuer” as defined in NI 52-110 and is relying on the exemption in section 6.1 of NI 52-110 relating to Part 5 (*Reporting Obligations*).

## SHAREHOLDER COMMUNICATION

Management is available to shareholders to respond to questions and concerns on a prompt basis. The Board believes that its communications with shareholders and others interested in the Company are responsive and effective.

Shareholders can request to receive a copy of Fountain Asset’s 2019 year-end financial statements and management’s discussion and analysis (“**MD&A**”), this Circular or quarterly financial statements free of charge by mailing a request to Fountain Asset Corp., 99 Scollard Street, Toronto, ON M5R 1G4 or emailing [info@fountainassetcorp.com](mailto:info@fountainassetcorp.com), or by visiting the Company’s website, [www.fountainassetcorp.com](http://www.fountainassetcorp.com).

## MATTERS TO BE ACTED UPON AT THE MEETING

### ELECTION OF DIRECTORS

At the Meeting, shareholders will be asked to elect directors to hold office until the next annual general meeting or until their successors are appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed. Management does not contemplate that any of the nominees will be unable to serve as a director. Management of the Company proposes to nominate each of the following persons for election as a director.

Unless otherwise specifically instructed, the persons named in the enclosed form of proxy intend to vote at the Meeting **FOR** the election of the nominees herein listed as directors.

Name, Municipality of Residence and Position <sup>(1)</sup>	Principal Occupation, Business or Employment <sup>(1)</sup>	Director Since	Shares Beneficially Owned, Directly or Indirectly, or Controlled or Directed <sup>(1)</sup>
Morris Prychidny <sup>(2)(3)</sup> Toronto, Ontario, Canada Director	Chartered Accountant, CFO of Orion Capital Incorporated	March 18, 2014	795,000 SVS <sup>(4)</sup>
Paul Kelly <sup>(3)</sup> Toronto, Ontario, Canada Director	Independent business consultant and investor	March 18, 2014	4,215,000 SVS
Andrew Parks <sup>(4)</sup> Toronto, Ontario, Canada President, CEO & Director	CEO of Fountain Asset; Registered Portfolio Manager and Research Analyst & Trader of Forge First Asset Management from 2013 to 2017	October 16, 2017	230,000 SVS
Roger Daher <sup>(2)</sup> Toronto, Ontario, Canada Director	Licensed Pharmacist; Owner of 7 Pharmasave (pharmacies)	November 8, 2017	1,919,500 SVS <sup>(5)</sup>
Michael Galloro <sup>(2)(3)</sup> Toronto, Ontario, Canada Proposed Director	Chartered Accountant; Director and Senior officer of several private and public companies	July 10, 2018	Nil

Notes:

- (1) The information as to municipality of residence, principal occupation, securities beneficially owned or over which a director or officer exercises control or direction has been furnished by the respective persons individually.
- (2) Member of Audit Committee of which Morris Prychidny is the Chairman.
- (3) Member of Compensation Committee of which Paul Kelly is the Chairman.
- (4) Orion Capital Incorporated controls 500,000 SVS which Morris Prychidny exercises trading authority over.
- (5) RGDRX Holdings Inc., a private holding company controlled by Roger Daher, owns 1,409,000 SVS.

Except as otherwise disclosed below, to the knowledge of the Company, no proposed director:

- (a) is, as at the date of this Circular, or has been, within ten years before the date of this Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity,
  - (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer, or chief financial officer; or

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

For the purposes of this paragraph, "order" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days.

No proposed director of the Company has been subject to any: (a) penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or (b) other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

## **Director Biographies**

### Morris Prychidny

Mr. Prychidny is a Chartered Accountant with more than 35 years of experience in the mining and real-estate industries. Mr. Prychidny brings strong portfolio management and financing expertise through his roles in a number of publicly-listed investment and mining companies. He is currently the Chairman of the Board of Directors and Chairman of the Audit Committee of Nighthawk Gold Corp., a TSX-listed Canadian-based exploration company focused on acquiring and developing gold mineral properties in the Northwest Territories, Canada; the Chief Financial Officer and director of Orion Capital Incorporated, a Toronto-based asset management company with a focus on investing in the junior mining and real estate sectors; a Director and an Audit Committee member of Northfield Capital Corporation (TSXV), a public corporation with investments in the mineral resource sector; and a Director and the Chairman of the Audit Committee of Talisker Resources Ltd. (TSX), a company focused on developing its extensive mineral rights package located in British Columbia. Mr. Prychidny holds a Bachelor of Economics from the University of Western Ontario.

### Paul Kelly

Mr. Kelly has experience within the North American steel industry. He was the former President and Chief Executive Officer and a director of Slater Steel Inc. from May 1998 to May 2004, which was a multidivisional specialty steel company formerly listed on the Toronto Stock Exchange. Mr. Kelly was President, Chief Operating Officer and a director, from June 2004 to September 2007, of Harris Steel Group Inc., a multidivisional fabricator, manufacturer and steel trading group formerly listed on the Toronto Stock Exchange. He has experience in dealing with public markets as well as an extensive background in M&A and financial structuring. Mr. Kelly obtained a B.A. degree in Economics from the University of Toronto.

