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

Year ended December 31, 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 March 30, 2016 and should be read in conjunction with the Company's Annual Audited Consolidated Financial Statements and the notes thereto for the year ended December 31, 2015, 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.

SELECTED ANNUAL INFORMATION

	2015	2014	2013
Net loss from continuing operations	(10,808,454)	(7,037,400)	(44,331,418)
Basic and fully diluted loss per common share	(0.19)	(0.06)	(0.33)
Total assets	67,958,584	181,909,638	114,491,206
Debt - current	—	68,350,603	2,999,526
Debt - non-current	4,350,893	—	—

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			
	Dec-31	**Sep-30**	**Jun-30**	**Mar-31**	**Dec-31**	**Sep-30**	**Jun-30**	**Mar-31**
Net gain (loss) [(1)]	3,302,635	(45,140,537)	(3,958,732)	4,626,407	(6,950,468)	(1,354,055)	(1,454,488)	(1,257,196)
Basic and fully diluted loss per common share[(2)]	0.01	(0.20)	(0.02)	0.02	(0.03)	(0.01)	(0.01)	(0.01)

Notes:
(1) Interest and other income is included in other items on the consolidated statements of net loss, comprehensive loss, and deficit.
(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") and the related refinery proposed to be constructed near Saskatoon, Saskatchewan.

Fortune has experienced personnel 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 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 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.

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 this development. The NICO project is comprised of a proposed mine and mill in the Northwest Territories as well as its related hydrometallurgical process facility in Saskatchewan, 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 also 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 and 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 year ended December 31, 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 an Access Agreement and an 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 from the NICO project.

Revenue Silver Mine

On October 1, 2014, Fortune Revenue Silver Mines, Inc. ("Fortune Revenue"), a then wholly-owned subsidiary of Fortune, completed the purchase of a 100% ownership interest in the Revenue Silver Mine (the "RSM"), a proposed 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 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.

As a result of the Restructuring Agreement, Fortune no longer has an interest in the RSM.

Arctos Project

On July 13, 2011, the Company and FCL, a wholly-owned subsidiary of the Company, entered into an agreement [the "Agreement"] with POSCO Canada Ltd. ["POSCAN"] and POSCO Klappan Coal Limited ["POSCO Klappan"], a wholly-owned subsidiary of POSCAN, to advance Arctos to production through an unincorporated joint venture, the Arctos JV, with FCL and POSCO Klappan having respective ownership interests of 80% and 20%, respectively.

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 Arctos JV sold its interests of the coal licenses comprising the Arctos project to BC Rail for $18,308,000.

The Company, FCL, POSCAN and POSCO Klappan also entered into an Amendment to Exploration, Development and Mine Operating Joint Venture Agreement ["Amended Agreement"] to restructure the Arctos JV 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 Amended 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. The Company was made solely responsible for reclamation of the Arctos property except for the access road for which the Province will be responsible. The Company was entitled to receive the cash provided as security for its reclamation obligations once the reclamation is complete.

The Company's share of the net proceeds were $9,000,000 resulting in a net loss of $8,670,539 on disposal of the Company's interest in the underlying assets of Arctos. This loss also includes $257,754 of costs incurred to reclaim the property offset by the proceeds received from the reclamation security deposit.

Going forward, under the Arctos Sale Agreement, the Arctos JV 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. No value was attributed to the option at the time of the agreement or as at the year ended December 31, 2015.

The Company 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.

RESULTS OF 2015 OPERATIONS

Summary

The Company's net loss for the year ended December 31, 2015 was $41,170,227 or $0.19 per share compared to $11,016,207 or $0.06 per share for the prior year.

Expenses

Expenses increased to $12,063,954 compared to $8,149,400 for the years ended December 31, 2015 and 2014, respectively.

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

- On May 1, 2015, received net proceeds of $9,000,000 on the sale of the Arctos assets resulting in a net loss of $8,670,539 on disposal of the Company's interest in the underlying assets of Arctos. This loss also includes $257,754 of costs incurred to reclaim the property offset by the proceeds received from the reclamation security deposit.
- During the year, the Company entered into agreements with third parties to sell all of its remaining assets from the Golden Giant Mine equipment for proceeds of $473,876. The total book value of these assets was $1,670,812 resulting in a loss on sale of assets of $1,196,936.
- During the year ended December 31, 2015, the Company closed its Yellowknife office and sold the furniture and office equipment for proceeds of $1,200 resulting in a loss of $757. Additional assets at the Company's corporate office were sold for proceeds of $825 resulting in a loss of $1,379.

