

A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada, other than Quebec, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the **U.S. Securities Act**), or any state securities laws and may not be offered or sold in the United States or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the U.S. Securities Act) except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States or to, or for the account or benefit of, a U.S. person. See "Plan of Distribution".

Information has been incorporated by reference in this prospectus from documents filed with the securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Fortune Minerals Limited at Suite 1600, 148 Fullarton Street, London, Ontario, N6A 5P3 (Telephone: 519.858.8188) and are also available electronically at www.sedar.com.

PRELIMINARY SHORT FORM PROSPECTUS

New Issue

February 21, 2017



FORTUNE MINERALS LIMITED

\$5,700,000 (22,800,000 Units)

This short form prospectus (this **Prospectus**) qualifies the distribution (the **Offering**) of 22,800,000 units of securities (the **Units**) of Fortune Minerals Limited (the **Corporation**) at a price of \$0.25 per Unit (the **Offering Price**) for gross proceeds of \$5,700,000 (the **Offering**). Each Unit consists of one common share in the capital of the Corporation (a **Common Share**, and each Common Share comprising part of a Unit, a **Unit Share**) and one-half of one Common Share purchase warrant (each whole Common Share purchase warrant, a **Unit Warrant**). Each Unit Warrant will entitle the holder thereof to purchase one Common Share (a **Unit Warrant Share**) at a price of \$0.35 per Unit Warrant Share, subject to adjustment in certain circumstances, at any time prior to 5:00 p.m. (Toronto time) on the date that is two years following the closing of the Offering.

The Units are being offered pursuant to an underwriting agreement (the **Underwriting Agreement**), dated February 21, 2017, entered into between Cormark Securities Inc. (the **Underwriter**) and the Corporation. The Offering Price was determined by negotiation between the Corporation and the Underwriter with reference to the prevailing market price of the Common Shares. The Units will be offered in all of the provinces of Canada, other than Quebec (the **Offering Jurisdictions**). The Units may be offered for sale in the United States and to, or for the account or benefit of, U.S. Persons under certain exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws. See "Plan of Distribution".

The Corporation's outstanding Common Shares are listed for trading on the Toronto Stock Exchange (the **TSX**) and are quoted the OTCQX under the symbols "FT" and "FTMDF", respectively. On February 17, 2017, the last full trading day prior to the filing of this Prospectus, the closing sale prices per Common Shares on the TSX and the OTCQX were \$0.29 and US\$0.22, respectively. The Corporation has applied to list the following securities on the TSX: (i) the Unit Shares comprising part of the Units (including any Over-Allotment Shares (as defined below) issuable upon exercise of the Over-Allotment Option (as defined below)); and (ii) the Unit Warrant Shares (including any Over-Allotment Warrant Shares (as defined below)) issuable upon exercise of the Unit Warrants (including any Over-Allotment Warrants (as defined below) issuable upon exercise of the Over-Allotment Option). Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX.

Price: \$0.25 per Unit

	<u>Price to the Public</u>	<u>Underwriter's Fee⁽¹⁾</u>	<u>Net Proceeds to the Corporation⁽²⁾</u>
Per Unit.....	\$0.25	\$0.0125	\$0.2375
Total ⁽³⁾	\$5,700,000	\$285,000	\$5,415,000

- (1) In consideration for the services rendered by the Underwriter in connection with the Offering, the Underwriter will be paid a cash fee (the **Underwriter's Fee**) equal to 5% of the gross proceeds of the Offering, including any proceeds received pursuant to the exercise of the Over-Allotment Option.
- (2) Before deducting expenses of the Offering, which are estimated at \$250,000, and which, together with the Underwriter's Fee, will be paid by the Corporation.
- (3) The Corporation has granted to the Underwriter an over-allotment option (the **Over-Allotment Option**) to purchase up to an additional 3,000,000 Units at the Offering Price (the **Over-Allotment Units**) or up to an additional 3,000,000 Common Shares (the **Over-Allotment Shares**) at a price of \$0.235 per Over-Allotment Share and/or up to an additional 1,500,000 Common Share purchase warrants (the **Over-Allotment Warrants** and, together with the Over-Allotment Units and the Over-Allotment Shares, the **Over-Allotment Securities**) at a price of \$0.03 per Over-Allotment Warrant, or any combination thereof, for additional gross proceeds of up to \$750,000, for the purpose of covering the Underwriters' over-allocation position and for market stabilization purposes. Each Over-Allotment Warrant is exercisable for one Common Share (an **Over-Allotment Warrant Share**) at a price of \$0.35 per Over-Allotment Warrant Share, subject to adjustment in certain circumstances, at any time prior to 5:00 p.m. (Toronto time) on the date that is two years following the closing of the Offering. If the Offering is completed and the Over-Allotment Option is exercised in full, the price to the public, Underwriter's Fee and net proceeds to the Corporation (before deducting expenses of the Offering) will be \$6,450,000, \$322,500 and \$6,127,500, respectively. This Prospectus also qualifies the distribution of the Over-Allotment Securities issuable pursuant to the exercise of the Over-Allotment Option. A purchaser who acquires Over-Allotment Securities forming part of the Underwriter's over-allocation position acquires those Over-Allotment Securities under this Prospectus, regardless, in the case of the Over-Allotment Securities, of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Unless otherwise noted or the context precludes such inclusion, references in this Prospectus to Units, Unit Shares, Unit Warrants and Unit Warrant Shares include the Over-Allotment Units, the Over-Allotment Shares, the Over-Allotment Warrants and the Over-Allotment Warrant Shares, respectively.

The following table sets forth the number of securities that may be issued by the Corporation pursuant to the Over-Allotment Option:

<u>Underwriter's Position</u>	<u>Maximum Number of Securities Available</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Over-Allotment Option	3,000,000 Over-Allotment Units	Up to 30 days following the closing of the Offering	\$0.25 per Over-Allotment Unit
	or		
	3,000,000 Over-Allotment Shares and/or 1,500,000 Over-Allotment Warrants		\$0.235 per Over-Allotment Share
	or		\$0.03 per Over-Allotment Warrant
	any combination thereof		

The Underwriter, as principal, conditionally offers a total of 22,800,000 Units, subject to prior sale if, as and when issued by the Corporation and accepted by the Underwriter in accordance with the conditions contained in the Underwriting Agreement described under the section entitled "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the Corporation by Norton Rose Fulbright Canada LLP and on behalf of the Underwriter by Borden Ladner Gervais LLP. See "Plan of Distribution".

There is no market through which the Unit Warrants may be sold and purchasers may not be able to resell the Unit Warrants purchased under this Prospectus. This may affect the pricing of the Unit Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Unit Warrants and the extent of issuer regulation. See "Risk Factors".

An investment in the Units is speculative and involves a high degree of risk that should be considered by potential purchasers. An investment in the Units is suitable only for those purchasers who are willing to risk a loss of some or all of their investment and who can afford to lose some or all of their investment. The Risk Factors included and incorporated by reference into this Prospectus should be reviewed carefully and evaluated by prospective purchasers of the securities offered hereunder. See "Risk Factors" and "Forward-Looking Information".

Prospective purchasers should rely only on the information contained or incorporated by reference in this Prospectus. The Corporation and the Underwriter have not authorized anyone to provide prospective purchasers with information different from that contained or incorporated by reference in this Prospectus. The Units are being offered only in jurisdictions where, and to persons to whom, offers and sales are lawfully permitted. Investors should not assume that the information contained in this Prospectus is accurate as of any date other than the date on the front page of this Prospectus.

Subject to applicable laws, in connection with the Offering, the Underwriter may effect transactions which stabilize or maintain the market price of the Common Shares at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

Subscriptions for the Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the closing of the Offering will occur on or about March 8, 2017; however, the Units are to be taken up by the Underwriter, if at all, on or before a date that is not later than 42 days after the date of the receipt for the final short form prospectus.