### Andrew Parks

Mr. Parks is the CEO and a director of the Company. He was most recently a portfolio manager at a Toronto-based asset management firm and has years of experience as a research analyst and trader. Mr. Parks is a CFA and holds an Honours Bachelor of Business Administration from Wilfrid Laurier University.

### Roger Daher

Roger Daher has been a licensed pharmacist for 28+ years and he is currently a practicing owner/partner in seven Ontario Pharmasave pharmacies. Since 2010, Mr. Daher, has been a member of the Pharmasave Ontario Board of Directors, as well

as a member of the Audit Committee (current treasurer/secretary and also Audit Committee Chairman). Mr. Daher also serves as a Director on a number of other public companies, including Aumento Capital VII Corp. (TSXV), Consortium Inc. (CSE) and SkyScape Capital Inc. (TSXV), where he is Chief Executive Officer and Chairman of the Board of Directors. Mr. Daher obtained his Bachelor Science, Pharmacy, from the University of Toronto in 1989.

#### Michael Galloro

Mr. Galloro is a Chartered Accountant and an accomplished financial executive with over 20 years of experience. Mr. Galloro gained public markets experience engaged as a Vice President of Finance for a TSXV listed company operating in the payment processing industry. He then pursued a consulting career focused primarily on the small and mid-cap space working closely with emerging private and publicly listed companies operating globally assisting with financings, M&A, corporate structuring and go public transactions, both in Canada and the US. Michael earned his Chartered Professional Accountant, Chartered Accountant (CPA, CA) designation while working in the financial institutions practice for KPMG LLP and has his Honours Bachelor of Accounting (BAcc) Degree from Brock University.

### **APPOINTMENT OF AUDITORS**

At the Meeting, shareholders will be asked to re-appoint MNP LLP as auditors of the Company to hold office until the next annual meeting of shareholders at remuneration to be fixed by the Board. MNP LLP has served as auditor of the Company since June 4, 2018.

**The Board recommends that shareholders vote FOR the appointment of MNP LLP as auditors of the Company and to authorize the Board to fix the remuneration of the auditors. Unless the shareholder directs that his or her shares are to be withheld from voting in connection with the appointment of auditors, the persons named in the enclosed form of proxy will vote FOR the appointment of MNP LLP as auditors of the Company and to authorize the Board to fix the remuneration of the auditors. A majority of the votes cast by shareholders at the Meeting is required to approve the appointment of auditors and to authorize the directors to fix the remuneration of the auditors.**

### **STOCK OPTION PLAN REAPPROVAL**

The Company has established the Plan to provide long term incentives to eligible directors, officers, employees and consultants of the Company. See “Securities Authorized for Issuance under Equity Compensation Plans” for more information concerning the Plan and the terms of the options granted thereunder.

Pursuant to Exchange Policy 4.4 – “Incentive Stock Options”, a listed corporation is required to obtain the approval of its shareholders for a “rolling” stock option plan at each annual meeting of shareholders. The Plan is a “rolling” stock option plan as the aggregate number of common shares of the Company reserved for issuance upon the exercise of the options pursuant to the Plan is such number of SVS as is equal to 10% of the total number of SVS issued and outstanding from time to time. Accordingly, the shareholders of the Company will be asked to approve the following resolution (the “**Option Plan Resolution**”) at the Meeting:

“BE IT RESOLVED THAT:

1. the Company's stock option plan (the “Plan”), as described under the heading “Securities Authorized for Issuance under Equity Compensation Plans” in the Management Information Circular of the Company dated October 19, 2020, is hereby re-approved and re-confirmed, including the reservation for issuance under the Plan at any time of a maximum of 10% of the then issued and outstanding subordinate voting shares of the Company, in accordance with the policies of the TSX Venture Exchange; and
2. any director or officer of the Company be authorized and directed to make all such filings, perform all such acts and deeds and things and execute, under seal of the Company or otherwise, all such documents, agreements and other writings as may be required to give effect to this resolution.”

**The Board recommends that shareholders vote FOR the approval of the Option Plan Resolution. Unless the shareholder directs that his or her shares are to be voted against the approval of the Option Plan Resolution, the persons named in the enclosed form of proxy intend to vote FOR the approval of the Option Plan Resolution. A majority of votes cast by the shareholders at the Meeting is required for the approval of the Option Plan Resolution.**

## OTHER MATTERS

Management of the Company knows of no amendment, variation, or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting accompanying this Circular. However, if any other matter properly comes before the Meeting, the form of proxy furnished by the Company will be voted on such matters in accordance with the best judgment of the persons voting the proxy.

### STATEMENT OF EXECUTIVE COMPENSATION

#### COMPENSATION DISCUSSION AND ANALYSIS

The executive compensation strategy is designed to encourage, compensate and reward employees on the basis of individual and corporate performance, both in the short and long term aligned with the interests of the Company's shareholders.

