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

Year ended December 31, 2017

This Management's Discussion and Analysis of Financial Conditions and Results of Operations ("MD&A") of Fortune Minerals Limited ("Fortune" or the "Company") is dated March 22, 2018 and should be read in conjunction with the Company's Annual Audited Consolidated Financial Statements and the notes thereto for the year ended December 31, 2017, prepared in accordance with International Financial Reporting Standards ("IFRS"). This discussion contains certain forward-looking information and is expressly qualified by the cautionary statement at the end of this MD&A. All dollar amounts are presented in Canadian dollars unless indicated otherwise. Unless the context otherwise requires, the terms "Fortune" and "the Company" where used herein refer to Fortune Minerals Limited and its subsidiaries on a consolidated basis.

SELECTED ANNUAL INFORMATION

	2017	2016	2015
Net loss from continuing operations	(12,148,529)	(7,874,646)	(10,747,545)
Basic and fully diluted loss per common share	(0.04)	(0.03)	(0.19)
Total assets	79,599,515	69,130,987	67,958,584
Debt - non-current	6,373,830	5,406,662	4,534,683

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.

	2017				2016			
	Dec-31	**Sep-30**	**Jun-30**	**Mar-31**	**Dec-31**	**Sep-30**	**Jun-30**	**Mar-31**
Net gain (loss)	(4,523,814)	(1,504,932)	(1,009,170)	(5,110,613)	226,280	(2,913,239)	(2,988,883)	(2,198,804)
Basic and fully diluted loss per common share[(1)]	(0.02)	(0.01)	—	(0.02)	—	(0.01)	(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 recognized as a developer, miner, processer and refiner of specialty energy and eco-metals, together with gold and other by-products that contribute to the growing green economy. Supporting the vision is Fortune's mission to profitably produce specialty and precious metals to meet the needs of our customers and partners, and to attract and develop 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 cobalt-gold-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.

NICO Project

Fortune continues to advance its wholly-owned NICO project and the Company's business activities have been focused on certain priority critical path activities required to advance permitting and financing for the development of this project. The NICO project comprises a proposed mine, mill and concentrator in the Northwest Territories and a related hydrometallurgical process refinery 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.

When NICO is developed, Fortune will be an important new producer of battery grade cobalt sulphate to the rapidly expanding lithium-ion rechargeable battery industry, which supplies these batteries for use in portable electronic devices, electric vehicles, and stationary storage cells for the electrical grid. Fortune will also produce environmentally friendly bismuth metals and oxide used in the automotive and pharmaceutical industries and as a non-toxic replacement for lead in a growing green economy. NICO will also be a significant producer of gold and will produce minor amounts of by-product copper. As a Canadian vertically integrated producer, Fortune will be able to demonstrate supply chain transparency and custody control of metals from ores through to the production of value added products and mitigate risks from current sources of cobalt and bismuth supply in the Congo and China.

A feasibility study report (the "2014 Feasibility Study") was prepared in order to document a number of improvements to the NICO project since the preparation of 2012 FEED Study, and to produce a document to support a contemplated transaction to develop the asset, which was not completed. The report updated 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 Limited ("Micon") and entitled "*Technical Report on the Feasibility Study for the NICO Gold-Cobalt-Bismuth-Copper Project, Northwest Territories, Canada*" was also filed on SEDAR.

In support of permitting and financing initiatives for NICO, the Company undertook the following activities during the year ended December 31, 2017:

- Continued to hold discussions with the Government of the Northwest Territories ("GNWT") in relation to a socio-economic agreement and funding for the all-weather access road which is critical to determining construction schedule certainty for the project. On January 11, 2017, the Government of Canada (the "GOC"), the GNWT and the Tlicho Government announced federal funding to provide up to 25% of the construction costs for a public highway to the community of Whati. The GNWT Department of Transportation has submitted the requisite permit applications to the Wek'èezhìi Land and Water Board to build this highway. The Tlicho All-Season Road ("TASR") will consist of approximately 97 km of a new 2-lane road from Highway 3 to the community of Whati, and includes four new bridges and one large arched culvert. The routing for the TASR follows an existing brownfield land-based winter road route to minimize environmental disturbance and lower construction costs. In September, the GNWT announced that it had completed the Request for Qualification process and short-listed three consortiums of Canadian and international construction companies to advance to the Request for Proposal phase for the finance, design, construction, operation and maintenance of the remaining 75% cost of this road under a Public Private Partnership (P3). The project is currently in the late stages of environmental assessment led by the Mackenzie Valley Environmental Impact Review Board which is expected to be completed in the second quarter of 2018. Confirmation that funding is now available will inform the environmental assessment process in terms of timing for construction;