It is anticipated that the Units, Unit Shares and Unit Warrants will be delivered under the book based system through CDS Clearing and Depository Services Inc. (CDS) or its nominee. Purchasers will receive only a customer confirmation from the registered dealer from or through which the Units are purchased and who is a CDS depository service participant. CDS will record the CDS participants who hold the Units, Unit Shares and Unit Warrants on behalf of owners who have purchased the Units in

accordance with the book-based system. Notwithstanding the foregoing, all Units, including all Unit Shares, Unit Warrants and Unit Warrant Shares offered and sold in the United States to persons who are “accredited investors” as such term is defined in Rule 501(a) of Regulation D promulgated under the U.S. Securities Act (the “U.S. Accredited Investors”), will be issued in certificated, individually registered form. See “Plan of Distribution”.

Prospective purchasers should be aware that the acquisition or disposition of securities described herein may have tax consequences in Canada. This Prospectus may not describe these tax consequences fully. Prospective purchaser should rely on their own tax advisors with respect to their own particular circumstances. See “Certain Canadian Federal Income Tax Considerations”.

The head and registered office of the Corporation is located at 148 Fullarton Street, Suite 1600, London, Ontario, N6A 5P3.

All references to currency amounts are to Canadian dollars unless otherwise specified.

TABLE OF CONTENTS

PRELIMINARY SHORT FORM PROSPECTUS.....	i
TABLE OF CONTENTS	iv
DOCUMENTS INCORPORATED BY REFERENCE	1
FORWARD-LOOKING INFORMATION.....	2
ELIGIBILITY FOR INVESTMENT	3
THE CORPORATION	3
CONSOLIDATED CAPITALIZATION.....	6
USE OF PROCEEDS.....	7
PLAN OF DISTRIBUTION.....	7
DESCRIPTION OF SECURITIES BEING OFFERED.....	10
CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS	14
RISK FACTORS.....	17
AUDITOR AND TRANSFER AGENT.....	19
INTEREST OF EXPERTS.....	19
PURCHASERS' STATUTORY RIGHTS	19
CERTIFICATE OF THE CORPORATION.....	C-1
CERTIFICATE OF THE UNDERWRITER	C-2

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with the securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of the Corporation at Suite 1600, 148 Fullarton Street, London, Ontario N6A 5P3 (Telephone: 519.858.8188) and are available electronically at www.sedar.com. The following documents of the Corporation filed with the securities commissions or similar authorities in Canada are incorporated by reference in this Prospectus:

- (a) the annual information form of the Corporation dated March 30, 2016 in respect of the year ended December 31, 2015 (the **AIF**);
- (b) the amended and restated audited consolidated financial statements of the Corporation as at and for the year ended December 31, 2015 together with the notes thereto and the auditor's report thereon (the **Annual Financial Statements**), filed on February 21, 2017;
- (c) the amended and restated management's discussion and analysis of the Corporation for the year ended December 31, 2015 (the **Annual MD&A**), filed on February 21, 2017;
- (d) the amended and restated interim unaudited consolidated financial statements of the Corporation for the three and nine months ended September 30, 2016 (the **Interim Financial Statements**), filed on February 21, 2017;
- (e) the amended and restated management's discussion and analysis of the Corporation for the three and nine months ended September 30, 2016 (the **Interim MD&A**), filed on February 21, 2017;
- (f) the management information circular of the Corporation dated May 11, 2016 in respect of the Corporation's annual and special meeting of shareholders held on June 21, 2016;
- (g) the material change report of the Corporation dated February 17, 2017 in connection with the Offering; and
- (h) the material change report of the Corporation dated February 21, 2017 in connection with the filing of the Amended Financial Reports (as defined below).

Any document of the type described in Section 11.1 of Form 44-101F1 – *Short Form Prospectus* filed by the Corporation with the securities commissions or similar authorities in the provinces of Canada after the date of this Prospectus and prior to the termination of the distribution will be deemed to be incorporated by reference in this Prospectus. The information contained on the Corporation's web-site is not part of this Prospectus and is not incorporated by reference in this Prospectus despite any references thereto in any such documents.

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded, for purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so

modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

FORWARD-LOOKING INFORMATION

This Prospectus and the documents incorporated by reference herein contain “forward-looking information” which may include, but is not limited to, statements with respect to the Offering, including its expected timing of completion, the receipt of required regulatory approvals and the use of net proceeds therefrom, the results of activities conducted using the net proceeds, future financial or operating performance of the Corporation, its subsidiaries and their respective projects, the Corporation’s plans to develop the NICO project (as defined below) project (including the Corporation’s plans to secure off-take agreements and project financing to start construction) and the Saskatchewan Metals Processing Plant (as defined below), estimated future production, anticipated growth in the demand for cobalt, anticipated constraints on the supply of cobalt and plans for the construction of an all-season road needed for operations at the NICO project, the size and quality of the Corporation’s mineral resources, progress in permitting and development of mineral properties, timing and cost for placing the Corporation’s mineral projects into production, costs of production, amount and quality of metal products recoverable from the Corporation’s mineral resources, demand and market outlook for metals and coal and future metal and coal prices. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes”, or variations (including negative variations of such words and phrases), or state that certain actions, events or results “may”, “could”, “would”, “might”, or “will be taken”, “occur” or “be achieved”. In making the forward-looking statements in this Prospectus, the Corporation has applied certain factors and assumptions that it believes are reasonable, including that there is no material deterioration in general business and economic conditions; that there are no adverse changes in relevant laws or regulations; that the supply and demand for, deliveries of, and the level and volatility of prices of metals and minerals develop as expected; that the Corporation receives any regulatory and governmental approvals for its projects on a timely basis; that the Corporation is able to obtain financing on reasonable terms; that the Corporation is able to procure equipment and supplies in sufficient quantities and on a timely basis; that engineering and exploration timetables and capital costs for the Corporation’s exploration plans are not incorrectly estimated or affected by unforeseen circumstances and that any environmental and other proceedings or disputes are satisfactorily resolved.

However, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drilling results and other geological data, fluctuating metal prices, the possibility of unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future and uncertainties related to metal recoveries, those factors discussed or referred to under “Risk Factors” in this Prospectus and under “Risk Factors” in the AIF. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained or incorporated by reference herein are made as of the date of this Prospectus or the date of the document incorporated by reference herein, as applicable, based on the opinions and estimates of management at that time. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Corporation does not undertake to update any forward-looking statements, except as required by applicable securities laws.

ELIGIBILITY FOR INVESTMENT

In the opinion of Norton Rose Fulbright Canada LLP, counsel to the Corporation, and Borden Ladner Gervais LLP, counsel to the Underwriter, based on the provisions of the *Income Tax Act* (Canada) and the regulations thereunder (the **Tax Act**) in force as of the date hereof, the Unit Shares, Unit Warrants and Unit Warrant Shares, as applicable, will be, at a particular time, a qualified investment under the Tax Act for a trust governed by a registered retirement savings plan (**RRSP**), a registered retirement income fund (**RRIF**), a deferred profit sharing plan, a registered education savings plan, a registered disability savings plan or a tax-free savings account (**TFSA**), each as defined in the Tax Act (each, a **Plan**), at the time of the acquisition of such Unit Shares, Unit Warrants and Unit Warrant Shares by the Plan, provided that, at the time of the acquisition by the Plan:

- (a) in the case of the Unit Shares and the Unit Warrant Shares, such Unit Shares and Unit Warrant Shares are listed on a “designated stock exchange” for purposes of the Tax Act (which currently includes the TSX) at the particular time; and
- (b) in the case of the Unit Warrants, the Unit Warrant Shares are listed on a “designated stock exchange” for purposes of the Tax Act (which currently includes the TSX) at the particular time and the Corporation is not a “connected person” (as defined in the Regulations) under the governing plan of the trust.

Notwithstanding that a Unit Share, Unit Warrant or Unit Warrant Share may be a qualified investment for a trust governed by a TFSA, RRSP or RRIF, the holder of a TFSA or an annuitant of an RRSP or RRIF, as the case may be, will be subject to a penalty tax in respect of such Unit Share, Unit Warrant or Unit Warrant Share held in the TFSA, RRSP or RRIF, if such Unit Share, Unit Warrant or Unit Warrant Share is a “prohibited investment” within the meaning of the Tax Act. A Unit Share, a Unit Warrant or a Unit Warrant Share will not be a “prohibited investment” for a trust governed by a TFSA, RRSP or RRIF unless the holder of the TFSA or the annuitant under the RRSP or RRIF, as applicable, (i) does not deal at arm’s length with the Corporation for purposes of the Tax Act, or (ii) has a “significant interest” as defined in the Tax Act in the Corporation. In addition, the Unit Shares and Unit Warrant Shares will not be a “prohibited investment” if such securities are “excluded property”, as defined in the Tax Act, for a TFSA, RRSP or RRIF. Prospective purchasers who intend to hold the Unit Shares, Unit Warrants or Unit Warrant Shares in their TFSAs, RRSPs or RRIFs should consult their own tax advisors regarding their particular circumstances.

