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

Three months ended March 31, 2016

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 May 16, 2016 and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and the notes thereto for the three months ended March 31, 2016 and with the audited consolidated financial statements and the notes thereto and MD&A 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.

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.

	2016	2015				2014		
	Mar-31	Dec-31	Sep-30	Jun-30	Mar-31	Dec-31	Sep-30	Jun-30
Net gain (loss) from continuing operations	(677,916)	(282,181)	(2,506,022)	(7,873,589)	(146,662)	(3,246,138)	(1,101,844)	(1,432,222)
Basic and fully diluted loss per common share[(1)] from continuing operations	—	—	(0.01)	(0.04)	—	(0.02)	(0.01)	(0.01)
Net gain (loss)	(677,916)	4,661,298	(43,444,826)	(3,841,814)	2,813,778	(6,950,468)	(1,354,055)	(1,454,488)
Basic and fully diluted loss per common share[(1)]	—	0.02	(0.20)	(0.02)	0.01	(0.03)	(0.01)	(0.01)

Notes:
(1) 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 three months ended March 31, 2016:

- 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.

The Government of the Northwest Territories ("GNWT"), Department of Transportation has submitted the requisite permit applications to the Wek'èezhìi Land and Water Board to build a public highway to the community of Whati. The application package was developed by the GNWT, with the support of the Tlicho Government, for the 94-kilometre all-season road which would follow a former all-land winter road route to significantly reduce construction costs. Whati is 50 km south of the NICO project which has already received its environmental assessment approval for a mine and concentrator and a spur road from the public highway to the mine.

On May 1, 2015 the Company's wholly-owned subsidiary, Fortune Coal Limited ("FCL") and POSCO Klappan Coal Ltd., FCL's joint venture partner in the Arctos Anthracite Joint Venture ("AAJV"), sold their interests in the coal licenses comprising the Arctos anthracite coal project in northwest British Columbia to British Columbia Railway Company 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.

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 months ended March 31, 2016 and March 31, 2015 were $89,809 and $316,803, respectively, and were spent on the projects as follows:

	Three months ended March 31, 2016	Three months ended March 31, 2015
NICO	$ 89,809	$ 121,483
Arctos	—	195,320
Total cash exploration and evaluation expenditures	$ 89,809	$316,803

Exploration and evaluation expenditures for the three months ended March 31, 2016 were lower compared to the same period in 2015, as a result of the sale of the Arctos licenses in 2015 and decreased expenditures at NICO. With respect to NICO, the Company has reduced spending pending further financing.

RESULTS OF OPERATIONS

Summary

The Company's net loss for the three month period ended March 31, 2016 was $677,916 or $Nil per share compared to a gain of $2,813,778 or $0.01 per share for the same period in the prior year.

Expenses

Expenses increased in 2016 to $677,916 compared to $319,662 in 2015.

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

- Increase in stock-based compensation expense as a result of stock options being granted during the quarter compared to no stock options granted in 2015.
- Increase in interest expense related to interest payable on the long-term debt.
- Decrease in interest and other income related to interest on intercompany debt.
- 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 March 31, 2016 was $27 (March 31, 2015 - $140,564).

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

- Decrease in administrative, investor relations, and corporate development expenditures primarily as a result of the Company downsizing and cost saving measures.
- Decrease in accretion expenses as a result of the sale of the Arctos project.

Deferred Taxes

The Company has not recognized a net deferred income tax recovery or provision for the quarter ended March 31, 2016 compared to a recovery of $173,000 for the same period in 2015. During the quarter, recognition of $180,000 from the estimated tax loss, $40,000 due to tax rate difference and $91,450 for other expenses resulted in an income tax recovery which was equally offset by a tax a provision of $212,750 for a loss carryforward not recognized, $44,500 for non-deductible stock-based compensation, $54,200 for renunciation of flow-through expenses and investment tax credit on pre-production mining expenditures. During the same period in 2015, the deferred income tax net recovery of $173,000 resulted primarily from a recognition of $85,000 from the estimated tax loss, $193,000 for investment tax credits on pre-production mining expenditures and $35,900 for renunciation of flow-through expenses recorded during the period. The net recovery included a provision of $109,000 due to tax rate difference and other expenses and $36,900 for a loss carryforward not recognized. A valuation allowance of $23,200,000 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 quarter ended March 31, 2016 was $372,639 compared to $2,732,395 for the same period in 2015. The use of cash in operating activities has decreased as there are no expenditures related to the Revenue Silver Mine ("RSM") in the current period. The Company disposed of its interest in the RSM in the third quarter of 2015. The decrease is offset by the increase in expenditures as discussed above in the "Expenses" section.