The Compensation Committee is responsible for establishing, reviewing and making recommendations to the Board concerning the overall compensation policies for the Chief Executive Officer (CEO), Chief Operating Officer/Chief Financial Officer (COO/CFO) and other key executives of the Company. For executives other than the CEO, the CEO makes compensation recommendations to the Compensation Committee. The Compensation Committee evaluates the Chief Executive Officer's performance and, based on its evaluation, reviews and makes recommendations to the Board with respect to all direct and indirect compensation, benefits and perquisites (cash and non-cash) for the Chief Executive Officer based on such evaluation. In determining the Chief Executive Officer's compensation, the Compensation Committee considers the terms of his employment contract with the Company and may additionally consider a number of other factors, including the Company's performance, the value of similar incentive awards to chief executive officers at comparable companies, the awards given to the Chief Executive Officer in past years and other factors it considers relevant. The Compensation Committee also reviews and makes recommendations to the Board with respect to compensation, benefits and perquisites for all other senior officers of the Company, incentive compensation and equity based plans, and policies regarding management benefits and perquisites. The Company does not engage an outside consulting firm to provide executive compensation consulting. There is no regulatory oversight of the Company's compensation process for the Company's executive officers. The Company did not use any specific benchmarks for determining the executive officer compensation.

The objectives of the Company's executive compensation strategy are to:

1. Attract and retain talented and effective individuals to assume responsibility for those functions that are critical to the Company's success;
2. Encourage and recognize high levels of performance by linking incentive compensation to the Company's profitability;
3. Link compensation to the achievement of the Company's strategic objectives of growth and the enhancement of shareholder value; and
4. Encourage retention of key executives for leadership succession.

The compensation program is comprised of the following elements:

- Base salary,
- Option-based awards,
- Non-Equity Incentive Plan, and
- All other compensation.

The elements of compensation for the executive officers of the Company during the financial year ended December 31, 2018 included base salaries, company-wide employee health and welfare benefits (including medical and dental) and non-equity incentive plan bonus. The Company's executive compensation structure is designed to encourage and motivate executives to achieve high levels of performance, both individually and for the Company, particularly over the medium-to-long term. An executive's overall compensation package in any given year will reflect the functions being performed, and his or her overall contribution to the organization, capacity to improve the Company's financial performance, enthusiasm and loyalty, and ability to create (or help to create) value for the benefit of the Company's shareholders. The Compensation Committee believes that the base salary component provides a measure of certainty and predictability to meet certain living and other financial commitments and, together with the cash bonus component, motivates executives in the short-to-medium term, while stock option grants align their interests with those of the Company's shareholders and assist in keeping the Company competitive in attracting and retaining high quality executives.

### Salary

Amounts paid to an executive officer as base salary, including merit salary increases, are determined by reference to the individual's performance and salaries prevailing in the marketplace for comparable positions. The base salary of each executive officer is reviewed as required. Salary adjustments take into consideration the general level of salaries in the marketplace for comparable positions, the performance of the executive and the Company's performance.

### Share Based Awards

At this time, the Company does not have any Share-based Awards compensation program.

### Options Based Awards

Stock options granted under the Plan are designed to give each optionee an interest in preserving and maximizing shareholder value in the longer term by linking compensation to the share price of the Company's shares. The Compensation Committee has the sole discretion to determine the key employees to whom it recommends that grants be made and to determine the number of the options forming part of such grant. The Compensation Committee presents these recommendations to the Board for modification or approval. The Company issued 200,000 options to Andrew Parks, 375,000 options to Morris Prychidny, 450,000 options to Paul Kelly, 300,000 options to Roger Daher, 300,000 options to Michael Galloro, and 200,000 options to Michael Leskovec in 2018.

### Non-Equity Incentive Plan

Fountain Asset has established a Non-Equity Incentive Plan that focuses on providing annual incentive to the executive team. At this time there is a short-term incentive plan ("**Annual Incentive Plan**") but there is no long-term incentive plan.

The Annual Incentive Plan is in the form of a management bonus agreement ("**Management Bonus Agreement**"), which serves as an incentive for performance (whereby performance is measured by reference to Fountain Asset's financial performance) of the Company's management. The Management Bonus Agreement states that Fountain Asset's management and key consultants receives a bonus pool of 20% of the amount of net realized gains, interest, dividends, structuring and consulting fee revenue of Fountain Asset that is in excess of a hurdle rate of 8% of the Company's opening net asset value for the year. The bonus pool is calculated and payable on an annual basis.

### Pension

At this time, the Company does not include a pension component to its compensation plan.

### Other Compensation

All other compensation is reviewed and approved by the Compensation Committee on an individual basis to recognize and reward members of the executive team for going above and beyond their employment contract to increase the value of the Company.