THE CORPORATION

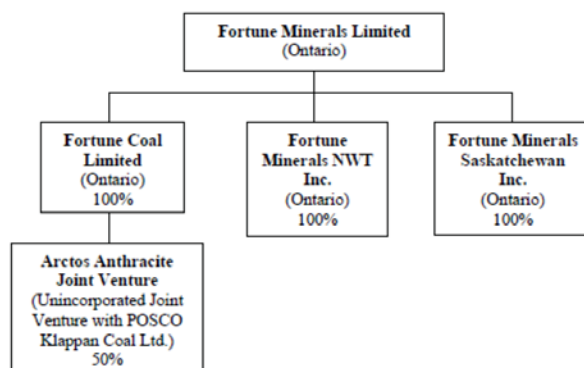
Overview

The Corporation was incorporated under the laws of the Province of Ontario by certificate of incorporation dated August 2, 1988. By certificate and articles of amendment dated March 2, 1989, the Corporation amended its articles to remove the private company restrictions from its articles. By certificate and articles of amendment dated July 28, 1997, the Corporation amended its articles to subdivide the Common Shares on a three-for-one basis.

The Corporation has three material subsidiaries, Fortune Minerals Saskatchewan Inc. (**FMSI**), Fortune Minerals NWT Inc. (**FMNI**), and Fortune Coal Limited (**FCL**) all of which are wholly-owned by the Corporation. All such subsidiaries were incorporated under the laws of the Province of Ontario. Unless the context otherwise requires, the term “the Corporation” where used herein refer to Fortune Minerals Limited, Fortune Minerals Saskatchewan Inc., Fortune Minerals NWT Inc., and Fortune Coal Limited on a consolidated basis.

The Corporation’s head office and registered and records office is located at 148 Fullarton Street, Suite 1600, London, Ontario, N6A 5P3.

The following diagram sets forth the organizational structure of the Corporation and its material affiliates:



Summary Description of the Business

The Corporation is a diversified mining and resource development company with mineral deposits in the advanced exploration and development stage, as well as exploration projects, located in Canada. The Corporation is currently focused on the NICO gold-cobalt-bismuth-copper deposit (**NICO**) in the Northwest Territories (**NWT**). As part of the development of the NICO deposit, the Corporation has purchased lands near Saskatoon, Saskatchewan, where it proposes to construct a hydrometallurgical process plant to process bulk concentrates produced from the NICO property to high value metal and chemical products (the **Saskatchewan Metals Processing Plant**). Based on a completed feasibility study to date, the NICO project contains reserves to support mining operations for more than 20 years. In addition, the Corporation owns the Sue- Dianne copper-silver-gold deposit (**Sue-Dianne**) and the Salkeld Lake exploration project in the NWT. The Corporation is pursuing growth of shareholder value through assembly, development and operation of high quality mineral resource projects. The Corporation's strategy is currently focused on NICO.

For additional information on the NICO and Sue-Dianne projects, see "Mineral Projects" in the AIF.

Recent Developments

In April, 2016, the Corporation announced that the Government of NWT, Department of Transportation 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 Government of NWT, with the support of the Tlicho Government for a 94-kilometre all-season road (**TASR**) which would follow a former all-land winter road route. Whati is 50 km south of the NICO project.

In January, 2017, the Government of NWT and the Tlicho Government jointly announced federal funding for the construction of the TASR on that basis that the federal government will provide up to 25 per cent of the construction costs for this road through the P3 Canada Fund. The TASR is a critical enabler for mine operations and will allow the Corporation to truck metal concentrates south to the rail head at Hay River for railway delivery to its proposed refinery in Saskatchewan for downstream processing to value added products.

Later in January, 2017, the Corporation announced the engagement of PricewaterhouseCoopers Corporate Finance Inc. (**PwCCF**) as the Corporation's financial advisor to help secure financing for construction of the NICO project. The Corporation has expended over \$116 million advancing NICO from an in-house discovery to a development project with positive feasibility and front-end engineering and design studies prepared by globally recognized engineering firms. Capital costs to develop the asset are estimated at \$589 million, excluding working capital. With the assistance of PwCCF, the Corporation

plans to secure these funds through a combination of strategic partnerships, conventional and supplier debt, product off-take and/or forward sales of a portion of the contained gold.

The Corporation believes that the recent announcement of government funding for the TASR needed for mine operations, and the recent positive momentum in cobalt and gold markets, will allow the Corporation to advance its principal objective of achieving successful development and financing of the NICO project. The major milestones to achieve on the path forward for the development of the NICO mine site and Saskatchewan Metals Processing Plant include:

1. continuing to work with governments to achieve certainty on a construction schedule of the TASR which will determine the NICO project construction schedule;
2. completing a re-zoning followed by the receipt of all necessary environmental licenses and permits for the Saskatchewan Metals Processing Plant site;
3. completing an agreement with the Tlicho Government for the TASR and NICO access road and an Impacts and Benefits Agreement;
4. working with PwCCF to secure financing for the construction of the NICO project;
5. completing road construction agreements and site preparation plans, including construction of laydown areas to receive equipment and material required for early work construction; and
6. continuing detailed engineering and procurement activities once financing is secured.

See “Use of Proceeds”. For additional information on the NICO project, see “Mineral Projects” in the AIF.

On February 21, 2017, the Corporation announced that it had filed amended and restated financial statements (together with an amended corresponding management’s discussion and analysis) (collectively, the **Amended Financial Reports**) for the year ended December 31, 2015 and the quarters ended March 31, June 30, 2016 and September 30, 2016 (collectively, the **Financial Periods**) to correct certain accounting errors.

In particular, in connection with the preparation of the Corporation’s audited consolidated annual financial statements for the year ended December 31, 2016 and a review of the Corporation’s unaudited interim financial statements for the quarter ended September 30, 2016, it was determined by management, and agreed to by the Corporation’s auditors, BDO Canada LLP, that, as a result of the anti-dilution provisions of the Class A Common Share purchase warrants (the **Class A Warrants**) and Class B Common Share purchase warrants (the **Class B Warrants** and together with the Class A Warrants, the **Warrants**) issued by the Corporation on August 12, 2015, the previous accounting treatment in the financial statements for the Financial Periods (collectively, the **Financial Statements**) was incorrect. Upon further investigation, it was determined that the Warrants should have been recorded as a derivative liability as at each Financial Period instead of as a component of equity. Additionally, the Warrants should have been recorded at fair value using Black Scholes methodology at the end of each of the relevant reporting periods. See footnote (7) under “Prior Sales” for further information regarding the Warrants. An error was also noted in the calculation of the Loss on Discontinued Operations and Other Comprehensive Income in the Financial Statements for the year ended December 31, 2015.

As a result, the Financial Statements (and the corresponding management’s discussion & analysis for each Financial Statement) were amended and restated to move the value of the Warrants from the equity section of the Corporation’s statement of financial position to the liability section. The impact of these changes to each of the Financial Statements is highlighted in the table below:

	September 30, 2016		June 30, 2016		March 31, 2016		December 31, 2015	
	As Restated	As Previously Reported	As Restated	As Previously Reported	As Restated	As Previously Reported	As Restated	As Previously Reported
	\$	\$	\$	\$	\$	\$	\$	\$
Derivatives	6,601,712	—	4,344,810	—	1,916,634	—	395,746	—
Share Capital	161,374,666	161,831,321	160,568,782	161,025,437	160,222,460	160,679,115	159,697,125	160,153,780
Deficit	(116,186,944)	(110,041,887)	(113,273,705)	(109,385,550)	(110,284,822)	(108,824,843)	(108,086,018)	(108,146,927)
Change in fair value related to derivative liability	(6,205,966)	—	(3,949,064)	—	(1,520,888)	—	60,909	—
Net Loss from Continuing Operations	(8,100,926)	(1,894,960)	(5,187,687)	(1,238,623)	(2,198,804)	(677,916)	(10,747,545)	(10,808,454)
Loss from Discontinued Operations	—	—	—	—	—	—	(30,361,773)	(29,003,110)
Other Comprehensive Income	25	25	25	25	25	25	(1,359,115)	(1,358,663)
Net Comprehensive Loss	(8,100,901)	(1,894,935)	(5,187,662)	(1,238,598)	(2,198,779)	(677,891)	(42,468,433)	(41,170,227)
Loss per Share	(0.03)	(0.01)	(0.02)	—	(0.01)	—	(0.19)	(0.19)

The MD&A for each of the Financial Periods was amended and restated to reflect the changes to the Financial Statements discussed above.