- Continued discussions with various parties to determine all available options for financing the NICO project. Fortune entered into an engagement with PricewaterhouseCoopers Corporate Finance Inc. ("PwCCF") to assist with securing financing for construction of the NICO project. With the assistance of PwCCF, Fortune plans to secure 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;
- Continued discussions with companies interested in acquiring off-take for the metals and chemicals Fortune plans to produce from the NICO project;
- Completed a short form prospectus offering in March 2017 (the "Prospectus Offering") of units (the "Prospectus Units") of the Corporation with Cormark Securities Inc., acting as underwriter, on a bought deal basis. In connection with the Prospectus Offering, the Company issued 25,800,000 Prospectus Units at a price of $0.25 per Prospectus Unit for total gross proceeds of $6,450,000 (including 3,000,000 Prospectus Units issued as a result of the underwriter exercising its overallotment option in full). Each Prospectus Unit consisted of one common share in the capital of the Company (a "Common Share") and one-half of one Common Share purchase warrant (a "Prospectus Warrant"), with each Prospectus Warrant entitling the holder thereof to purchase one Common Share at a price of $0.35 for a period of two years following the closing date. Proceeds are expected to be used to support Company activities toward advancing the NICO project;
- Engaged Hatch Ltd. ("Hatch"), P&E Mining Consultants Inc. ("P&E") and Micon to update the 2014 Feasibility Study for the NICO project. In addition to updating economics for NICO using current costs, and updated exchange rates and commodity prices, Hatch, P&E and Micon have also been retained to conduct additional engineering work. This will include design improvements including to the cobalt sulphate circuit, with the expected effect of increasing annual production by approximately 20-30% in order to better align cobalt production with market demands, improve economies of scale and return on investment, and increase production flexibility by incorporating a stockpiling strategy to better manage the production of bismuth and cobalt relative to their respective markets. The updated feasibility study is expected to be issued by the end of the second quarter of 2018;
- Conducted ongoing environmental work to support the Company's NICO project permits;
- Constructed roads at the NICO site to support current environmental monitoring programs;
- Completed a small metallurgical testing program to assist with downstream cobalt sulphate heptahydrate production engineering;
- Updated materials to support the rezoning application for the Company's lands in Saskatchewan to allow for the development of the SMPP; and
- Completed a non-brokered private placement in December 2017 (the "Private Placement Offering") of units of securities of the Company ("Private Placement Units") for total gross proceeds of $5,000,000. Up to 29,411,766 Private Placement Units were issued at a subscription price of $0.17 per Private Placement Unit. Each Private Placement Unit consisted of one Common Share and one-half of one Common Share purchase warrant with each whole warrant entitling the holder to purchase one Common Share at a price of $0.25 for a period of two years following the closing date.

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, which expires on May 1, 2025. On March 31, 2017, the Government of British Columbia imposed a 20-year moratorium on major industrial development within parts of the Klappan area. During the 10-year option period currently in effect, the coal licenses are excluded from this moratorium on industrial development within the Klappan area.

RESULTS OF OPERATIONS

Summary

The Company's net loss for the year ended December 31, 2017 was $12,148,529 or $0.04 per share compared to $7,874,646 and $0.03 per share for the prior year.

Expenses

Expenses increased in 2017 to $12,148,529 compared to $7,874,646 for the year ended December 31, 2016.

