MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Three and nine months ended September 30, 2015

This Management's Discussion and Analysis of Financial Conditions and Results of Operations ("MD&A") of Fortune Minerals Limited ("Fortune" or the "Company") is dated November 6, 2015 and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and the notes thereto for the three and nine months ended September 30, 2015 and with the audited consolidated financial statements and the notes thereto and MD&A for the year ended December 31, 2014, prepared in accordance with International Financial Reporting Standards ("IFRS"). This discussion contains certain forward-looking information and is expressly qualified by the cautionary statement at the end of this MD&A. All dollar amounts are presented in Canadian dollars unless indicated otherwise. Unless the context otherwise requires, the terms "Fortune" and "the Company" where used herein refer to Fortune Minerals Limited and its subsidiaries on a consolidated basis.

SUMMARY OF QUARTERLY RESULTS

The following table provides selected consolidated financial information that is derived from the unaudited interim consolidated financial statements and audited consolidated financial statements of the Company.

	2015			2014				2013
	Sep-30	**Jun-30**	**Mar-31**	**Dec-31**	**Sep-30**	**Jun-30**	**Mar-31**	**Dec-31**
Net gain (loss) [(1)]	(45,140,537)	(3,958,732)	4,626,407	(6,316,657)	(364,101)	(1,720,709)	(1,257,196)	(41,019,135)
Basic and fully diluted loss per common share[(2)]	(0.20)	(0.02)	0.02	(0.03)	(0.01)	(0.01)	(0.01)	(0.27)

Notes:

(1) Interest and other income is included in other items on the consolidated statements of net loss, comprehensive loss, and deficit. Some comparative balances have been restated to include other comprehensive income adjustments due to discontinued operations recorded in the quarter.

(2) The sum of quarterly loss per common share for any given period may not equal the year-to-date amount due to rounding.

OVERVIEW

Fortune's vision is to be a recognized expert in developing, mining and processing precious and specialty minerals projects. Supporting the vision is Fortune's mission to profitably produce precious and specialty metals to meet the needs of our customers and partners by attracting and developing an exceptional team of people motivated to acquire, explore, develop, mine and reclaim resource properties in a safe and responsible manner.

The Company's most significant development asset is its wholly owned NICO gold-cobalt-bismuth-copper project in the Northwest Territories ("NICO").

Fortune has assembled an experienced team that is currently focused on advancing the NICO project towards commercial production, while also minimizing the risks associated with its development. Fortune is committed to

developing its project in a socially and environmentally responsible manner. Fortune has received a Bronze Level recognition for its work in Progressive Aboriginal Relations ("PAR") by the Canadian Council for Aboriginal Business ("CCAB"). The PAR program is the first and only corporate responsibility assurance program in the world with an emphasis on aboriginal relations. The Company has worked with guidance and support from the CCAB to document practices, policies and behaviors that quantify and validate the Company's commitment to positive and progressive aboriginal relations. The Company is committed to open and constructive dialog with aboriginal communities and will continue to make every effort to increase aboriginal employment and business through its human resources and supply chain policies.

Revenue Silver Mine

On October 1, 2014, Fortune Revenue Silver Mines, Inc. ("Fortune Revenue"), a wholly-owned subsidiary of Fortune, completed the purchase of a 100% ownership interest in the Revenue Silver Mine (the "RSM"), a fully permitted and constructed silver mine located in southwestern Colorado in the late stages of commissioning.

In order to finance the acquisition and operations of the RSM, the Company entered into a General Corporate Facility agreement ("the General Corporate Facility") with LRC-FRSM LLC ("LRC") during the third quarter of 2014 for $US4 million. This $US4 million bridge loan supported the Company's short-term working capital requirements and the advancement of near-term capital improvements required at the mine.

On October 1, 2014, the Company entered into a second facility with LRC, a Senior Secured Metal Prepay Facility ("the Metal Prepay Facility"), which resulted in the Company receiving total financing of $US35 million. The first tranche of $US25 million was received on October 1, 2014 and the second tranche of $US10 million was received on October 16, 2014. The Company used the funding from the first tranche to repay the General Corporate Facility, fund the RSM acquisition, including amounts owing to the previous owner of the mine, make capital investments to improve the mine operations, and provide working capital.