The Amended Financial Reports are available under the Corporation's profile on SEDAR at www.sedar.com. Each of the Amended Financial Reports replace and supersede the respective previously filed original financial statements and related management discussion and analysis. Such previously filed original financial statements and management discussion and analyses should be disregarded.

CONSOLIDATED CAPITALIZATION

Other than as listed in the "Prior Sales" section of this Prospectus, there has been no material change in the share and loan capital of the Corporation on a consolidated basis since September 30, 2016, the date of the Corporation's most recently filed interim financial statements. The following table sets forth the consolidated capitalization of the Corporation as of September 30, 2016 on an actual basis, and as adjusted to give effect to the Offering as if it had occurred on September 30, 2016. This table should be read in conjunction with the consolidated financial statements of the Corporation and related notes and management's discussion and analysis of financial condition of operations in respect of those statements that are incorporated by reference in this Prospectus.

(in thousands of Canadian dollars unless otherwise stated)	As reported at September 30, 2016	As at September 30, 2016 after giving effect to the Offering
Common Shares ⁽¹⁾	\$160,950,809	\$164,756,599
	(268,149,007 Common Shares)	(290,949,007 Common Shares)
Convertible Securities ⁽¹⁾	\$880,512	\$2,239,722
	(68,055,424 warrants)	(79,455,424 warrants)
	15,885,000 stock options	15,885,000 stock options
Other Reserves	\$11,916,014	\$11,916,014
Deficit	(\$110,041,887)	(\$110,041,887)

Other Accumulated Other Comprehensive Income	(\$1,998)	(\$1,998)
Total Shareholders' Equity	\$63,703,450	\$68,868,450

- (1) Does not include any Over-Allotment Shares, Over-Allotment Warrants, Over-Allotment Warrants Shares or Unit Warrant Shares.

USE OF PROCEEDS

The estimated net proceeds to the Corporation from the Offering will be approximately \$5,165,000 after deducting the Underwriter's Fee and the estimated expenses of the Offering. If the Over-Allotment Option is exercised in full, the estimated net proceeds to the Corporation, after deducting the Underwriter's Fee and the estimated expenses of the Offering, will be approximately \$5,877,500.

The Corporation intends to use the net proceeds of the Offering as follows:

Funding of an updated feasibility study for the NICO project and related engineering costs	\$1,000,000
Securing funds for NICO project financing and due-diligence	\$1,500,000
Environmental monitoring	\$500,000
Complete rezoning of Saskatchewan Metals Processing Plant lands	\$500,000
General corporate matters	\$1,665,000
	\$5,165,000.00

See "The Corporation – Recent Developments". Although the Corporation intends to expend the net proceeds from the Offering as set out above, the amount actually expended for the purposes described above could vary significantly depending on, among other things, the actual costs of the updated feasibility study, unforeseen events and the Corporation's future operating and capital needs from time to time. There may be circumstances where, for sound business reasons, a reallocation of the funds may be necessary.

The Corporation had negative cash flow from operating activities in its financial year ended December 31, 2015 and the nine months ended September 30, 2016. To the extent that the Corporation has negative operating cash flows in future periods, it may need to deploy a portion of its existing working capital to fund such negative cash flow. See "Risk Factors".

PLAN OF DISTRIBUTION

In Canada, the Units will be offered in each of the provinces of Canada, other than Quebec. The Units may be offered for sale in: (i) the United States and to, or for the account or benefit of, U.S. Persons under certain exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws; and (ii) jurisdictions outside of Canada and the United States, in each case in accordance with all applicable laws provided that no prospectus, registration statement or similar document is required to be filed in such jurisdiction.

Pursuant to the Underwriting Agreement, the Corporation has agreed to sell and the Underwriter, as underwriter, has agreed to purchase on the Closing Date, as principal, subject to compliance with all necessary legal requirements and the terms and conditions contained in the Underwriting Agreement, a total of 22,800,000 Units at the Offering Price, payable in cash to the Corporation against delivery of certificates representing the Unit Shares and Unit Warrants underlying such Units on the Closing Date. Under the Underwriting Agreement, the Corporation has agreed to pay to the Underwriter a cash fee

equal to 5% of the aggregate purchase price paid by the Underwriter to the Corporation for the Units. The Offering Price of the Offered Shares was determined by negotiation between the Corporation and the Underwriter.

The obligations of the Underwriter under the Underwriting Agreement may be terminated at its discretion on the basis of the “disaster out”, “regulatory out”, “material change out” and “breach out” provisions of the Underwriting Agreement and may also be terminated upon the occurrence of certain other stated events. The Underwriters are, however, obligated to take up and pay for all Units (excluding Over-Allotment Units, except to the extent the Over-Allotment Option is exercised) if any are purchased under the Underwriting Agreement.

The Corporation has granted to the Underwriter the Over-Allotment Option to purchase up to an additional 3,000,000 Over-Allotment Units at the Offering Price or up to an additional 3,000,000 Over-Allotment Shares at a price of \$0.235 per Over-Allotment Share and/or up to an additional 1,500,000 Over-Allotment Warrants at a price of \$0.03 per Over-Allotment Warrant, or any combination thereof, for additional gross proceeds of up to \$750,000, for the purpose of covering the Underwriter’s over-allocation position and for market stabilization purposes. If the Offering is completed and the Over-Allotment Option is exercised in full, the price to the public, Underwriter’s Fee and net proceeds to the Corporation (before deducting expenses of the Offering) will be \$6,450,000, \$322,500 and \$6,127,500, respectively. This Prospectus also qualifies the distribution of the Over-Allotment Securities issuable pursuant to the exercise of the Over-Allotment Option

The Corporation has agreed to indemnify the Underwriter against certain liabilities, including liabilities under applicable Canadian securities legislation, or to contribute to payments the Underwriter may be required to make in respect of those liabilities.

The Corporation has agreed not to directly or indirectly issue any Common Shares or securities or other securities convertible, exercisable or exchangeable into Common Shares (other than: (i) the grant or exercise of stock options or similar issuances pursuant to incentive plans of the Corporation or other share compensation arrangements; (ii) pursuant to rights or obligations under securities or instruments outstanding; or (iii) in connection with the bona fide acquisition by the Corporation of the shares or assets of other corporations or entities) until 90 days following closing of the Offering. The Corporation’s directors and executive officers will also agree, on or prior to the Closing Date, not to sell, agree or offer to sell, grant any option for the sale of, transfer, assign, pledge or otherwise dispose of any Common Shares or securities convertible or exchangeable into Common Shares individually owned, directly or indirectly, by such individual for a period of 90 days following the Closing Date without the prior written consent of the Underwriter, such consent not to be unreasonably withheld or delayed.

The Underwriter may not, throughout the period of distribution under this Prospectus, bid for or purchase Common Shares. The foregoing restriction is subject to certain exceptions, as long as the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in or raising the price of the Common Shares. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces of the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market-making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Subject to the foregoing and applicable regulations, the Underwriter may over-allot or effect transactions in connection with the Offering intended to stabilize or maintain the market price of the Common Shares at levels above that which would otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Underwriter shall have the right to invite additional underwriters, which are satisfactory to the Corporation, acting reasonably, to participate in the Offering.

The Corporation has applied to list the following securities on the TSX: (i) the Unit Shares comprising part of the Units (including any Over-Allotment Shares issuable upon exercise of the Over-Allotment Option);

and (ii) the Unit Warrant Shares (including any Over-Allotment Warrant Shares) issuable upon exercise of the Unit Warrants (including any Over-Allotment Warrants issuable upon exercise of the Over-Allotment Option). Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX.