The above increase if year over year is partially offset by the following:

- Decrease in administrative expenditures primarily as a result of the Company downsizing and cost saving measures.
- Decrease in investor relations due to cost saving measures.
- Decrease in stock-based compensation expense as a result of no stock options being granted in 2015.
- 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.
- A gain on flow-through share premium of $71,091 was recognized in the year ended December 31, 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 December 31, 2015 was $382,419 (December 31, 2014 - loss of $96,042). Currency translation adjustment for the year ended December 31, 2015 was ($1,571) compared with ($452) for the same period in 2014.

Below is a summary of the estimated fair value of stock options granted for the years ended December 31, 2015 and 2014:

	2015	2014
Options granted during the year	—	2,950,000
Total estimated fair value	—	$533,760
Average fair value per option	—	$0.18
Allocated to:		
Stock-based compensation expense	—	$307,220
Exploration and development expenditures	—	$210,610[(1)]
Capital assets within mining properties	—	$15,930

(1) In 2014 the Company recovered $20,586 of this value, representing POSCAN's 20% share in the Arctos JV.

Deferred Taxes

The Company recognized a deferred income tax recovery of $1,255,500 for the year ended December 31, 2015 compared to $1,112,000 for the same period in 2014. The 2015 deferred income taxes results from recognition of $11,719,000 from the estimated tax loss and $49,000 for other expenses. The net recovery includes a provision of $9,745,000 for a loss carryforward not recognized and $767,500 for non-deductible stock-based compensation, renunciation of flow-through expenses and other expenses. During the same period in 2014, the deferred income tax net recovery of $1,112,000 resulted primarily from a recognition of $3,220,000 from the estimated tax loss, $428,000 due to tax rate difference and $193,000 for investment tax credits on pre-production mining expenditures recorded during the period. The net recovery included a provision of $2,591,000 for a loss carryforward not recognized and $139,000 for non-deductible stock-based compensation and other expenses. A valuation allowance of $24,124,000 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 year ended December 31, 2015 was $6,952,134 compared to $5,034,506 for the same period in 2014. The use of cash in operating activities, before changes in non-cash working capital, is primarily related to expenditures related to RSM prior to the Restructuring Agreement offset by the decrease in expenditures as discussed above in the "Expenses" section.

Cash used in activities was $8,707,923 compared to cash used in investing activities of $54,611,567 when comparing the year ended December 31, 2015 to 2014. This change is primarily due to proceeds received in the year on the sale of Arctos and other assets, offset by cash invested in a subsidiary prior to discontinuing operations. In the prior year, cash was used for the acquisition of the RSM, which incurred significant mine development costs. Exploration and evaluation expenditures have decreased from $4,197,126 in 2014 to $562,664 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.

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 twelve months ended December 31, 2015 were $101,222 and $562,664 respectively, and were spent on the projects as follows:

	Three months ended December 31, 2015	Twelve months ended December 31, 2015
NICO	$ 101,222	$ 442,164
Arctos	—	117,697
All Other Projects	—	2,803
Total cash exploration and evaluation expenditures	$ 101,222	$ 562,664

For comparison, exploration and evaluation expenditures incurred by Fortune on its properties during the three and twelve months ended December 31, 2014 were $195,937 and $4,197,126, respectively, and were spent on the projects as follows:

	Three months ended December 31, 2014	Year ended December 31, 2014
NICO	$ 214,246	$ 2,660,155
Arctos	(18,309)	1,533,865
All Other Projects	—	3,106
Total cash exploration and evaluation expenditures	$ 195,937	$4,197,126

Exploration and evaluation expenditures for the three and twelve months ended December 31, 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.

Cash provided by financing activities decreased to $9,585,207 from $52,706,468 for the year ended December 31, 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. More details are provided in below in the "Liquidity and Capital Resources" section.

Below is a summary of common shares issued and net cash proceeds from financing activities for the years ended December 31, 2015 and 2014:

	2015		2014	
	Shares/Warrants Issued	**Cash Proceeds and Costs, Net**	**Shares/Warrants Issued**	**Cash Proceeds and Costs, Net**
	#	**$**	**#**	**$**
Common shares issued during the year				
Private offerings	10,905,400	758,499	13,551,204	4,587,148
Shares as consideration	1,350,000		50,744,000	
Share issuance costs	-	(40,763)	-	(82,026)
Total	**12,255,400**	**717,736**	**64,295,204**	**4,505,122**
Average proceeds per share issued		**0.06**		**0.07**

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2015, Fortune had cash and cash equivalents of $144,835 and a working capital deficit of $58,548. Of the total consolidated cash, $859 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	**8,750,000**	—	—	—	8,750,000
Interest on Long-term debt	**183,790**	—	—	—	183,790
Provision for Environmental Rehabilitation	**31,688**	—	—	—	31,688
Total Contractual Obligations	**8,965,478**	—	—	—	**8,965,478**

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 using an effective interest rate of 18%.