The Metal Prepay Facility was amended on December 22, 2014, February 12, 2015 and March 25, 2015, resulting in an aggregate of an additional $US16 million of working capital being received by Fortune Revenue.

On July 1, 2015, the Company received notice from LRC that events of default had occurred under the Metal Prepay Facility. The notice from LRC declared all amounts and deliveries owing under the Metal Prepay Facility to be immediately due and payable. Fortune Revenue's obligations under the Metal Prepay Facility were secured by all of its assets and guaranteed by the Company and certain of its other subsidiaries, including Fortune Minerals NWT Inc. ("Fortune NWT") and Fortune Minerals Saskatchewan Inc. ("Fortune Saskatchewan"), which also granted LRC security over their respective assets.

On July 17, 2015 the Company entered into a Master Restructuring Agreement ("Restructuring Agreement") with LRC and its other secured creditors to settle its secured debt obligations. The Restructuring Agreement was subsequently amended on August 12, 2015. The Restructuring Agreement as amended is filed on SEDAR at www.sedar.com. The restructuring has been completed in two stages as summarized below:

<u>Stage 1 – Completed on July 17, 2015</u>

- Fortune contributed to the capital of Fortune Revenue all intercompany indebtedness owing by Fortune Revenue to Fortune and transferred all of the shares of Fortune Revenue to LRC; Fortune Revenue was subsequently renamed Ouray Silver Mines, Inc. ("Ouray")
- All obligations of Fortune and its Canadian subsidiaries under the LRC short term facility have been released

- Ouray paid US$200,000 to Fortune
- Fortune agreed to provide certain purchasing, logistics and operations transition services to Ouray and LRC to assist in the operation of the RSM

Stage 2 – Completed on August 12, 2015

- Fortune issued to LRC and the other secured creditors:
    - Unsecured debentures in the principal amount of C$5 million to Lascaux and C$3.75 million to the other secured creditors. The debentures have a term of seven years, bear interest at 5% per annum accruing semi-annually and are repayable at maturity
    - 7.5 million Class A warrants and 29,019,391 Class B warrants to Lascaux and
    - 5 million Class A warrants and 14 million Class B warrants to the other secured creditors
- Each Class A warrant will entitle the holder to purchase one Fortune common share at C$0.15 and will expire on the fifth anniversary of the date of issuance
- Each Class B warrant will entitle the holder to purchase one Fortune common share at C$0.25 and will expire on the seventh anniversary of the date of issuance. 42,259,476 of the Class B warrants can only be exercised for the purposes of setting off or financing the repayment of an equivalent amount owing under the debenture held by the warrant holder
    - The debentures will be repayable in the event that NICO is sold, directly or indirectly
- Ouray paid $US320,000 to Fortune
- All remaining security in Fortune's assets and its subsidiaries' assets held by LRC under the Metal Prepay Facility and by the other secured creditors was released and discharged.

NICO Project

Fortune continues to advance its wholly-owned NICO project and the Company's business activities have been focused on certain priority critical path activities required to advance permitting and financing for the development of NICO and its related hydrometallurgical process facility, the Saskatchewan Metals Processing Plant ("SMPP") as contemplated by a technical report entitled "*Technical Report and Updated Mineral Reserve Estimate and Front-End Engineering & Design (FEED) Study on the NICO Gold-Cobalt-Bismuth Deposit, Mazenod Lake Area, Northwest Territories, Canada*" dated July 2, 2012 (the "2012 FEED Study") filed on SEDAR at www.sedar.com by the Company under National Instrument 43-101.

An updated feasibility study report was prepared in order to document a number of improvements that had been made to the NICO project since the 2012 FEED Study had been completed. The report updates the economics for the project from the 2012 FEED Study and a technical report reflecting the updated feasibility study dated May 5, 2014 prepared by Micon International entitled "*Technical Report on the Feasibility Study for the Nico Gold-Cobalt-Bismuth-Copper Project, Northwest Territories, Canada*" was filed on SEDAR at www.sedar.com by the Company under National Instrument 43-101

In support of permitting and financing initiatives for NICO, the Company undertook the following activities during the nine months ended September 30, 2015:

- Held various meetings and discussions with local communities and stakeholders near the future SMPP site;
- Continued to review alternate locations for process residue storage for the SMPP in Saskatchewan to address community concerns;
- Continued to hold various meetings and discussions with representatives from the Tlicho communities and Tlicho Government to achieve Access agreement and Impact and Benefit Agreement ("IBA");
- Continued to hold discussions with the Government of the Northwest Territories including in relation to a

socio-economic agreement and funding for the all-weather access road which is critical in determining the construction schedule for the project;
- Continued discussions with potential partners interested in helping finance the NICO Project; and,
- Continued discussions with companies interested in acquiring off-take for the metals and chemicals Fortune plans to produce form the NICO Project.