The Unit Warrants will be created and issued pursuant to the terms of a warrant indenture to be dated as of the Closing Date (the **Warrant Indenture**), between the Corporation and Computershare Trust Company of Canada, as warrant agent thereunder (the **Warrant Agent**). Each Unit Warrant will entitle the holder thereof (the **Warrantholder**) to purchase one Unit Warrant Share at an exercise price of \$0.35 per Unit Warrant Share at any time prior to 5:00 p.m. (Toronto time) on the date that is 24 months following the Closing Date, after which time the Unit Warrants will expire and be void and of no value. The Warrant Indenture will contain customary adjustment provisions designed to protect the holders of Warrants against dilution upon the occurrence of certain events. No fractional Unit Warrants or Unit Warrant Shares will be issued upon the exercise of any Unit Warrants and no cash or other consideration will be paid in lieu of fractional Unit Warrants or fractional Unit Warrant Shares. See “Description of Securities Being Distributed”.

Holders of Unit Warrants will not have any voting right or other right attached to the Unit Warrant Shares until the Unit Warrants are duly exercised as provided for under the Warrant Indenture and the Unit Warrant Shares are issued.

There is no market through which the Unit Warrants may be sold and purchasers may not be able to resell the Unit Warrants purchased under this Prospectus. This may affect the pricing of the Unit Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See “Risk Factors”.

It is anticipated that the Units, Unit Shares and Unit Warrants will be delivered under the book based system through CDS or its nominee. Purchasers will receive only a customer confirmation from the registered dealer from or through which the Units are purchased and who is a CDS depository service participant. CDS will record the CDS participants who hold the Unit Shares and Unit Warrants comprising the Units on behalf of owners who have purchased the Units in accordance with the book-based system. Notwithstanding the foregoing, all Units, including all Unit Shares, Unit Warrants and Unit Warrant Shares offered and sold in the United States to persons who are U.S. Accredited Investors will be issued in certificated, individually registered form.

None of the Units, Unit Shares, Unit Warrants nor Unit Warrant Shares have been or will be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold to, or for the account or benefit of, persons in the United States or U.S. Persons except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Underwriter has agreed that it will not offer or sell the Units to, or for the account or benefit of, persons in the United States or U.S. Persons except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws and in accordance with the terms and condition set forth in the Underwriting Agreement. The Underwriter may: (i) offer and resell the Unit Shares and Unit Warrants comprising the Units that it has acquired pursuant to the Underwriting Agreement to, or for the account or benefit of, persons in the United States or U.S. Persons to persons who are “qualified institutional buyers”, as such term is defined in Rule 144A under the 1933 Act (**Qualified Institutional Buyers**), in compliance with Rule 144A under the U.S. Securities Act and applicable U.S. state securities laws, and (ii) offer the Unit Shares and the Unit Warrants comprising the Units to, or for the account or benefit of, persons in the United States or U.S. Persons to persons to whom the Corporation will sell such securities directly as substituted purchasers, where such persons are Accredited Investors, in compliance with Rule 506(b) of Regulation D under the U.S. Securities Act and applicable U.S. state securities laws. The Underwriter will offer and sell the Unit Shares and the Unit Warrants comprising the Units outside the United States to non-U.S. Persons only in accordance with Regulation S under the U.S. Securities Act. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Unit Shares or the Unit Warrants comprising the Units offered under the Offering to, or for the account or benefit of, persons in the United States or U.S. Persons.

In addition, until 40 days after the commencement of the Offering, an offer or sale of the Unit Shares and Unit Warrants comprising the Units and the Unit Warrant Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in reliance on an exemption from the registration requirements of the U.S. Securities Act.

In connection with the Offering, the Underwriter may distribute prospectuses electronically.

DESCRIPTION OF SECURITIES BEING OFFERED

Unit Shares

The authorized share capital of the Corporation consists of an unlimited number of Common Shares.

The Common Shares, including the Unit Shares entitle the holders thereof to (i) notice of, and attend, any meetings of shareholders and shall have one vote per share at any meeting of shareholders of the Corporation; (ii) dividends, if as and when declared by the board of directors of the Corporation; and (iii) upon liquidation, dissolution or winding up of the Corporation, on a pro rata basis, the net assets of the Corporation after payment of debts and other liabilities.

Unit Warrants

The Unit Warrants will be issued under the Warrant Indenture. The Corporation will appoint the principal transfer offices of the Warrant Agent in Toronto, Ontario as the location at which Unit Warrants may be surrendered for exercise, transfer or exchange. The following summary of certain provisions of the Warrant Indenture does not purport to be complete and is qualified in its entirety by reference to the provisions of the Warrant Indenture, which shall be filed by the Corporation and available on SEDAR at www.sedar.com from and after the Closing Date.

Each whole Unit Warrant will be transferable and will entitle the Warrantholder to purchase one Unit Warrant Share at a price of \$0.35 per Unit Warrant Share at any time prior to 5:00 p.m. on the date that is two years following the closing of the Offering, after which time the Unit Warrants will expire. The Unit Warrants will be issued under the Warrant Indenture. Under the Warrant Indenture, the Corporation may, subject to applicable law, purchase by private contract or otherwise, any of the Unit Warrants then outstanding, and any Unit Warrants so purchased will be cancelled.

The Warrant Indenture will provide for adjustment in the number of Unit Warrant Shares issuable upon the exercise of the Unit Warrants and/or the exercise price per Unit Warrant Share upon the occurrence of certain events, including:

- a) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all of the holders of the Common Shares by way of a stock dividend or other distribution (other than a "dividend paid in the ordinary course", as defined in the Warrant Indenture, or a distribution of Common Shares upon the exercise of any warrants, or pursuant to the exercise of options granted under the Corporation's stock option plan or other securities outstanding as of the date of the Warrant Indenture);
- b) the subdivision, redivision or change of the Common Shares into a greater number of shares;
- c) the consolidation, reduction or combination of the Common Shares into a lesser number of shares;
- d) the issuance to all or substantially all of the holders of the Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Common Shares, or

securities exchangeable for or convertible into Common Shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the "Current Market Price", as defined in the Warrant Indenture, for the Common Shares on such record date; and

- e) the issuance or distribution to all or substantially all of the holders of the Common Shares of securities of any class (other than Common Shares), rights, options or warrants to subscribe for or purchase Common Shares or securities exchangeable or convertible into any Common Shares (other than pursuant to a Rights Offering (as such term is defined in the Warrant Indenture)), evidences of indebtedness or any property or other assets.

The Warrant Indenture will also provide for adjustment in the class and/or number of securities issuable upon the exercise of the Unit Warrants and/or exercise price per security in the event of the following additional events:

- a) reclassifications of the Common Shares or a capital reorganization of the Corporation (other than as described in clauses (a) to (c) above);
- b) consolidations, amalgamations, arrangements or mergers of the Corporation with or into any other corporation or other entity (other than consolidations, amalgamations, arrangements or mergers which do not result in any reclassification of the outstanding Common Shares or a change of the Common Shares into other shares); or
- c) the transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation or other entity.

No adjustment in the exercise price or the number of Unit Warrant Shares issuable upon the exercise of the Unit Warrants will be required to be made unless the cumulative effect of such adjustment or adjustments would result in a change of at least 1% in the exercise price or a change in the number of Unit Warrant Shares issuable upon exercise by at least one one-hundredth of a Unit Warrant Share, as the case may be.

The Corporation will covenant in the Warrant Indenture that, during the period in which the Unit Warrants are exercisable, it will give notice to the Warrant Agent and to holders of Unit Warrants (the **Warrantholders**) of certain stated events, including events that would result in an adjustment to the exercise price for the Unit Warrants or the number of Unit Warrant Shares issuable upon exercise of the Unit Warrants, at least 14 days prior to the record date or effective date, as the case may be, of such event, if any.

No fractional Unit Warrant Shares will be issuable upon the exercise of any Unit Warrants or otherwise provided pursuant to the Warrant Indenture. The Unit Warrants may only be exercised in a sufficient number to acquire whole numbers of Unit Warrant Shares and no cash or other consideration will be paid in lieu of fractional Unit Warrant Shares. Warrantholders will not have any voting or pre-emptive rights, redemption or any other rights which a holder of Common Shares would have.