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

- Increase in revaluation of derivatives;
- Increase in corporate development expenditures as more time is being spent on securing financing for the NICO project, including the engagement of PwCCF;
- Increase in investor relations and regulatory fees as a result of financing activity and increased marketing of the Company;
- Increase in administrative expenditures related to increase in staff and officers, related benefits and increase in travel; and
- Increase in interest expense related to interest accrued on the Company's long-term debt, which is compounded semi-annually.

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

- Increase in interest and other income related to cash and investments held;
- Increase in gain on flow-through share premium related to the flow-through shares issued in October 2016; and
- Decrease in stock-based compensation expense as a result of 3,800,000 stock options being granted in 2017 with an exercise prices between $0.185 and $0.30 compared to 12,400,000 granted in 2016 with exercise prices between $0.05 and $0.12. The value of the options granted in 2017 were calculated using a risk free rate between 0.95% and 1.62%, volatility between 101% and 105% with a 2-5 year term compared to between 0.54%-0.75%, 101%-122% and 3-5 year terms, respectively, for those options granted in the same period in 2016.

Deferred Taxes

The Company has not recognized a net deferred income tax recovery or provision for the years ended December 31, 2017 and 2016. During the year ended December 31, 2017, recognition of $3,251,000 from the estimated tax loss and $10,750 for non-taxable flow-through share premium resulted in an income tax recovery which was offset by a tax provision of $2,434,000 for non-deductible change in fair value of derivative, $418,250 for a loss carryforward not recognized, $268,000 for non-deductible stock-based compensation and other expenses, $116,000 for renunciation of flow-through expenses and $25,500 for tax rate difference. During the same period in 2016, a recognition of $2,101,000 from the estimated tax loss and $13,000 for investment tax credit on pre-production mining expenditures resulted in an income tax recovery which was offset by a tax provision of $1,448,000 for non-deductible change in fair value of derivative, $356,000 for a loss carryforward not recognized, $53,000 for renunciation of flow-through expenses, $217,000 for non-deductible stock-based compensation and other expenses and $40,000 for tax rate difference.

A valuation allowance of $15,480,000 has been recognized related to the uncertainty of realizing the benefit of deferred income tax assets in future years.

Cash Flow

Cash used in operating activities during the year ended December 31, 2017 was $1,480,482 compared to $1,336,886 for the same period in 2016. The use of cash in operating activities has slightly increased year over year which is attributed to items discussed above in the "Expenses" section.

Cash used in investing activities was $2,622,791 compared to $338,913 when comparing the years ended December 31, 2017 and 2016, respectively. This increase related primarily to an increase in exploration and evaluation expenditures from $401,156 in 2016 to $1,854,532 in 2017 due to an increase in activity related to the NICO project.

The NICO project, along with other exploration projects of the Company, are classified as exploration and evaluation stage projects for accounting purposes. Exploration and evaluation cash expenditures incurred by Fortune on its properties during the three and twelve months ended December 31, 2017 were $488,744 and $1,854,532 respectively, and were spent on the projects as follows:

	Three months ended December 31, 2017	**Year ended December 31, 2017**
NICO	$ 488,744	$ 1,851,729
All Other Projects	—	2,803
Total cash exploration and evaluation expenditures	**$488,744**	**$ 1,854,532**

For comparison, exploration and evaluation expenditures incurred by Fortune on its properties during the three and twelve months ended December 31, 2016 were $119,994 and $401,156, respectively, and were spent on the projects as follows:

	Three months ended December 31, 2016	Year ended December 31, 2016
NICO	$ 119,994	$ 398,353
All Other Projects	—	2,803
Total cash exploration and evaluation expenditures	$119,994	$ 401,156

Exploration and evaluation expenditures for the three and twelve months ended December 31, 2017 were higher compared to the same period in 2016, as a result of an increase in activity at NICO. With respect to NICO, the Company, in prior years, had reduced spending pending further financing and the construction of an all-weather road.

Cash provided by financing activities increased to $11,687,769 from $2,471,010 for the years ended December 31, 2017 and 2016, respectively. Cash provided in 2017 was a result of gross proceeds of $6,450,000 raised pursuant to the Prospectus Offering, the exercise of warrants and gross proceeds of $5,000,000 raised pursuant to the Private Placement Offering, offset by financing costs. More details are provided below in the "Liquidity and Capital Resources" section.