Arctos Project

During 2011, Fortune and Fortune Coal Limited ("FCL"), a wholly-owned subsidiary of Fortune, entered into an agreement (the "Arctos Agreement") with POSCO Canada Ltd. ("POSCAN") and POSCO Klappan Coal Ltd. ("POSCO Klappan"), a wholly-owned subsidiary of POSCAN, to advance the Arctos anthracite coal project in northwest British Columbia to production through an unincorporated joint venture, the Arctos Anthracite Joint Venture ("AAJV"). POSCAN's parent company, POSCO, is based in South Korea and is one of the world's largest steel producers. Pursuant to the Agreement, POSCO Klappan acquired a 20% interest in the Arctos project.

On May 1, 2015 the Company, FCL, POSCAN and POSCO Klappan entered into an agreement (the "Arctos Sale Agreement") with Her Majesty the Queen in Right of the Province of British Columbia (the "Province") and British Columbia Railway Company ("BC Rail") pursuant to which the AAJV sold its interests of the coal licenses comprising the Arctos project to BC Rail for $18,308,000. The AAJV partners maintain the exclusive right to purchase back the coal licenses at the same price for a 10-year option period. If both partners do not wish to exercise the repurchase option, each of them may do so individually. Fortune, FCL, POSCAN and POSCO Klappan have also entered into the Amendment to the Exploration, Development and Mine Operating Joint Venture Agreement ("Amended Agreement") to restructure the AAJV and share the proceeds from the sale of the Arctos coal licenses on an equal basis after purchasing the royalty held by the previous owner of the property for $308,000. Pursuant to the agreement, FCL transferred 30% of its interest in the Arctos JV to POSCO Klappan, thereby reducing its interest from 80% to 50%, in exchange for the elimination of the future capital contribution to be made by FCL. This resulted in the Company recording a gain on sale of investment of $2,541,597.

Fortune will also be solely responsible for reclamation of the Arctos property except for the access road for which the Province will be responsible for, and Fortune will also be entitled to receive the cash provided as security for its reclamation obligations once the reclamation is complete. Fortune used its $9 million share of the funds from this transaction to satisfy its obligation under the Metal Prepay Facility to contribute US$ 5 million in capital support for the RSM, for working capital and to repay debt.

The Company has recognized a loss on the sale of Arctos in the amount of $11,234,820 which includes fixed assets held for the project which management has determined have little to no value and have been written off resulting in a loss of $10,415 of which 50% has been recorded by FCL.

The NICO and Arctos projects, along with other exploration projects of the company are classified as exploration and evaluation stage projects for accounting purposes. Exploration and evaluation cash expenditures incurred by Fortune on its properties during the three and nine months period ended September 30, 2015 were $104,014 and $545,258, respectively, and were spent on the projects as follows:

	Three months ended September 30, 2015	Nine months ended September 30, 2015
NICO	$ 104,014	$ 340,941
Arctos	—	201,514
All Other Projects	—	2,803
Total cash exploration and evaluation expenditures	$ 104,014	$ 545,258

For comparison, exploration and evaluation expenditures incurred by Fortune on its properties during the three and nine months ended September 30, 2014 were $264,006 and $4,001,189, respectively, and were spent on the projects as follows:

	Three months ended September 30, 2014	Nine months ended September 30, 2014
NICO	$ 233,592	$ 2,445,909
Arctos	30,449	1,552,174
All Other Projects	(35)	3,106
Total cash exploration and evaluation expenditures	$ 264,006	$4,001,189

Exploration and evaluation expenditures for the nine months ended September 30, 2015 were lower compared to the same period in 2014, as a result of decreased expenditures on both Arctos and NICO. With respect to NICO, the Company has reduced spending pending further financing and additional clarity from the Government of the NWT on its plans for construction of an all-weather road.