## **Risks of Compensation Policies and Practices**

The Board, with the help of the Compensation Committee, has assessed the Company's compensation plans for its executive officers to ensure alignment with the Company's business plan and to evaluate the potential risks associated with those plans and programs. The Board has concluded that the compensation policies and practices do not create any risks that are reasonably likely to have a material adverse effect on the Company. The Board considers the risks associated with executive compensation and corporate incentive plans when designing and reviewing such plans and programs.

## **Financial Instrument**

The Company has not adopted a policy restricting its executive officers or directors from purchasing financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by its executive officers or directors. To the knowledge of the Company none of the executive officers or directors has purchased such financial instruments.

## **Members of the Compensation Committee**

The Compensation Committee currently consists of Michael Galloro, Paul Kelly and Morris Prychidny, all of whom are independent.

Paul Kelly has held several senior executive positions. He has experience dealing with Compensation Committees as well as compensation consultants. Roger Daher held a prior position on the Compensation Committee at Sweet Natural Trading Co. Limited. Roger hired the CEO and used a third party evaluator to put in place their employment contract.

The company did not retain any compensation consultant or advisor in the past year.

### Executive Compensation for the Year Ended December 31, 2019

The Company has a salary compensation program to ensure it has access to executives with the skills needed to manage the Company's business interests and assets and to ensure the Company has access to the capital it needs. The Company has an employment or consulting agreement with each of Andrew Parks and Michael Leskovec. Andrew Parks, the Chief Executive Officer of the Company, has an annual compensation of \$125,000. Effective January 1, 2020, Mr. Parks annual compensation was increased to \$175,000. Michael Leskovec, the Chief Financial Officer of the Company, has an annual consulting agreement and receives an annual fee of \$60,000 through his consulting company, 2245448 Ontario Inc.

Andrew Parks' employment agreement has clauses typical of such agreements in respect of termination, including termination for cause. In the event of termination without cause, Fountain Asset will pay to Andrew Parks the greater of (i) eighteen months of base salary and benefits continuation and (ii) the minimum entitlements required by the Ontario *Employment Standards Act, 2000*, in addition to all other sums which may be due to Mr. Parks.

The foregoing Report on Executive Compensation is submitted by the Compensation Committee.

### Summary Compensation Table

In this Circular, a Named Executive Officer ("NEO") means: (a) the Company's Chief Executive Officer; (b) the Company's Chief Financial Officer; (c) the Company's three other most highly compensated executive officers at the end of the financial year ended December 31, 2019 whose total compensation was, individually, more than \$150,000; and (d) each individual who would be an NEO but for the fact that the individual was neither an executive officer of the Company, nor serving in a similar capacity, at the end of the financial year ended December 31, 2019. Based on the foregoing, Andrew Parks and Michael Leskovec were the only NEOs of the Company as at December 31, 2019.

Name and Principal Position	Year	Salary (\$)	Share-based Awards (\$)	Option-based Awards (\$) <sup>(ii)</sup>	Non-Equity Incentive Plan Compensation		Pension value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Andrew Parks <sup>(i)</sup> (CEO)	2019	125,000	Nil	Nil	Nil	Nil	Nil	Nil	125,000
	2018	125,000	Nil	62,440	844,888	Nil	Nil	Nil	1,032,328
	2017	26,042	Nil	278,909	Nil	Nil	Nil	75,000 <sup>(iii)</sup>	379,951
Michael Leskovec (CFO) <sup>(iv)</sup>	2019	60,000	Nil	Nil	Nil	Nil	Nil	Nil	60,000
	2018	40,000	Nil	62,460	60,000	Nil	Nil	Nil	162,460
David Darakjian (former CFO) <sup>(v)</sup>	2018	50,333	Nil	Nil	Nil	Nil	Nil	Nil	50,333
	2017	151,000	Nil	Nil	Nil	Nil	Nil	Nil	151,000

(i) Andrew Parks was appointed as the new CEO and director of the Company, effective October 16, 2017. Mr. Parks did not receive any compensation relating to his role as a director of the Company.

(ii) The Company has adopted fair value accounting for options granted under the Plan using the Black-Scholes fair value option pricing method, an established methodology. The key assumptions made in the valuation of the awards set out in the above table for fiscal 2018 were as follows: (i) risk-free interest rate: 1.30%; (ii) expected option life: 5 years; (iii) dividend yield: 0%; and (iv) expected volatility: 100% to 107%.

- (iii) Pursuant to the terms of his employment agreement, Mr. Parks was entitled to a signing bonus of \$100,000, payable in four equal installments with the first installment paid on October 16, 2017 and the remaining three installments payable on a quarterly basis thereafter.
- (iv) Michael Leskovec was appointed as interim CFO on May 1, 2018 and appointed as CFO on August 1, 2018.
- (v) Mr. Darakjian tendered his resignation on March 14, 2018 and his last day as CFO was April 30, 2018.