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 to advance the project through to production.

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 plus an additional $2,715 for water licenses.

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 below. 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 year ending December 31, 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 2016. As it pursues this objective, the Company will strive to prudently manage capital resources and mitigate risks.

TRANSACTIONS WITH RELATED PARTIES

During the year ended December 31, 2015, the Company paid key management personnel, including officers, directors, or their related entities, an aggregate of $1,012,269 for consulting and/or management services and legal services. At December 31, 2015, $97,964 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 December 31, 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	$ -	$ -	$ 44,000	$ 4,000	$ -	$ -	$ 44,000	$ 4,000
Goad, Robin [2]	President & CEO, Director	4,481	-	325,000	-	-	-	329,481	-
Jean, Adam [3]	VP Finance & CFO	48,967	-	-	-	-	-	48,967	-
Knight, David [4]	Director, Corporate Secretary	-	-	-	-	375,500	93,964	375,500	93,964
Romaniuk, Mike	VP Operations & COO	214,321	-	-	-	-	-	214,321	-
Total		$ 267,769	$ -	$ 369,000	$ 4,000	$ 375,500	$ 93,964	$ 1,012,269	$ 97,964

[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 but remains as Corporate Secretary.

[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

Mining Properties Valuation

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 December 31, 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 2016 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, particularly as a consequence of the growing interest in cobalt usage in high performance rechargeable batteries contributing to an average cumulative annual growth rate in the market of approximately 6% as well as constrained and geographical concentration of supply; and
- The recovering price of gold and other metals

Interests in Mining Properties and Exploration and Development Expenditures
In accordance with the Company's accounting policies, acquisition costs and exploration expenditures relating to mineral properties are capitalized until the properties are brought into commercial production or disposed. Amortization will commence when a property is put into commercial production. As the Company does not currently have any properties in commercial production, no amortization has been recorded.

Mineral reserve and mineral resource estimates are not precise and also depend on statistical inferences drawn from drilling and other data, which may prove to be unreliable. Future production could differ from mineral resource estimates for the following reasons:

- mineralization or formation could be different from those predicted by drilling, sampling and similar tests;
- the grade of mineral resources may vary from time to time and there can be no assurance that any particular level of recovery can be achieved from the mineral resources; and
- declines in the market prices of contained minerals may render the mining of some or all of the Company's mineral resources uneconomic.

Any of these factors may result in impairment of the carrying amount of interests in mining properties or exploration and development expenditures.

Going Concern Assumption
The recoverability of amounts shown for mineral properties and related exploration and development expenditures is dependent upon the economic viability of recoverable reserves, the ability of the Company to obtain the necessary permits and financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Currently, the Company does not have a source of revenue other than investment income and it has relied, primarily, on equity financings and strategic partners to fund its activities. The Company may have limited access to capital at an acceptable cost to existing shareholders depending on economic conditions from time to time. The Company had a working capital deficit and positive cash balances at December 31, 2015 and the Company endeavours to manage the cash position prudently though ongoing monitoring of current and future cash and working capital balances relative to planned activities. The available capital is not sufficient to fund the Company's critical path activities in 2016 and additional expenditures will be dependent on and paced with financing activities during the year.

Deferred Income Taxes
The Company follows the deferred tax liability method in accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities, and measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. Assessing the recoverability of deferred tax assets requires management to make significant estimates related to expectations of future taxable income and substantively enacted tax rates. Prior to 2015, the Company completed feasibility studies and updates thereto for its principal project and is undertaking related permitting and financing activities. The benefit of certain non-capital losses, investment tax credits, undeducted share issuance costs and tax value of exploration and evaluation expenditures and capital assets in excess of book value of $24,124,000, has been offset by a valuation allowance of the same amount due to the uncertainty of realizing the benefit of deferred income tax assets in future years.