RESULTS OF OPERATIONS

Summary

The Company's net loss for the three and nine-month periods ended September 30, 2015 was $45,140,537 and $44,472,862, respectively, or $0.20 and $0.20 per share compared to $364,101 and $3,342,006 or $0.01 and $0.02 per share for the same periods in the prior year.

Expenses

Expenses decreased to $706,157 and $2,349,519 compared to $1,320,518 and $4,456,043 for the three and nine-month periods ended September 30, 2015 and 2014, respectively.

The decrease year over year is primarily attributable to the following:

- Decrease in administrative expenditures primarily as a result of the Company downsizing and cost saving measures.
- Decrease in stock-based compensation expense as a result of no stock options being granted in 2015.
- Decrease in investor relations and corporate development costs due to cost saving measures.
- Decrease in accretion expenses as a result of the sale of the Arctos project and no longer needing to record adjustments to the long term contribution payable to the AAJV/POSCO.
- Decrease in interest expense as a result of the settlement of the loan during the quarter as part of the restructuring agreement.

Other Income and Charges

Interest and other income for the three and nine-month periods ended September 30, 2015 was $34 and $6,428, respectively, compared to $199,823 and $305,622 for the same period in 2014. The decrease is primarily due to no investments being held and lower cash balances during this period in 2015 compared to the same period in 2014.

On May 1, 2015, FCL's interest in the AAJV was reduced from 80% to 50% as a result of the Amended Agreement.

This decrease resulted in a gain on sale of investment of $2,541,597. On this same day, the Company sold its interest in the Arctos project for proceeds of $9,154,000 and recorded a loss of $11,234,820, including the write off of capital assets and other related expenditures.

During the quarter, the Company entered into an agreement with a third party to sell all of its remaining assets from the Golden Giant Mine equipment, except for a transformer, for proceeds of $405,000 plus assumption of all leases related to certain storage facilities where these assets were being stored. Prior to this sale, several small pieces of equipment were sold for proceeds amounting to $25,931. The total book value of these assets was $1,470,357 resulting in a loss on sale of assets of $1,039,426.

Subsequent to the quarter end, the Company sold the transformer from the Golden Giant Mine equipment for $US 39,000. This asset has been recorded at fair value less management's estimated costs to sell of $43,570 in the assets held for sale line on the consolidated statement of financial position. The net book value of this asset was $200,455 resulting in a loss on sale of assets of $156,885.

During the nine months ended September 30, 2015, the Company closed its Yellowknife office and sold the furniture and office equipment for proceeds of $1,200 resulting in a loss of $631. Additional assets at the Company's corporate office were sold for proceeds of $300 resulting in a loss of $1,334.

A gain on flow-through share premium of $71,091 was recognized in the nine months ended September 30, 2015 as a result of expenditures incurred in that period that were previously renounced through flow-through shares issued in 2014. The gain was calculated as the difference between the market price of the Company's shares on the day the flow-through financings closed and the price that the investors paid for the shares.

Fortune has an operating bank account in United States dollars ("$US") to pay certain US vendors and to receive $US payments as well as to manage the timing of conversion of Canadian dollars ("$C") to $US, or vice versa. The foreign exchange gain from converting $US balances in Fortune to $C at September 30, 2015 was $381,726 (September 30, 2014 - loss of $165,684). Currency translation adjustment for the three and nine months ended September 30, 2015 was $Nil and ($1,264) compared with ($540) and ($452) for the same periods in 2014.

Deferred Taxes

The Company recognized a deferred income tax recovery of $1,255,500 for the nine months ended September 30, 2015 compared to $525,000 for the same period in 2014. The 2015 deferred income taxes results from recognition of $11,132,500 from the estimated tax loss, $42,500 for other expenses and $126,000 for renunciation of flow-through expenses. The net recovery includes a provision of $10,042,000 for a valuation allowance and $3,500 for non-deductible stock-based compensation and other expenses. During the same period in 2014, the deferred income tax net recovery of $525,000 resulted primarily from a recovery of $1,220,000 for deferred tax benefits resulting from the estimated tax loss and $179,000 for investment tax credits on pre-production mining expenditures recorded during the period. The net recovery included a provision of $86,000 for non-deductible stock-based compensation and $746,000 for valuation allowance. A valuation allowance of $23,700,000 has been recognized related to the uncertainty of realizing the benefit of deferred income tax assets in future years.