The Warrant Indenture will provide that, from time to time, the Corporation and the Warrant Agent, may amend or supplement the Warrant Indenture for certain purposes, without the consent of the Warrantholders, including curing defects or inconsistencies or making any change that does not adversely affect the rights of any Warrantholder. Any amendment, modification, arrangement or supplement to the Warrant Indenture that would adversely affect the interests of the Warrantholders may only be made by "extraordinary resolution", which will be defined in the Warrant Indenture as a resolution either (1) passed at a meeting of the Warrantholders at which there are Warrantholders present in person or represented by proxy holding at least 20% of the aggregate number of the then outstanding Unit Warrants (unless such meeting is adjourned to a prescribed later date due to the lack of quorum) and passed by the affirmative vote of Warrantholders representing not less than 66 2/3% of the aggregate number of all the then outstanding Unit Warrants represented at the meeting and voted on the poll upon

such resolution, or (2) adopted by an instrument in writing signed by the Warrantholders representing not less than 66 2/3% of the aggregate number of all the then outstanding Unit Warrants.

The Unit Warrants and the Unit Warrant Shares issuable upon the exercise of the Unit Warrants have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States. The Unit Warrants will not be exercisable by, or on behalf of, a person in the United States or a U.S. person, nor will certificates representing the Unit Warrant Shares issuable upon exercise of the Unit Warrants be registered or delivered to an address in the United States, unless an exemption from the registration requirements of the U.S. Securities Act and any applicable state securities laws is available and provided that, subject to certain exceptions, the Corporation has received an opinion of counsel of recognized standing to such effect in form and substance satisfactory to the Corporation.

Trading Price and Volume

The Common Shares are listed for trading on the TSX and are quoted on the OTCQX under the symbols "FT" and "FTMDF", respectively. The following table shows the monthly ranges of high and low prices per Common Share as well as total monthly volumes traded on the TSX during the 12-month period before the date of this Prospectus.

Period	Price Range (\$)		Volume
	High	Low	
2017			
February 1 to February 17.....	0.335	0.165	27,065,218
January	0.180	0.115	16,349,392
2016			
December	0.135	0.095	2,390,768
November	0.150	0.095	4,826,705
October	0.150	0.135	3,784,937
September	0.145	0.110	4,069,445
August	0.165	0.100	8,555,942
July	0.110	0.095	3,492,619
June	0.135	0.085	7,554,594
May	0.140	0.090	7,554,827
April	0.135	0.050	15,123,917
March.....	0.070	0.030	14,846,986
February	0.040	0.015	7,556,330

On February 17, 2017, the last full trading day prior to the filing of this Prospectus, the closing sale prices per Common Shares on the TSX and the OTCQX were \$0.29 and US\$0.22, respectively.

Prior Sales

Other than as described below or in the documents incorporated by reference herein, during the 12-month period before the date of this Prospectus, the Corporation has not issued any Common Shares or any securities that are convertible into or exercisable for Common Shares.

Common Shares

Date of Issue	Number of Common Shares Issued	Purchase Price of Common Shares Issued
March 8, 2016 ⁽¹⁾	14,285,714	\$0.035
April 8, 2016 ⁽¹⁾	14,285,713	\$0.035
August 5, 2016 ⁽²⁾	10,000,000	\$0.10
August 15, 2016 ⁽²⁾	2,500,000	\$0.10

Date of Issue	Number of Common Shares Issued	Purchase Price of Common Shares Issued
October 28, 2016 ⁽³⁾	2,750,000	\$0.16
February 14, 2017 ⁽⁴⁾	625,000	\$0.15

Stock Options⁽⁵⁾

Date of Grant	Date of Expiry	Number of Options Granted	Exercise Price Per Common Share
March 16, 2016	March 16, 2019	9,400,000	\$0.05
April 18, 2016	March 16, 2019	1,000,000	\$0.05
September 6, 2016	September 6, 2021	1,000,000	\$0.115
September 12, 2016	September 12, 2021	1,000,000	\$0.12

Common Share Purchase Warrants⁽⁴⁾⁽⁶⁾⁽⁷⁾

Date of Issue	Date of Expiry	Number of Warrants Issued	Exercise Price Per Common Share
August 5, 2016 ⁽²⁾	August 5, 2017	5,000,000	\$0.15
August 15, 2016 ⁽²⁾	August 15, 2017	1,250,000	\$0.15

- (1) On March 9, 2016 and April 8, 2016, the Corporation completed a non-brokered private placement, in two tranches, of an aggregate of 28,571,427 Common Shares, priced at \$0.035 per Common Share for total proceeds of \$1 million.
- (2) On August 5, 2016 and August 15, 2016, the Corporation completed a non-brokered private placement, in two tranches, of an aggregate of 12,500,000 units, priced at \$0.10 per unit for total proceeds of \$1,250,000. Each such unit consisted of one Common Share and one-half of one Common Share purchase warrant. Each whole such warrant entitles the holder thereof to acquire one Common Share at a price of \$0.15 per Common Share for a period of 1 year following the date of closing of such private placement.
- (3) On October 28, 2016, the Corporation completed a non-brokered private placement, of an aggregate of 2,750,000 Common Shares, priced at \$0.16 per Common Share for total proceeds of \$440,000.
- (4) On February 14, 2017, 625,000 Common Share purchase warrants were exercised by a holder at an exercise price of \$0.15. As of the date hereof, 76,546,533 warrants of the Corporation are outstanding.
- (5) On October 27, 2016, 545,000 options of the Corporation expired in accordance with their terms. As of the date hereof, 15,340,000 options of the Corporation are outstanding.
- (6) On April 1, 2015, the Corporation completed a private placement of 5,905,400 units at a price of \$0.08 per unit, with each unit being comprised of one Common Share and one half of one Common Share purchase warrant (a "**2015 Warrant**") exercisable at a price of \$0.15 per Common Share until April 1, 2016. On March 16, 2016, the board of directors of the Corporation approved amendments to the terms of the outstanding 2015 Warrants to extend the expiry date of the 2,952,700 outstanding 2015 Warrants from April 1, 2016 to April 1, 2017, subject to obtaining all required regulatory approvals, including approval of the TSX, and subject to the Corporation obtaining any required approval of the shareholders of the Corporation. At the annual and special meeting of shareholders of the Corporation held on June 21, 2016, the extension of the 2015 Warrants was approved by shareholders and the extension of the 2015 Warrants became effective.
- (7) On August 12, 2015, the Corporation issued 12,500,000 Class A Warrants and 43,019,391 Class B Warrants. Pursuant to the terms of the Class A Warrants and Class B Warrants, the number of Common Shares issuable upon exercise of, and the exercise price of, the Class A Warrants and Class B Warrants are subject to adjustment from time to time in the event of share reorganizations, rights offerings, special distributions, general offerings and capital reorganizations. As a result of the private placements subsequent to the date of issuance the Class A Warrants and Class B Warrants, the number of Common Shares issuable upon exercise of the Class A Warrants and Class B warrants have been adjusted. As of the date hereof, the Class A Warrants are exercisable for an aggregate of 14,140,492 Common Shares at an exercise price of \$0.133 (compared to an aggregate of 12,500,000 Common Shares at an exercise price of \$0.15 as of September 30, 2016) and the Class B Warrants are exercisable for an aggregate of 50,495,006 Common Shares at an exercise price of \$0.213 (compared to an aggregate of 43,019,391 Common Shares at an exercise price of \$0.25 as of September 30, 2016).

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Norton Rose Fulbright Canada LLP, counsel to the Corporation, and Borden Ladner Gervais LLP, counsel to the Underwriter, the following is, as of the date hereof, a general summary of the principal Canadian federal income tax considerations applicable to a purchaser of Units pursuant to the Offering. This summary is applicable only to a purchaser who, at all relevant times and for purposes of the Tax Act, deals at arm's length with the Corporation and with the Underwriter, is not affiliated with the Corporation or with the Underwriter, and who will acquire and hold such Unit Shares, Unit Warrants and Unit Warrant Shares as capital property (a **Holder**) and this opinion only addresses such Holders. Unit Shares, Unit Warrants and Unit Warrant Shares will generally be considered to be capital property to a Holder unless the Holder holds such securities in the course of carrying on a business or has acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is based upon the current provisions of the Tax Act, specific proposals to amend the Tax Act (the **Proposed Amendments**) which have been announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, and counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the **CRA**). This summary assumes that the Proposed Amendments will be enacted in the form proposed and does not take into account or anticipate any other changes in law, whether by way of judicial, legislative or governmental decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from the Canadian federal income tax considerations discussed herein. No assurances can be given that such Proposed Amendments will be enacted as proposed or at all, or that legislative, judicial or administrative changes will not modify or change the statements expressed herein.