## INCENTIVE PLAN AWARDS

### Outstanding Share-Based Awards and Option-Based Awards

The table below represents outstanding option-based awards as of December 31, 2019.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiry date	Value of unexercised in-the-money options (net of option exercise price) (i) (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed
Andrew Parks	1,000,000	0.3625	Nov. 8, 2022	Nil	Nil	Nil	Nil
	200,000	0.455	June 1, 2023	Nil	Nil	Nil	Nil
Michael Leskovec	100,000	0.455	June 1, 2023	Nil	Nil	Nil	Nil
	100,000	0.455	August 31, 2023	Nil	Nil	Nil	Nil

(i) The closing price of the SVS on the Exchange on December 31, 2019 was \$0.35 per SVS.

### Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth all incentive plan awards in which the value vested or was earned during the financial year ended December 31, 2019 for each NEO.

Name	Option-based awards - Value vested during the year (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Andrew Parks	Nil	Nil	Nil
Michael Leskovec	Nil	Nil	Nil

### Narrative Discussion

The Plan allows the Company to grant options to purchase up to such number of SVS which together with all the Company's then outstanding options will not exceed 10% of the issued and outstanding SVS of the Company from time to time. The Plan is administered by the Compensation Committee of the Board.

The Company has no pension plan benefits, defined contribution plans or deferred compensation plans. The Company has a group health plan, which provides coverage for all staff, and includes medical and dental benefits.

### TERMINATION AND CHANGE OF CONTROL BENEFITS

#### Andrew Parks

The Company has an employment agreement with Andrew Parks for CEO services which contains clauses typical of such agreements in respect of termination, including termination for cause. If Mr. Parks is terminated for cause, Mr. Parks is entitled to an amount equal to the base salary and vacation pay up until the date of his termination (the "Termination Date") and he shall have no entitlement to any further notice of termination, payment in lieu of notice of termination, severance, continuation of benefits

or any damages whatsoever. In the event of termination for cause, participation in all bonus plans or other equity or profit participation plans terminates immediately. In the event of termination without cause, the Company will pay to Mr. Parks the greater of (i) eighteen months of base salary and benefits continuation and (ii) the minimum entitlements required by the Ontario *Employment Standards Act, 2000*, in addition to all other sums, which may be due to the employee. As a condition to any payments or benefits which exceed Mr. Parks' minimum entitlements under the Ontario *Employment Standards Act, 2000*, Mr. Parks is required to deliver a full and final release from all actions or claims, known and unknown, in connection with his employment with the Company or termination thereof in favour of the Company, its affiliates and all of its employees, officers and directors.

The agreement with Mr. Parks contains a standard confidentiality provision, as well as non-competition, non-interference and non-solicitation provisions. The non-competition provision prohibits Mr. Parks from engaging in any similar business to that of the Company in the province of Ontario at any time during his employment or at any time during which he is receiving severance payments. The non-interference provision provides that, during Mr. Parks' employment with the Company and for a period of twelve months thereafter, he shall not interfere with any contractual relationship between the Company and any party that was a licensor, buyer, customer, partner or vendor of the Company or that the Company was actively soliciting during the twelve month period preceding the Termination Date. The non-solicitation provision provides that Mr. Parks will not, at any time during his employment with the Company and for the twelve month period following the Termination Date:

- employ or endeavour to employ any person who is employed by or acting as a consultant to the Company as at the Termination Date or within the twelve month period preceding such date; or
- canvass, solicit or approach any person or entity: (i) who is a customer or business relation of the Company as at the Termination Date or within the twelve month period preceding such date and (ii) with whom Mr. Parks worked or received confidential information about during the course of his employment with the Company; or
- induce or attempt to induce any customer or business relationship of the Company to cease doing business with the Company; or
- disparage the Company or its affiliates or employees.

If Mr. Parks' employment is terminated by the Company without cause, he is entitled to an incremental payment of approximately \$187,500 and may exercise his options for up to 90 days after the Termination Date. In the event of termination by the Company for cause, Mr. Parks is entitled to receive his base salary and vacation pay earned up to the Termination Date and he is not permitted to exercise any outstanding options after the Termination Date. In the event that Mr. Parks terminates the agreement by providing written notice thereof to the Company, the Company may deem any date prior to the date specified by Mr. Parks as the Termination Date, in which case Mr. Parks will not be entitled to any further payments beyond the date specified by the Company, except as required by law, however Mr. Parks is entitled to exercise any outstanding options for a period of 90 days. The agreement does not contain change of control provisions.

The following table sets out estimates of the incremental amounts payable to Mr. Parks upon the identified termination events, assuming each such event took place on December 31, 2019.

Name	Termination Event	Estimated Incremental Payment			
		Severance	Option based awards	Other	Total
Andrew Parks	By Company for just cause	Nil	Nil	Nil	Nil
	By Company without just cause	187,500	Nil <sup>(i)</sup>	Nil	187,500
	By Andrew Parks	Nil	Nil <sup>(i)</sup>	Nil	Nil
	By Company following change of control	Nil	Nil	Nil	Nil

Notes:

(i) Based on the closing price of the SVS on the Exchange on December 31, 2019 of \$0.35 per SVS.