Stock Based Compensation, Warrants and Compensation Options
The Company recognizes an expense for option awards using the fair value method of accounting. The Company also records the fair value of warrants granted through private offerings or in lieu of fees and compensation options granted using a fair-value estimate. Management estimates the fair value of stock options, warrants granted through private offerings or in lieu of fees, and compensation options using the Black-Scholes model. The Black-Scholes model, used by the Company to calculate fair values, as well as other accepted option valuation models, was developed to estimate fair value of freely tradable, fully transferable options and warrants, which may significantly differ from the Company's stock option awards or warrant grants. These models also require four highly subjective assumptions, including future stock price volatility and expected time until exercise, which greatly affect the calculated values. Accordingly, management believes that these models do not necessarily provide a reliable single measure of the fair value of the Company's stock option awards. The valuation models are used to provide a reasonable estimate of fair value given the variables used.

Asset Retirement Obligations
Legal or constructive obligations associated with site restoration on the retirement of assets are recognized when they are incurred and when a reasonable estimate of the value of the obligation can be made. While the Company has not commenced commercial operations on its mining properties, certain site development and exploration activities have occurred that have given rise to a constructive obligation related to the reclamation of the site at the NICO project. As a result, the Company has recognized an environmental rehabilitation provision for the project. Due to the uncertainty around the settlement date and measurement of potential asset retirement obligations for the Company's project,

management considers the assumptions used to calculate the present value of such liabilities at each reporting period and updates the value recognized as required.

FUTURE ACCOUNTING STANDARDS

IFRS 9, *Financial instruments* ("IFRS 9") was issued by the IASB in November 2009 and will replace IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. This standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The Company plans to adopt IFRS 15 on the effective date, January 1, 2018, and is currently evaluating the impact of this standard on its consolidated financial statements.

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") was issued by the IASB in May 2014. IFRS 15 specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. The Company plans to adopt IFRS 15 on the effective date, January 1, 2018, and is currently evaluating the impact of this standard on its consolidated financial statements.

The IASB has replaced IAS 18, *Revenue* in its entirety with IFRS which is intended to establish a new control-based revenue recognition model and change the basis for deciding whether revenue is to be recognized over time or at a point in time. IFRS 15 is effective for annual periods commencing on or after January 1, 2018. The Company is currently evaluating the impact the standard is expected to have on its consolidated financial statements.

The IASB published *Disclosure Initiative (Amendments to IAS 1)* on December 18, 2014. The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgement in presenting their financial reports. The amendments are effective for annual periods beginning on or after January 1, 2016, with earlier adoption being permitted. The Company is currently evaluating the impact of these amendments on its consolidated financial statements.

ENVIRONMENT

Fortune is committed to a program of environmental protection at its exploration sites. Fortune was in compliance with government regulations in 2015. Secured letters of credit have been provided to be held against future environmental obligations with respect to Arctos and NICO in the amounts of $25,000, representing 100% of the remaining Arctos JV letter of credit, and $211,000, respectively.

RISK AND UNCERTAINTIES

The operations of the Company are speculative due to the high-risk nature of its business, which are the acquisition, financing, exploration and development of mining properties. The risks below are not the only ones facing the Company. Additional risks not currently known to the Company, or that the Company currently deems immaterial, may also impair the Company's operations. If any of the following risks actually occur, the Company's business, financial condition and operating results could be adversely affected.

Nature of Mineral Exploration and Mining

At the present time, the Company does not hold any interest in a mining property in commercial production. The Company's viability and potential success is based on its ability to develop, exploit and generate revenue from mineral deposits. The exploration and development of mineral deposits involves significant financial risk over a significant period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. In order to continue developing the projects towards operation and commercial production, the Company will be required to make substantial additional capital investments. It is impossible to ensure that the past or proposed exploration and development programs on the properties in which the Company has an interest will result in a profitable commercial mining operation.

The operations of the Company are subject to all of the hazards and risks normally incident to mining, exploration and development of mineral properties, any of which could result in damage to life and property, the environment and possible legal liability. The activities of the Company may be subject to prolonged disruptions due to weather conditions as a result of the Company's properties in northern Canada. At NICO, the Company is subject to increased risks relating to the dependence on ice roads to supply and equip its work programs. While the Company has obtained insurance against certain risks in such amounts as it considers adequate, the nature of these risks are such that liabilities could exceed policy limits or could be excluded from coverage. There are also risks against which the Company cannot insure or against which it may elect not to insure. For example, the Company has not obtained environmental insurance at its project sites to date and has limited its insured values of its assets to stated amounts approximating the estimated cash invested in its capital assets to date. The potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage or associated with compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings and competitive position of the Company.

Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size and grade, proximity to infrastructure, financing costs and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting and environmental protection. The Company has undertaken activities to reduce certain risks related to its major projects through: completion of extensive exploration and drilling programs; completion of numerous environmental baseline studies; pilot plant test work and process optimization and verification; and, investing in significant engineering studies for the mine planning, mine site buildings and equipment, infrastructure and processing facility.

Limited Financial Resources

The existing financial resources of the Company are not sufficient to bring any of its properties into commercial production. The Company will need to obtain additional financing from external sources and/or find suitable joint venture partners in order to fund the development of NICO, including the SMPP. There is no assurance that the Company will be able to obtain such financing or joint venture partners on favourable terms or at all. Failure to obtain financing or joint venture partners could result in delay or indefinite postponement of further exploration and development of the Company's properties.

Dependence on Key Personnel and Limited Management Team

Fortune is dependent on the services of its senior executives including the President and Chief Executive Officer, Chief Financial Officer, and other skilled and experienced employees and consultants. The loss of such individuals could have a material adverse effect on Fortune's operations. Fortune will need to supplement its existing management team in order to bring any of its projects into production.

Fluctuating Prices
Factors beyond the control of the Company may affect the marketability of cobalt, bismuth, gold, copper or any other minerals discovered. The range in market prices, over the last five years are as follows: annual average gold prices have ranged from a low of US$1,160/oz in 2015 to a high of US$1,669/oz in 2012; annual average cobalt prices have ranged from a low of US$13.20/lb (2013 and 2015) to a high of US$17.60/lb (2011); annual average copper prices have ranged from a low of US$2.49/lb (2015) to a high of US$3.99/lb (2011); annual average bismuth prices have ranged from a low of US$6.43lb (2015) to a high of US$11.62/lb (2011). The commodity prices have fluctuated widely and are affected by numerous factors beyond the Company's control such as the economic downturn observed in 2008 and 2009, commodity supply shortages, weather events, political instability, and changes in exchange and interest rates. The effect of these factors cannot accurately be predicted. Further, there is opportunity for the product mix of cobalt and bismuth from the NICO project to be adjusted to produce products with varying prices depending on the market.

Permits and Licenses
The operations of the Company require licenses and permits from various governmental authorities. The Company believes that it presently holds all necessary licenses and permits required to carry out the activities it is currently conducting under applicable laws and regulations and the Company believes it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in regulations and in various operating circumstances. On February 11, 2014, the Saskatchewan Minister of Environment accepted the SEAB's recommendation and approved the Company's proposed SMPP, subject to certain conditions. With this approval, the Company can move forward with completing the process of rezoning its land with the Rural Municipality of Corman Park. There can be no assurance that the Company will be able to obtain all licenses and permits required to carry out future exploration, development and mining operations at its projects.

Competition
The mining and mineral exploration business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including other resource companies with greater financial, technical and other resources than the Company, in the search for and acquisition of attractive mineral properties, acquisition of mining equipment and related supplies, and the attraction and retention of qualified personnel. The Company will be constrained in its ability to manage the cost of salaries at NICO and the SMPP during construction and operations as Fortune may be competing for labour with the much larger diamond mining companies operating in the Northwest Territories, oil sands projects in Alberta and potash companies operating in Saskatchewan. There is no assurance that the Company will continue to be able to compete successfully in the acquisition of building materials, sourcing equipment or hiring people.

Environmental and Climate Change Regulation
The operations of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means standards, enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The Company has carried out and completed significant environmental base line studies and environmental monitoring to

position the Company to successfully complete required environmental assessments; however, despite this, the Company has not been able to obtain certain environmental certificates in a timely manner due to the complexities of the regulatory requirements and process. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of future operations. The impacts of international or domestic climate agreements, carbon taxes and other potential climate change legislation are difficult to predict and are not yet fully understood, including impacts on capital and operating costs.

Aboriginal Title and Rights Claims

Aboriginal title and rights may be claimed with respect to Crown properties or other types of tenure with respect to which mining rights have been conferred. The Company is not aware of any aboriginal land claims having been formally asserted or any legal actions relating to aboriginal issues having been instituted with respect to NICO or the SMPP properties other than certain treaty rights established by the Tlicho for NICO. The lands that surround NICO are owned by the Tlicho Government pursuant to an agreement between the Government of Canada, the Northwest Territories and the Tlicho Government. The Company is aware of certain First Nations that claim certain title and rights with respect to Crown properties related to the Company's projects that may or may not be formally asserted with the Crown in order to seek comprehensive land claim settlements.