This summary does not apply to a Holder (a) that is a "financial institution" as defined in the Tax Act for purposes of the mark-to-market provisions of the Tax Act; (b) that is a "specified financial institution" as defined in the Tax Act; (c) that has an interest which would be a "tax shelter investment" for purposes of the Tax Act; (d) that has made a functional currency reporting election for purposes of the Tax Act; or (e) that has entered into a "derivative forward agreement" (as that term is defined in the Tax Act) with respect to the Unit Shares, Unit Warrants or Unit Warrant Shares. Such Holders should consult their own tax advisors.

Additional considerations, not discussed herein, may be applicable to a Holder that is a corporation resident in Canada and is, or becomes, controlled by a non-resident corporation for purposes of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act. Such Holders should consult their tax advisors with respect to the consequences of acquiring Unit Shares, Unit Warrants or Unit Warrant Shares.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units. The following description of income tax matters is of a general nature only and is not intended to be, nor should it be construed to be, legal or income tax advice to any particular Holder. Holders are urged to consult their own income tax advisors with respect to the tax consequences applicable to them based on their own particular circumstances.

Allocation of Purchase Price

A Holder who acquires Units will be required to allocate the purchase price of each Unit between the Unit Share and the one-half of one Unit Warrant on a reasonable basis in order to determine their respective costs for purposes of the Tax Act. For its purposes, the Corporation intends to allocate \$0.235 of the issue price of each Unit as consideration for the issue of the Unit Share and \$0.015 for the issue of the one-half of one Unit Warrant comprising each Unit. Although the Corporation believes

such allocation is reasonable, such allocation will not be binding on the CRA or a Holder and counsel expresses no opinions as to allocation.

Adjusted Cost Base of Unit Shares

The adjusted cost base to a Holder of any Unit Shares acquired hereunder will be determined by averaging the cost of such Unit Shares with the adjusted cost base (determined immediately before the acquisition of the Unit Share) of all other Common Shares held as capital property by the Holder immediately prior to such acquisition.

Exercise of Unit Warrants

A Holder will not realize a gain or loss upon the exercise of a Unit Warrant. The Holder's cost of the Unit Warrant Shares will be equal to the aggregate of the Holder's adjusted cost base of the Unit Warrants exercised plus the exercise price paid for such Unit Warrant Shares. The Holder's adjusted cost base of such Unit Warrant Shares so acquired will be determined by averaging the cost of those Unit Warrant Shares with the adjusted cost base (determined immediately before the acquisition of the Unit Warrant Shares) of all other Common Shares held as capital property by the Holder immediately prior to such acquisition.

Residents of Canada

The following section applies to a Holder who, for purposes of the Tax Act, is, or is deemed to be, resident in Canada at all relevant times (a **Resident Holder**). Certain Resident Holders to whom Unit Shares and Unit Warrant Shares might not constitute capital property may, in certain circumstances, make the irrevocable election under subsection 39(4) of the Tax Act to deem the Unit Shares and Unit Warrant Shares, and every other "Canadian security" as defined in the Tax Act, held by such Resident Holder in the taxation year of the election and all subsequent taxation years, to be capital property. This election does not apply to the Unit Warrants. Resident Holders should consult their own tax advisors regarding this election, as to whether it is available and, if available, whether it is advisable in their particular circumstances.

Disposition and Expiry of Unit Warrants

A Resident Holder who disposes or is deemed to dispose of a Unit Warrant (other than upon the exercise thereof) will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, are greater (or less) than the adjusted cost base of the Unit Warrant to the Resident Holder. If a Unit Warrant expires unexercised, the Resident Holder will realize a capital loss equal to the adjusted cost base of such Unit Warrant to the Resident Holder. The tax treatment of capital gains and capital losses is discussed under the sub-heading "Capital Gains and Capital Losses".

Dividends on Unit Shares and Unit Warrant Shares

Dividends received or deemed to be received on Unit Shares or Unit Warrant Shares by an individual Resident Holder (including certain trusts) will be included in computing the individual's income and will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations, including an enhanced gross-up and dividend tax credit for dividends designated as "eligible dividends" by the Corporation. Dividends received or deemed to be received on Unit Shares or Unit Warrant Shares by a Resident Holder that is a corporation will be included in computing its income and will generally be deductible in computing taxable income. In certain circumstances, subsection 55(2) of the Tax Act may apply to treat a taxable dividend received by a Resident Holder that is a corporation as proceeds of a disposition or a capital gain. A Resident Holder that is a "private corporation" or a "subject corporation", each as defined in the Tax Act, may be liable to pay an additional refundable tax under Part IV of the Tax Act on dividends received or deemed to be

received on the Unit Shares and Unit Warrant Shares to the extent that such dividends are deductible in computing the Resident Holder's taxable income.

Disposition of Unit Shares and Unit Warrant Shares

A Resident Holder who disposes or is deemed to dispose of a Unit Share or Unit Warrant Share will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, are greater (or less) than the adjusted cost base of the Unit Share or Unit Warrant Share, as the case may be, to the Resident Holder. The tax treatment of capital gains and capital losses is discussed under the subheading "Capital Gains and Capital Losses".

Capital Gains and Capital Losses

One-half of any capital gain (a **taxable capital gain**) realized must be included in the Resident Holder's income. Subject to and in accordance with the provisions of the Tax Act, one-half of any capital loss (an **allowable capital loss**) must be deducted against taxable capital gains realized in the year of disposition. Any unused allowable capital losses may be applied to reduce net taxable capital gains realized in any of the three prior years or in any subsequent year in the circumstances and to the extent provided in the Tax Act.

A capital loss realized on the disposition of a Unit Share or Unit Warrant Share by a Resident Holder that is a corporation may in certain circumstances be reduced by the amount of dividends that have been previously received or deemed to have been received by the Resident Holder on such share or shares substituted for such share to the extent and in the circumstances described by the Tax Act. Similar rules may apply where a Resident Holder that is a corporation is a member of a partnership or a beneficiary of a trust that owns Unit Shares or Unit Warrant Shares directly or indirectly through a partnership or trust.

A Resident Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax in respect of its aggregate investment income for the year, which will include taxable capital gains.

Alternative Minimum Tax

Capital gains realized and taxable dividends received or deemed to be received by a Resident Holder that is an individual or a trust (other than certain trusts) may affect the Resident Holder's liability to pay alternative minimum tax under the Tax Act. Resident holders should consult their own tax advisors with respect to the application of alternative minimum tax.

Non-Residents of Canada

The following section applies to Holders who, at all relevant times, for the purposes of the Tax Act, (i) are not, and are not deemed to be, resident in Canada; and (ii) do not, and are not deemed to, use or hold Unit Shares, Unit Warrants or Unit Warrant Shares in carrying on a business in Canada (a **Non-Resident Holder**). Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer carrying on business in Canada and elsewhere. Such Non-Resident Holders should consult their own tax advisors.

Dividends

Dividends paid or credited or deemed to be paid or credited to a Non-Resident Holder on the Unit Shares or Unit Warrant Shares will generally be subject to Canadian withholding tax at the rate of 25%, subject to reduction under the provisions of an applicable tax treaty or convention. In the case of a Non-Resident Holder who is a resident of the United States and fully entitled to benefits under the Canada-United States Tax Convention (1980), as amended, the rate of withholding tax on such

dividends beneficially owned by such Non-Resident Holder will generally be reduced to 15%. This rate is reduced to 5% in the case of a Non-Resident Holder that is the beneficial owner of the dividends and that is a corporation that owns beneficially at least 10% of the voting stock of the dividend payor.