## COMPENSATION OF DIRECTORS

On January 23, 2017, the Company put in place an Annual Directors Compensation agreement. Directors are entitled to \$7,000 as well as being reimbursed for their out-of-pocket expenses incurred in connection with their duties as directors. On November 26, 2018, the Company increased the Annual director Compensation to \$20,000 per annum effective January 1, 2019. Effective January 1, 2020, the Company reduced the Annual director Compensation to \$8,000 per annum. During the year 2019, the

following was paid or payable to members of the Board (other than the NEOs). For information regarding Andrew Parks, please refer to “Statement of Executive Compensation – Summary Compensation Table” above.

Name	Fees earned	Share-based awards	Option-based awards	Non-equity incentive plan compensation	Pension value	All other compensation	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Roger Daher	20,000	Nil	Nil	Nil	Nil	Nil	20,000
Paul Kelly	20,000	Nil	Nil	Nil	Nil	Nil	20,000
Morris Prychidny	20,000	Nil	Nil	Nil	Nil	Nil	20,000
Michael Galloro	20,000	Nil	Nil	Nil	Nil	Nil	20,000

The table below represents outstanding option-based awards to directors as of December 31, 2019.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options	Option exercise price	Option expiry date	Value of unexercised in-the-money options (net of option exercise price) <sup>(i)</sup>	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested	Market or payout value of vested share-based awards not paid out or distributed
	(#)	(\$)		(\$)	(#)	(\$)	
Roger Daher	100,000	0.3625	November 8, 2022	Nil	Nil	Nil	Nil
	200,000	0.455	June 1, 2023	Nil	Nil	Nil	Nil
	100,000	0.505	November 29, 2023	Nil	Nil	Nil	Nil
Paul Kelly	115,000	0.40	June 5, 2024	Nil	Nil	Nil	Nil
	125,000	0.30	January 23, 2022	6,250	Nil	Nil	Nil
	300,000	0.455	June 1, 2023	Nil	Nil	Nil	Nil
	150,000	0.505	November 29, 2023	Nil	Nil	Nil	Nil
Morris Prychidny	115,000	0.40	June 5, 2024	Nil	Nil	Nil	Nil
	125,000	0.30	January 23, 2022	6,250	Nil	Nil	Nil
	250,000	0.455	June 1, 2023	Nil	Nil	Nil	Nil
	125,000	0.505	November 29, 2023	Nil	Nil	Nil	Nil
Michael Galloro	200,000	0.455	August 31, 2023	Nil	Nil	Nil	Nil
	100,000	0.505	November 29, 2023	Nil	Nil	Nil	Nil

Notes:

(i) The closing price of the SVS on the Exchange on December 31, 2019 was \$0.35 per SVS.

The following table sets forth all incentive plan awards in which the value vested or was earned during the financial year ended December 31, 2019.

Name	Option-based awards - Value vested during the year (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Roger Daher	Nil	Nil	Nil
Paul Kelly	Nil	Nil	Nil
Morris Prychidny	Nil	Nil	Nil
Michael Galloro	Nil	Nil	Nil

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth as of December 31, 2019 the number of securities issuable upon exercise of outstanding options, the weighted exercise price of such outstanding options and the number of securities remaining available for future issuance under all equity plans previously approved by the Company's shareholders. The only equity compensation plan of the Company as at December 31, 2019 was the Plan, which established in 2015 and was amended and restated on June 4, 2018.

### Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	3,805,000	\$0.43	2,085,670
Equity compensation plans not approved by security holders	None	-	-
<b>Total</b>	<b>3,805,000</b>	<b>\$0.43</b>	<b>2,085,670</b>

The Plan provides that the Board may, at any time and from time to time, in its discretion, and in accordance with the Exchange requirements, grant to consultants, directors, employees, management company employees and members of management of the Company, non-transferable options to purchase SVS without par value in the capital of the Company, provided that the number of SVS reserved for issuance shall not exceed 10% of the issued and outstanding SVS of the Company. In connection with the foregoing, the number of SVS reserved for issuance to any one person shall not exceed 5% of the issued and outstanding SVS (on a non-diluted basis) and the number of SVS reserved for issuance to any eligible consultant will not exceed 2% of the issued and outstanding SVS (on a non-diluted basis) in any twelve month period (including the SVS that are subject to such option). In addition, the aggregate number of SVS reserved for issuance to insiders of the Company shall not exceed 10% of the issued and outstanding SVS (on a non-diluted basis) in any twelve month period (including the SVS that are subject to such option). The aggregate number of options granted to persons employed in investor relations activities shall not exceed 2% of the issued and outstanding SVS (on a non-diluted basis) in any twelve month period (including the SVS that are subject to such option). As at December 31, 2019, ten percent (10%) of the issued and outstanding SVS is 5,890,610 shares.