Cash Flow

Cash used in operating activities during the nine months ended September 30, 2015 was $4,789,598 compared to $2,595,196 for the same period in 2014. The operating activities before changes in non-cash working capital used cash of $5,089,772 and $3,301,071 for the same periods in 2015 and 2014, respectively. The increased use of cash

in operating activities, before changes in non-cash working capital, is primarily related to the increase in expenditures related to discontinued operations.

Cash provided from investing activities was $286,705 compared to cash used in investing activities of $18,096,865 when comparing the nine months ended September 30, 2015 to 2014. This change is primarily due to proceeds received on the sale of Arctos and other assets, offset by cash invested in an affiliated subsidiary prior to discontinuing operations. Exploration and evaluation expenditures have decreased from $4,001,189 in 2014 to $481,041 in 2015 due to reduced spending pending further financing and additional clarity from the Government of the NWT on its plans for construction of an all-weather road.

Cash provided by financing activities decreased to $631,668 from $10,390,951 for the nine months ended September 30, 2015. Cash provided in 2015 was as result of $472,431 received from a private placement effective April 1, 2015 and $200,000 from a flow-through offering during the quarter, offset by financing costs. There was no debt issued during the nine months ended September 30, 2015. More details are provided in below in the "Liquidity and Capital Resources" section.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2015, Fortune had cash and cash equivalents of $275,236 and working capital of $336,659. Of the total consolidated cash, $4,483 represents Fortune's 50% share of cash from the AAJV.

The following is a summary of contractual obligations for the next five years and thereafter:

Contractual Obligations	***Payments Due by Period***				
	Total	***Less than 1 year***	***1 - 3 years***	***4 - 5 years***	***After 5 years***
Long-term debt	**6,263,863**	—	—	—	6,263,863
Total Contractual Obligations	**6,263,863**	—	—	—	**6,263,863**

The long-term debt represents unsecured debentures in the principal amount of C$5 million to LRC and C$3.75 million to the other secured creditors which Fortune issued as part of the Restructuring Agreement discussed above. The debentures have a term of seven years maturing on August 12, 2022, bear interest at 5% per annum, compounding semi-annually, and both principal and interest are payable at maturity. The loan balances have been recorded at their net present value.

The Company regularly reviews its planned activities relative to available funding and prioritizes activities based on what is required to complete critical path activities and budgets accordingly. The Company invests its surplus cash in low risk, liquid investments, which typically have low yields but hold their value during times of market uncertainty.

The NICO project requires further funding during 2015.

In addition to contractual obligations noted, non-discretionary budget commitments required to keep current mining leases for NICO in good standing consist of annual payments of $12,700.

The Company's current environmental reclamation obligations as defined by government regulators are fully secured by cash held in accounts with a large Canadian financial institution for NICO and Arctos. As indicated

above, additional financing is required to construct mine infrastructure and processing facilities, to acquire additional equipment for the NICO project. Potential sources for future funding include but are not limited to equity financing, project financing, off-take and royalty agreements, additional strategic partnerships, mergers and acquisitions. The Company continues to evaluate its alternatives with a view to executing a financing plan suitable to fund its transformation into a producer and minimize potential dilution to shareholders.

Based on the Company's current cash flow forecasts, the Company does not have sufficient cash or working capital to fund all of its planned activities without obtaining additional financing. This results in the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management is continually pursuing and considering various financing opportunities. The Company has historically been successful in financing its activities, however, there are no assurances that it will be successful in raising future funds required.

OUTLOOK

The Company's principal objective is to achieve successful development and financing of the NICO project. The Company's activities in pursuit of its objectives are subject to many risks as discussed under the heading "Risks and Uncertainties" section in the December 31, 2014 MD&A filed on SEDAR. The most significant risks to meeting its objectives for NICO continues to be permitting and financing. These risks arise primarily from external parties such as government regulators, First Nations and investors who have significant influence over the outcome of the Company's efforts and external factors such as commodity prices, economic conditions and the financial markets. Accordingly, management has sought and continues to seek proactive ways to address risks in its business model and has developed appropriate strategies to move forward by focusing expenditures on critical path activities in a socially and environmentally responsible manner.