Below is a summary of Common Shares issued and net cash proceeds from financing activities for the years ended December 31, 2017 and 2016:

	2017		**2016**	
	Shares/Warrants Issued	**Cash Proceeds and Costs, Net**	**Shares/Warrants Issued**	**Cash Proceeds and Costs, Net**
	#	**$**	**#**	**$**
Common shares issued during the year				
Private offerings	55,211,766	8,350,950	43,821,427	2,410,000
Exercise of Warrants	5,386,250	807,937	—	
Exercise of Derivatives[1]	1,946,296	258,857		
Share issuance costs		(593,254)		(228,602)
Total	**62,544,312**	**8,824,490**	**43,821,427**	**2,181,398**
Average proceeds per share issued		**0.14**		**0.05**
Warrants issued during the year				
Private offerings	27,605,880	3,099,050	6,415,000	297,000
Issuance costs		(235,771)		(7,388)
Total	**27,605,880**	**2,863,279**	**6,415,000**	**289,612**
Average proceeds per warrant		**0.10**		**0.05**
Cash Proceeds from Financing Activities Net		**11,687,769**		**2,471,010**

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2017, Fortune had cash and cash equivalents of $8,524,567 and working capital of $8,320,615.

On March 8, 2017, the Company issued 25,800,000 Prospectus Units at a price of $0.25 per Prospectus Unit, pursuant to the Prospectus Offering, raising total gross proceeds of $6,450,000. Each Prospectus Unit consisted of one Common Share and one half of a Common Share purchase warrant with each warrant entitling the holder to purchase one Common Share for $0.35 on or before March 8, 2019. Between February 14, 2017 and August 15, 2017, 5,386,250 Common Share purchase warrants with an exercise price of $0.15 were exercised, raising gross proceeds of $807,937. Between December 6, 2017 and December 18, 2017, 1,946,296 warrants were exercised raising gross proceeds of $258,857. On December 8, 2017 and December 14, 2017, the Company issued a total of 29,411,766 units at a price of $0.17 per Private Placement Unit, pursuant to the Private Placement Offering, raising total gross proceeds of $5,000,000. Each Private Placement Unit consisted of one Common Share and one half of a Common Share purchase warrant eith each warrant entitling the holder to purchase one Common Share for $0.25 for a period of two years following the date of issuance, being on or before December 8, 2019 or December 14, 2019 as applicable.

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***
Accounts payable and accrued liabilities	**506,451**	**506,451**	—	—	—
Long-term debt	**8,750,000**	—	—	8,750,000	—
Interest on Long-term debt	**3,613,518**	—	—	3,613,518	—
Provision for Environmental Rehabilitation	**33,545**	—	—	—	33,545
Total Contractual Obligations	**12,903,514**	**506,451**	—	**12,363,518**	**33,545**

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 in the consolidated financial statements at their net present value using an effective interest rate of 18%.

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 $2,350 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. 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.

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. With the existing working capital of $8,320,615 at December 31, 2017, the Company has sufficient cash to conduct certain critical path activities in 2018. However, the NICO project requires further funding to advance the project through to production. Management is continuously pursuing and considering various financing opportunities and has engaged PwCCF, as described above, to assist in this matter. The Company has historically been successful in financing its activities, however, there are no assurances that it will be successful in raising future funds required.

OUTLOOK

The Company's principal objective is to achieve successful development and financing of the NICO project. The

Company's activities in pursuit of its objectives are subject to many risks as discussed under the heading "Risks and Uncertainties" section below. The most significant risks to meeting its objectives for NICO continue to be project financing, rezoning the SMPP lands and schedule uncertainty for the TASR to Whati. 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 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:

- new Feasibility Study based on current costs and commodity prices to support project financing;
- working with governments to achieve certainty on the construction schedule for the TASR which will determine the mine construction schedule;
- completing 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;
- 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
- continuing detailed engineering and procurement activities once financing is secured.