The Board at its discretion may determine when any option will become exercisable and may determine that the option be exercisable in installments. The Board may also establish any vesting schedule relative to any options granted under the Plan, provided that in no event shall options vest over a time period that is shorter than any time period prescribed by the Exchange. Options may be exercised for a period of up to five (5) years after such options are granted, provided that: (i) upon the death of an optionee, any vested option held by him at the date of death shall be exercisable if the option was issued 10 or more days prior to the date of death, for a period of one year after the date of death or until the expiry of such option, whichever is sooner; (ii) if an optionee is terminated for cause, no option held by such optionee may be exercised following the date of termination; (iii) if an optionee's employment or contract terminates for reasons other than cause or death, any vested option held by such optionee may be exercised within 90 days following the date of termination or until the expiry of such option, whichever is sooner; and (iv) if an optionee who is a consultant is terminated due to breach or expiry of contract (other than for reasons set forth above), no options held by such optionee may be exercised following such breach, expiry or termination.

### INDEBTEDNESS OF DIRECTORS AND OFFICERS

No former, present or proposed director, officer or employee of the Company or any of its subsidiaries and none of their respective associates is or has been indebted to the Company at any time during the financial year ended December 31, 2019 and as at the date hereof. In addition, no indebtedness of these individuals to another entity has been the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Company or any of its subsidiaries.

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

Except as set out in this Circular, no informed person of the Company, any proposed director of the Company, or no associate or affiliate of the foregoing persons, has or has had any material interest, direct or indirect, in any transaction since the commencement of the Company's last completed financial year, or in any proposed transaction, which in either such case has materially affected or will materially affect the Company.

## **MANAGEMENT CONTRACTS**

There are no management functions of the Company that are to any substantial degree performed other than by the directors and executive officers of the Company.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company at 99 Scollard Street, Toronto, Ontario, M5R 1G4, or call 416 488-7760, to request copies of the Company's financial statements and MD&A or access them at [www.fountainassetcorp.com](http://www.fountainassetcorp.com). Financial information with respect to the Company is provided in the Company's comparative annual financial statements and MD&A for the years ended December 31, 2019 and 2018.

## **APPROVAL BY DIRECTORS**

This Circular and the mailing of same to shareholders have been approved by the Board.

## **BY ORDER OF THE BOARD OF DIRECTORS**

Dated October 19, 2020

*"Andrew Parks"* (signed)

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Andrew Parks  
Chief Executive Officer

**APPENDIX A  
AUDIT COMMITTEE CHARTER**

**FOUNTAIN ASSET CORP.  
AUDIT COMMITTEE OF THE BOARD OF DIRECTORS  
CHARTER**

**I. PURPOSE**

The Audit Committee is a committee of the Board of Directors. The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by:

- reviewing the financial reports and other financial information provided by the Company to any governmental body or the public and other relevant documents;
- recommending the appointment and reviewing and appraising the audit efforts of the Company's independent auditor and providing an open avenue of communication among the independent auditor, financial and senior management and the Board of Directors;
- serving as an independent and objective party to monitor the Company's financial reporting process and internal controls, the Company's processes to manage business and financial risk, and its compliance with legal, ethical and regulatory requirements;
- encouraging continuous improvement of, and fostering adherence to, the Company's policies, procedures and practices at all levels.

The Audit Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section III of this Charter.

**II. COMPOSITION AND MEETINGS**

The Audit Committee shall be comprised of three or more directors as determined by the Board, the majority of whom shall be independent directors, and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. All members of the Committee shall have a working familiarity with basic finance and accounting practices, and at least one member of the Committee shall have accounting or related financial management expertise. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or an outside consultant.

The members of the Committee shall be elected by the Board at the annual organizational meeting of the Board or until their successors shall be duly elected and qualified. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

The Committee shall meet at least four times annually, or more frequently as circumstances require. The Committee shall meet within sixty (60) days following the end of the first three financial quarters to review and discuss the unaudited financial results for the preceding quarter and the related Management Discussion & Analysis and shall meet within 120 days following the end of the fiscal year end to review and discuss the audited financial results for the year and related Management Discussion & Analysis.

The Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their audit related duties, members of the Committee shall have full access to all corporate information and shall be permitted to discuss such information and any other matters relating to the financial position of the Company with senior employees, officers and independent auditors of the Company.

As part of its job to foster open communication, the Committee should meet at least annually with management and the independent auditor in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately. In addition, the Committee or at least its Chair should meet with the independent auditor and

management at least annually to review the Company's financial statements.

Quorum for the transaction of business at any meeting of the Audit Committee shall be a majority of the number of members of the Committee or such greater number as the Audit Committee shall by resolution determine.

Meetings of the Audit Committee shall be held from time to time and at such place as the Audit Committee or the Chairman of the Committee shall determine upon 48 hours notice to each of members. The notice period may be waived by a quorum of the Committee. Each of the Chairman of the Committee, members of the Committee, Chairman of the Board, independent auditors, Chief Executive Officer, Chief Financial Officer or Secretary shall be entitled to request that the Chairman of the Audit Committee call a meeting which shall be held within 48 hours of receipt of such request.