Major milestones to achieve on the path forward for the development of the NICO mine site and SMPP include:

- work with governments to achieve certainty on the road funding and construction schedule which will determine the mine construction schedule;
- complete re-zoning followed by the receipt of all necessary environmental licenses and permits for the SMPP site in Saskatchewan;
- completing an agreement with the Tlicho Government for the NICO access road and an IBA;
- identifying and engaging strategic partners to support the development of the NICO project site and the SMPP, by helping to arrange or provide some or all of the project financing, evaluating potential transactions and ultimately entering into a strategic arrangement suitable to the Company;
- completing road construction agreements and site preparation plans, including construction of laydown areas to receive equipment and material required for early work construction; and
- continue detailed engineering and procurement activities once financing is secured.

In the nine months ending September 30, 2015, the Company focused on continued dialogue with key parties including the Tlicho for developing mutually beneficial agreements, and worked to identify and advance opportunities to develop additional strategic partnerships. The Company has made significant progress towards achieving its milestones through the Procon strategic investment, the Federal and Tlicho government approvals for the NICO mine and mill, receipt of the land use permit and Type A water licence for the NICO site, and the ministerial approval of the SMPP, which will allow the Company to complete the process of rezoning its land with the Rural Municipality of Corman Park, Saskatchewan.

Activities undertaken during 2015 towards achieving the next major milestones for the NICO project will remain the

Company's focus through 2015. As it pursues this objective, the Company will strive to prudently manage capital resources and mitigate risks.

TRANSACTIONS WITH RELATED PARTIES

During the nine months ended September 30, 2015, the Company paid key management personnel, including officers, directors, or their related entities, an aggregate of $836,516 for consulting and/or management services and legal services. At September 30, 2015, $107,963 was owing to these related parties for services received during the period.

The following table summarizes the amounts paid and payable to related parties and the nature of the payments as at September 30, 2015:

Related Party	Relationship	Business Purpose of Transaction						Total	
		Salaries and Benefits [5]		Consulting Services		Legal Services			
		Paid	Payable	Paid	Payable	Paid	Payable	Paid/Awarded	Payable
Clouter, Carl [1]	Director			$ 32,000	$ 4,000			$ 32,000	$ 4,000
Goad, Robin [2]	President & CEO, Director	$ 3,228		162,500	10,000			165,728	10,000
Jean, Adam [3]	VP Finance & CFO	48,967						48,967	
Knight, David [4]	Director					$ 375,500	$ 93,963	375,500	93,963
Romaniuk, Mike	VP Operations & COO	214,321						214,321	
Total		$ 266,516	$ -	$ 194,500	$ 14,000	$ 375,500	$ 93,963	$ 836,516	$ 107,963

[1] Carl Clouter is President of Clouter Enterprises Limited which provides professional services to the Company.

[2] Robin Goad is engaged to provide services of President and Chief Executive Officer of the Company pursuant to an independent consultant agreement and does not receive additional compensation for his services as a director.

[3] Adam Jean resigned as Vice President Finance and Chief Financial Officer of the Company effective January 31, 2015.

[4] David Knight is a partner with the law firm Norton Rose Fullbright Canada LLP, which provides legal services to the Company. Mr. Knight resigned as a director on September 23, 2015.

[5] Salaries and benefits include a base salary plus benefits that are basic in nature, require participants to contribute to the premium costs and includes certain co-pay requirements.

CRITICAL ACCOUNTING ESTIMATES

The Company continues to consider, on a regular basis, whether indicators exist that suggest that the carrying value of its projects is impaired for accounting purposes. While the market capitalization relative to the carrying value of the Company's projects is reviewed, it is not considered a sole indication of impairment. Given the Company's stage of development and the volatility of the market, using the share price as a sole indication of impairment is not practical, although the Company does monitor the magnitude of the gap between its market capitalization and the project carrying values. At September 30, 2015, the Company considered whether there had been any significant changes to indicators at the quarter end and whether any new indicators were present. Management determined that a further decline in the market price of metals and a significant increase in the market capitalization gap constituted an impairment indicator and completed an impairment assessment of the NICO project. Management has determined that there are no indications that the carrying value of any or all of its projects is impaired or requires a reversal of a prior impairment charge.