Cash used in investing activities was $89,992 compared to $9,661,557 when comparing the three months ended March 31, 2016 to 2015. In the prior year, the RSM incurred significant mine development costs, which is included in the cash used in investing activities – discontinued operations. Exploration and evaluation expenditures have decreased from $316,803 in 2015 to $89,809 in 2016 due to reduced spending pending further financing.

Cash provided by financing activities decreased to $525,335 from $9,364,588 for the three months ended March 31, 2016 and 2015, respectively. Cash provided in 2016 was as result of $500,000 received from a private placement effective March 9, 2016, offset by financing costs. More details are provided in below in the "Liquidity and Capital Resources" section.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2016, Fortune had cash and cash equivalents of $207,598 and working capital of $83,284. Of the total consolidated cash, $696 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	**294,894**	—	—	—	294,894
Provision for Environmental Rehabilitation	**32,401**	—	—	—	32,401
Total Contractual Obligations	**9,077,295**	—	—	—	**9,077,295**

The long-term debt represents unsecured debentures in the principal amount of $8.75 million held by previous secured creditors. 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 in the December 31, 2015 MD&A filed on SEDAR. The most significant risks to meeting its objectives for NICO continue 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 Impacts and Benefits Agreement;
- 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 first quarter of 2016, 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 its previous financings, 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 2016 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 first quarter of 2016, the Company paid key management personnel, including officers, directors, or their related entities, an aggregate of $85,088 for consulting and/or management services and legal services. In addition, stock options with a fair value of $221,000, using the Black-Scholes option pricing model, were granted to these individuals during the period. At March 31, 2016, $29,750 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 March 31, 2016:

Related Party	Relationship	Business Purpose of Transaction							Total	
		Salaries and Benefits [4]		Consulting Services		Legal Services		Stock Options		
		Paid	Payable	Paid	Payable	Paid	Payable	Granted [5]	Paid/Awarded	Payable
Chen, Shouwu	Director	$ -	$ -	$ -	$ -	$ -	$ -	$ 34,000	$ 34,000	$ -
Clouter, Carl [1]	Director	-	-	8,000	4,000	-	-	34,000	42,000	4,000
Goad, Robin [2]	President & CEO, Director	2,088	-	75,000	11,250	-	-	68,000	145,088	11,250
Knight, David [3]	Corporate Secretary	-	-	-	-	-	14,500	-	-	14,500
Naik, Mahendra	Director	-	-	-	-	-	-	51,000	51,000	-
Yurkowski, Edward	Director	-	-	-	-	-	-	34,000	34,000	-
Total		$ 2,088	$ -	$ 83,000	$ 15,250	$ -	$ 14,500	$ 221,000	$ 306,088	$ 29,750

[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] David Knight is a partner with the law firm Norton Rose Fullbright Canada LLP, which provides legal services to the Company. Mr. Knight is also the Company's Corporate Secretary.

[4] 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.

[5] The value of options granted are calculated using the Black-Scholes option pricing model.

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 March 31, 2016, the Company considered whether there had been any significant changes to indicators at the quarter end and whether any new indicators were present. During the quarter, the market price of gold had improved, the value of the $C had strengthened and although the Company had seen an increase in its share price, the market capitalization gap continued to be significant. Management determined that the above changes in the quarter constituted an impairment indicator due to the effect the price of gold and the exchange rate have on the impairment model and completed an impairment assessment of the NICO project. As a result of that analysis, management has determined that the carrying value of its projects is not impaired or does not require 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 environmental assessment 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

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 255,649,007 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 14,235,000 common shares expiring at various dates between July 14, 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 3,750,000 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 March 31, 2016, no material weaknesses in the Company's ICFR have been identified and for the period commencing on January 1, 2016 and ending March 31, 2016, 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" in the Company's MD&A for the year ended December 31, 2015. 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.