While the Company has a right of access to the NICO mine site under the Tlicho agreement with the Crown, an access agreement will be required between the Tlicho and the Company for the use of the access roads to be built through Tlicho territory to the site. During 2015, various discussions with the GNWT have taken place in relation to the socio-economic agreement and funding for the all-weather road which is critical in determining the construction schedule for the project. The Company is aware of the mutual benefits afforded by co-operative relationships with aboriginal communities in conducting exploration and development activity and is supportive of measures established to achieve such cooperation including preferential hiring practices, local business development activities, involvement in environmental stewardship and other forms of accommodation. The Company has previously entered into a Co-operative Relationship Agreement and Environmental Assessment Funding Agreement with the Tlicho Government. The Company also received a Bronze Level award for work in Progressive Aboriginal Relations ("PAR") from 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 is committed to open and constructive dialogue with aboriginal communities and will continue to make every effort to increase aboriginal employment and business through its human resources and supply chain policies. However, certain challenges with respect to timely decision making may be encountered when working with First Nation governments as a result of the limited number of key individuals in leadership positions, turnover of leadership personnel and delays while elections are held. It will also be necessary for the Company to negotiate and enter into appropriate participation agreements with relevant First Nations in order to bring its projects into production and there is no assurance that the Company will be able to negotiate such agreements on favourable terms or at all. In addition, other parties may dispute the Company's title to the properties and the properties may be subject to prior unregistered agreements or transfers or land claims by aboriginal peoples, and title may be affected by undetected encumbrances or defects or government actions.

Estimates of Mineral Reserves and Resources May Not be Realized

The mineral reserve and resource estimates published from time to time by the Company with respect to its properties are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. Material changes in resources, grades, stripping ratios or recovery rates may affect the economic viability of projects. However, through extensive investment in exploration drilling, test mining,

bulk sampling, engineering planning and pilot plant testing, the Company has substantially mitigated and reduced these risks. There is a risk that minerals recovered in small-scale laboratory and large scale pilot plant tests will be materially different under on-site conditions or in production scale operations. Short-term factors, such as the need for orderly development of deposits or the processing of new or different grades, may have an adverse effect on mining operations or the results of operations.

The Company has engaged expert independent technical consultants to advise it with respect to mineral reserves and resources and project engineering, among other things. The Company believes that those experts are competent and that they have carried out their work in accordance with all internationally recognized industry standards. However, if the work conducted by those experts is ultimately found to be incorrect or inadequate in any material respect, the Company may experience delays and increased costs in developing its properties.

Health and Safety Matters
The Company's exploration projects are affected by various laws and regulations, including those which cover health and safety matters. Existing legislation and regulations are subject to change, the impacts of which are difficult to measure. It is the policy of the Company to maintain safe working conditions at all its work sites, comply with health and safety legislation, maintain equipment and premises in safe condition and ensure that all employees are trained and comply with safety procedures. The Company has successfully implemented policies and procedures relating to health and safety matters at its project sites and has a good safety record to date.

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 241,363,294 common shares issued and outstanding, 61,805,424 warrants which entitle the holder to purchase one common share between $0.15 and $0.40 and expiring between April 1, 2017 and August 12, 2022, and stock options to purchase an aggregate of 13,370,000 common shares expiring at various dates between May 15, 2016 and March 16, 2019 and exercisable at various prices between $0.05 and $1.60 per option. All stock options have vested as at the date hereof, except for 3,250,000 which are exercisable at a price of $0.05 and vest on September 16, 2016.

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.

The control framework used to design and assess the effectiveness of the Company's ICFR is the *Internal Control - Integrated Framework* (COSO Framework) published by The Committee of Sponsoring Organizations of the Treadway Commission (COSO). Further, the Company uses *Internal Control over Financial Reporting - Guidance for Smaller Public Companies* published by COSO, which provides guidance to smaller public companies on the implementation of the COSO Framework.

The Company assesses internal controls over financial reporting on an ongoing basis and, where determined appropriate, proactively implements enhancements to the design of controls required to support anticipated changes to and growth of the business. Due to operational, financial and administrative changes planned to occur as the Company transforms from an exploration company to a producer, changes will be required to the Company's internal controls over financial reporting in order to maintain reasonable assurance regarding the reliability of the Company's financial reporting and preparation of financial statements. As at December 31, 2015, no material weaknesses in the Company's ICFR have been identified and for the period commencing on January 1, 2015 and ending December 31, 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.

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". 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.