Below are certain factors which management believes further support the carrying values of its projects and are not fully reflected in the Company's market capitalization:

- the Company has obtained EA approval for the NICO project and is focused on obtaining all necessary permits for the NICO project to proceed, and has plans in place and resources assigned to help achieve this;
- the Company has obtained a final land use permit for the NICO mine;
- substantive expenditures on the Company's main project, NICO, are planned and budgeted for 2015 and beyond;
- the feasibility study completed to date on NICO demonstrates a net present value in excess of the carrying values of the project;
- the Company engaged the services of cobalt and bismuth experts to analyze the market as it relates to cobalt and bismuth products, results showed great opportunity for the NICO project returns relative to spot prices; and

FINANCIAL INSTRUMENTS

As at the date hereof, the Company's financial instruments consist of: cash and cash equivalents and reclamation security deposits, designated as financial assets measured at fair value through profit and loss; accounts receivable which is a financial asset designated as a receivable, measured initially at fair value and subsequently on the basis of amortized cost using the effective interest rate method; and accounts payable and accrued liabilities, and long-term debt, which are financial liabilities designated as other liabilities measured initially at fair value and subsequently on the basis of amortized cost using the effective interest rate method. It is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

ADDITIONAL INFORMATION

Additional information relating to the Company, including its current and previous year's annual information forms are available on SEDAR at www.sedar.com.

SHARE DATA

As at the date hereof, the Company has 227,077,580 common shares issued and outstanding, 61,805,424 warrants which entitle the holder to purchase one common share between $0.15 and $0.40 between March 31, 2016 and August 12, 2022, and stock options to purchase an aggregate of 5,730,000 common shares expiring at various dates between July 14, 2016 and February 4, 2019 and exercisable at various prices between $0.34 and $1.60 per option. All stock options have vested as at the date hereof.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Internal controls over financial reporting ("ICFR") are designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements in compliance with IFRS. Any system of ICFR, no matter how well-designed, has inherent limitations. Therefore, even well-designed systems of internal control can provide only reasonable assurance with respect to financial statement preparation and presentation.

As at September 30, 2015, no material weaknesses in the Company's ICFR have been identified and for the period commencing on January 1, 2015 and ending September 30, 2015, there were no changes made to the Company's ICFR considered to have materially affected, or are reasonably likely to materially affect, its ICFR. However, the Company continually assesses and, if required, implements new or modifies existing controls required to support operational changes as it makes the transition to becoming a producer. Additional controls are being assessed as new processes are developed and the progress towards commercial production continues.

This document contains certain forward-looking information. This forward-looking information includes statements with respect to, among other things, includes, among others, statements regarding the anticipated development of the NICO project and the SMPP. With respect to forward-looking information contained in this document, the Company has made assumptions, including assumptions regarding, among other things, the Company's ability to obtain the necessary financing to develop and operate the NICO project and the SMPP. Some of the risks that could affect the Company's future results and could cause results to differ materially from those expressed in the Company's forward-looking information include: the inherent risks involved in the exploration and development of mineral properties and in the mining industry in general; the risk that the Company may not be able to arrange the necessary financing to fund the capital and operating improvements necessary to carry on operating or to develop, construct and operate the NICO project and the SMPP; uncertainties with respect to the receipt or timing of required permits for the development of the NICO project or the SMPP; the risk that the operating and/or capital costs for any of the Company's projects may be materially higher than anticipated; the risk of decreases in the market prices of the metals to be produced by the Company's projects; loss of key personnel; discrepancies between actual and estimated mineral resources or between actual and estimated metallurgical recoveries; uncertainties associated with estimating mineral resources and even if such resources prove accurate the risk that such resources may not be converted into mineral reserves, once economic conditions are applied; labour shortages; workplace accidents; the cost and timing of expansion activities; changes in applicable laws or regulations; competition for, among other things, capital and skilled personnel; unforeseen geological, technical, drilling and processing problems; compliance with and liabilities under environmental laws and regulations; changes to the Company's current business strategies and objectives; and other factors, many of which are beyond the Company's control. See "Risks and Uncertainties" in the Company's MD&A for the year ended December 31, 2014. Readers are cautioned to not place undue reliance on forward-looking information because it is possible that predictions, forecasts, projections and other forms of forward-looking information will not be achieved by the Company. These forward-looking statements are made as of the date hereof and the Company assumes no responsibility to update them or revise them to reflect new events or circumstances, except as required by law.