### **III. RESPONSIBILITIES AND DUTIES**

To fulfill its responsibilities and duties the Audit Committee shall:

1. Create an agenda for the ensuing year.
2. Review and update this Charter at least annually, as conditions dictate.
3. Describe briefly in the Company's annual report and more fully in the Company's Management Information Circular the Committee's composition and responsibilities and how they were discharged.
4. Submit the minutes of all meetings of the Audit Committee to the Board of Directors.

#### Documents/Reports Review

5. Review the organization's annual financial statements and any reports or other financial information submitted to any governmental or regulatory body, or the public, including any certification, report, opinion, or review rendered by the independent auditor.
6. Review policies and procedures with respect to directors' and officers' expense accounts and management perquisites and benefits, including their use of corporate assets and expenditures related to executive travel and entertainment, and review the results of the procedures performed in these areas by the independent auditor, based on terms of reference agreed upon by the independent auditor and the Audit Committee.
7. Review with financial management and the independent auditor any filings with regulatory bodies such as securities commissions prior to filing or prior to the release of earnings. The Chair of the Committee may represent the entire Committee for purposes of this review.

#### Independent Auditor

8. Recommend to the Board of Directors the selection of the independent auditor, considering independence and effectiveness and approve the fees and other compensation to be paid to the independent auditor. Instruct the independent auditor that the Board of Directors, as the shareholders' representative is the independent auditor's client.
9. Monitor the relationship between management and the independent auditor including reviewing any management letters or other reports of the independent auditor and discussing any material differences of opinion between management and the independent auditor.
10. Review and discuss, on an annual basis, with the independent auditor all significant relationships they have with the Company to determine their independence.
11. Review and approve requests for any management consulting engagement to be performed by the independent auditor and be advised of any other study undertaken at the request of management that is beyond the scope of the audit engagement letter and related fees.

12. Review the performance of the independent auditor and approve any proposed discharge of the independent auditor when circumstances warrant. Consider with management and the independent auditor the rationale for employing accounting/auditing firms other than the principal independent auditor.
13. Periodically consult with the independent auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the organization's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.
14. Arrange for the independent auditor to be available to the Audit Committee and the full Board of Directors as needed.

#### Financial Reporting Processes

15. In consultation with the independent auditor review the integrity of the organization's financial reporting processes, both internal and external.
16. Consider the independent auditor's judgments about the quality and appropriateness, not just the acceptability, of the Company's accounting principles and financial disclosure practices, as applied in its financial reporting, particularly about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates and whether those principles are common practices or are minority practices.
17. Consider and approve, if appropriate, major changes to the Company's accounting principles and practices as suggested by management with the concurrence of the independent auditor and ensure that the accountants' reasoning is described in determining the appropriateness of changes in accounting principles and disclosure.

#### Process Improvement

18. Establish regular and separate systems of reporting to the Audit Committee by each of management and the independent auditor regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.
19. Review the scope and plans of the independent auditor's audit and reviews prior to the audit and reviews being conducted. The Committee may authorize the independent auditor to perform supplemental reviews or audits as the Committee may deem desirable.
20. Following completion of the annual audit and quarterly reviews, review separately with each of management and the independent auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and reviews, including any restrictions on the scope of work or access to required information and the cooperation that the independent auditor received during the course of the audit and reviews.
21. Review any significant disagreements among management and the independent auditor in connection with the preparation of the financial statements.
22. Where there are significant unsettled issues the Committee shall ensure that there is an agreed course of action for the resolution of such matters.
23. Review with the independent auditor and management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.
24. Review activities, organizational structure, and qualifications of the chief financial officer and the staff in the financial reporting area and see to it that matters related to succession planning within the company are raised for consideration at the full Board of Directors.

### Ethical and Legal Compliance

25. Review and update periodically a Code of Ethical Conduct and ensure that management has established a system to enforce this Code. Review through appropriate actions taken to ensure compliance with the Code of Ethical Conduct and to review the results of confirmations and violations of such Code.
26. Review management's monitoring of the Company's system in place to ensure that the Company's financial statements, reports and other financial information disseminated to governmental organizations, and the public satisfy legal requirements.
27. Review, with the organization's counsel, legal and regulatory compliance matters, including corporate securities trading policies, and matters that could have a significant impact on the organization's financial statements.

### Risk Management

28. Review management's program of risk assessment and steps taken to address significant risks or exposures, including insurance coverage.

### General

29. Conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The committee shall be empowered to retain independent counsel, accountants and other professionals to assist it in the conduct of any investigation.
30. Perform any other activities consistent with this Charter, the Company's By-laws and governing law, as the Committee or the Board deems necessary or appropriate.

Notwithstanding the foregoing and subject to applicable law, the Committee shall not be responsible to plan or conduct internal or external audits or to determine that the Company's financial statements are in accordance with generally accepted accounting principles as these are the responsibility of management and the independent auditor. Nothing contained in this Charter is intended to require the Committee to ensure the Company's compliance with applicable laws or regulations.