Dispositions of Unit Shares, Unit Warrants and Unit Warrant Shares

A Non-Resident Holder who disposes of or is deemed to have disposed of a Unit Share, a Unit Warrant or a Unit Warrant Share will not be subject to income tax under the Tax Act in respect of any capital gain realized thereon unless, at the time of disposition, the Unit Share, Unit Warrant or Unit Warrant Share as the case may be, is, or is deemed to be, "taxable Canadian property" (as defined in the Tax Act) of the Non-Resident Holder, and the gain is not exempt from tax pursuant to the terms of an applicable tax treaty or convention.

Provided the Unit Shares and Unit Warrant Shares are listed on a "designated stock exchange" (which currently includes the TSX), the Unit Shares, Unit Warrants and Unit Warrant Shares generally will not constitute taxable Canadian property of a Non-Resident Holder at the time of disposition unless at any time during the 60-month period immediately preceding the disposition: (a) one or any combination of (i) the Non-Resident Holder, (ii) persons with whom the Non-Resident Holder did not deal at arm's length, or (iii) partnerships in which the Non-Resident Holder or a person with whom the Non-Resident Holder did not deal at arm's length held a membership interest directly or indirectly through one or more partnerships, owned 25% or more of the issued shares of any class or series of the capital stock of the Corporation; and (b) more than 50% of the fair market value of the Unit Shares or Unit Warrant Shares was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, Canadian resource properties (as defined in the Tax Act), timber resource properties (as defined in the Tax Act) or an option in respect of, an interest in, or for civil law a right in, any such property, whether or not such property exists. The Unit Shares, Unit Warrants or Unit Warrant Shares may also be deemed to be taxable Canadian property of a Non-Resident Holder in certain circumstances.

In the event that a Unit Share, Unit Warrant or Unit Warrant Share constitutes taxable Canadian property of a Non-Resident Holder and any capital gain that would be realized on the disposition thereof is not exempt from tax pursuant to the terms of an applicable income tax treaty or convention, the income tax consequences discussed under "Residents of Canada – Capital Gains and Capital Losses" would generally apply to the Non-Resident Holder.

Non-Resident Holders whose Unit Shares, Unit Warrants or Unit Warrant Shares are taxable Canadian property should consult their own tax advisors.

RISK FACTORS

Before deciding whether to invest in the Units, prospective investors should carefully consider, in light of their own financial circumstances, the information contained in or incorporated by reference in this Prospectus, including the risk factors set forth below and the risks described in the AIF under "Risk Factors". If any of the identified risks actually occur, the Corporation's business, financial condition, prospects, results of operations or cash flow could be materially and adversely affected. Additional risks or uncertainties not currently known to the Corporation, or that the Corporation currently deem immaterial, may also impair its business operations. The Corporation cannot assure you that any of the events discussed in the risk factors will not occur. If any of such events does occur, you may lose all or part of your original investment in the Units.

Re-zoning of Saskatchewan Metals Processing Plant Lands

The Corporation, through its wholly owned subsidiary FMSI, owns 480 acres of lands in the Municipality of Corman Park, straddling the Canadian National Railway near the town of Langham in Saskatchewan. These lands were identified by the Saskatchewan Government for the Company to purchase and build the Saskatchewan Metals Processing Plant. The lands currently have an agriculture zoning designation and must be changed to M1 Rural Industrial to construct the Saskatchewan Metals Processing Plant. This is a decision of the Rural Municipality of Corman Park and outside of the control of the Corporation. There can be no assurance that the Corporation will be able to obtain a favorable decision from the Rural Municipality of Corman Park and if the change to the zoning designation is not completed, the NICO project will not be able to be developed as currently contemplated.

Market price of Common Shares

Securities markets have recently had a high level of price and volume volatility, and the market price of securities of many companies has experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Factors unrelated to the financial performance or prospects of the Corporation include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. There can be no assurance that continued fluctuations in precious metal prices will not occur. As a result of any of these factors, the market price of the securities of the Corporation at any given point in time may not accurately reflect the value of the Corporation or its securities.

Accordingly, investors may not be able to sell their Unit Shares or Unit Warrant Shares at or above the Offering Price.

Future issuances of securities

The Corporation may in the future issue additional Common Shares or securities convertible into Common Shares, which may dilute existing shareholders. Investors purchasing Unit Shares under the Offering or Unit Warrant Shares pursuant to the exercise of Unit Warrants will have no pre-emptive rights in connection with any such further issuances.

Use of proceeds

The Corporation currently intends to allocate the net proceeds received from the Offering as described under the heading "Use of Proceeds" in this Prospectus. However, management will have discretion in the actual application of the net proceeds, and may elect to allocate proceeds differently from that described in "Use of Proceeds" if it is believed it would be in the best interests of the Corporation to do so as circumstances change. The failure by management to apply these funds effectively could have a material adverse effect on the business of the Corporation.

No certainty of completion of Offering

The completion of the Offering is subject to the completion of definitive binding documentation and satisfaction of a number of conditions. There can be no certainty that the Offering will be completed. If the Offering is not completed, the Corporation may not be able to raise the funds required to complete the exploration and metallurgical work to be completed at the Corporation's Golden Summit and Shorty Creek projects as set out under "Use of Proceeds" from other sources on commercially reasonable terms or at all.

No market for Unit Warrants

There is no market through which the Unit Warrants may be sold and purchasers of Units may not be able to resell the Unit Warrants purchased under this Prospectus. This may affect the pricing of the Unit Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Unit Warrants and the extent of issuer regulation. Even if a market develops for the Unit Warrants, there can be no assurance regarding the liquidity of the Unit Warrants or the price of the Unit Warrants.

Negative Operating Cash Flow

The Corporation reported negative cash flow from operations for the year ended December 31, 2015 and the nine months ended September 30, 2016. It is anticipated that the Corporation will continue to report negative operating cash flow in future periods, likely until one or more of its mineral properties are placed into production. To the extent that the Corporation has negative operating cash flows in future periods, it may need to deploy a portion of its existing working capital to fund such negative cash flow. See "Use of Proceeds".

Sale of Unit Warrant Shares issued upon exercise of the Unit Warrants could encourage short sales by third parties which could lead to a decline in the price of the Common Shares

Any downward pressure on the price of Common Shares caused by the sale of Unit Warrant Shares issued upon the exercise of the Unit Warrants could encourage short sales by third parties. In a short sale, a prospective seller borrows common shares from a shareholder or broker and sells the borrowed common shares. The prospective seller anticipates that the common share price will decline, at which time the seller can purchase common shares at a lower price for delivery back to the lender. The seller profits when the common share price declines because it is purchasing common shares at a price lower than the sale price of the borrowed common shares. For the Corporation, such short sales of Common Shares could place downward pressure on the price of the Common Shares by increasing the number of Common Shares being sold, which could lead to a decline in the market price of the Common Shares.

AUDITOR AND TRANSFER AGENT

The auditor of the Corporation is BDO Canada LLP, Chartered Accountants, in London, Ontario. BDO Canada LLP is independent of the Corporation within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc. at its principal offices in Toronto, Ontario.

INTEREST OF EXPERTS

Certain legal matters relating to the Offering will be passed upon on behalf of the Corporation by Norton Rose Fulbright Canada LLP and on behalf of the Underwriter by Borden Ladner Gervais LLP. As of the date of this Prospectus, the partners and associates of each of Norton Rose Fulbright Canada LLP and Borden Ladner Gervais LLP beneficially own, directly or indirectly, less than 1% of the outstanding securities of the Corporation or any associates or affiliates of the Corporation.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some

jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

In an offering of warrants, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial securities legislation, to the price at which the warrants were offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon the exercise of the Unit Warrants, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages or consult with a legal adviser.

CERTIFICATE OF THE CORPORATION

Dated: February 21, 2017

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada, other than Quebec.

(signed) "Robin Goad"

Robin E. Goad
Chief Executive Officer

(signed) "David Massola"

David Massola
Chief Financial Officer

On behalf of the Board of Directors

(signed) "Mahendra Naik"

Mahendra Naik

(signed) "Edward Yurkowski"

Edward Yurkowski

CERTIFICATE OF THE UNDERWRITER

Dated: February 21, 2017

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada, other than Quebec.

CORMARK SECURITIES INC.

(signed) "Jeff Kennedy"

Managing Director, Equity Capital
Markets and Operations