In the year ending December 31, 2017, 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 and renewal of the land use permit and Type A water licence for the NICO site, and the ministerial approval of the SMPP.

Activities undertaken during 2017 towards achieving the next major milestones for the NICO project will remain the Company's focus through 2018. As it pursues this objective, the Company will strive to prudently manage capital resources and mitigate risks.

TRANSACTIONS WITH RELATED PARTIES

During the year ended December 31, 2017, the Company paid key management personnel, including officers, directors, or their related entities, an aggregate of $1,000,635 for consulting and/or management services and legal services. In addition, stock options with a fair value of $441,600, using the Black-Scholes option pricing model, were granted to these individuals during the year ended December 31, 2017. At December 31, 2017, $77,250 was owing to these related parties for services received during the year.

The following table summarizes the amounts paid and payable to related parties and the nature of the payments as at December 31, 2017:

Related Party	Relationship	Business Purpose of Transaction							Total	
		Salaries and Benefits [7]		Consulting Services		Legal Services		Stock Options		
		Paid	Payable	Paid	Payable	Paid	Payable	Granted [8]	Paid/Awarded	Payable
Chen, Shouwu	Director	$ -	$ -	$ -	$ -	$ -	$ -	$ 34,500	$ 34,500	$ -
Clouter, Carl [1]	Director	-	-	27,025	-	-	-	34,500	61,525	-
Goad, Robin [2]	President & CEO, Director	6,376	-	319,250	6,250	-	-	69,000	394,626	6,250
Knight, David [3]	Corporate Secretary	-	-	-	-	163,632	70,000	-	163,632	70,000
Koropchuk, Glen [4]	Technical Director & COO, Director	2,409	-	192,000	-	-	-	69,000	263,409	-
Massola, David [5]	VP Finance & CFO	6,376	-	94,440	1,000	-	-	69,000	169,816	1,000
Naik, Mahendra	Director	-	-	-	-	-	-	55,200	55,200	-
Ramsay, David	Director	-	-	-	-	-	-	41,400	41,400	-
Schryer, Richard [6]	VP Environmental & Regulatory Affairs	6,066	-	183,061	-	-	-	27,600	216,727	-
Yurkowski, Edward	Director	-	-	-	-	-	-	41,400	41,400	-
Total		$ 21,227	$ -	$ 815,776	$ 7,250	$ 163,632	$ 70,000	$ 441,600	$ 1,442,235	$ 77,250

[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 Fulbright Canada LLP, which provides legal services to the Company. Mr. Knight is also the Company's Corporate Secretary.

[4] Glen Koropchuk is engaged to provide services of Technical Director and Chief Operating Officer of the Company pursuant to an independent consultant agreement effective May 1, 2017 and does not receive additional compensation for his services as a director.

[5] David Massola is engaged to provide services of VP Finance and Chief Financial Officer of the Company pursuant to an independent consultant agreement effective September 6, 2016.

[6] Richard Schryer is engaged to provide services of VP Environmental & Regulatory Affairs of the Company pursuant to an independent consultant agreement effective May 8, 2017.

[7] 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.

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

CRITICAL ACCOUNTING ESTIMATES

Mining Properties Valuation

The Company continues to consider, on a regular basis, whether indicators exist that suggest that the carrying value of its projects is impaired for accounting purposes. While the market capitalization relative to the carrying value of the Company's projects is reviewed, it is not considered a sole indication of impairment. Given the Company's stage of development and the volatility of the market, using the share price as a sole indication of impairment is not practical, although the Company does monitor the magnitude of the gap between its market capitalization and the project carrying values. At December 31, 2017, the Company considered whether there had been any significant changes to indicators and whether any new indicators were present. During the year ended December 31, 2017, commodity prices, specifically for cobalt, saw significant improvement and the Company had seen an increase in its share price, significantly reducing the market capitalization gap. Management determined that as a result of not obtaining financing during the year, substantive expenditure on further exploration for and evaluation of mineral resources of the NICO project cannot be budgeted or planned 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 over the next few years;

- 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;
- the recovering price of gold and other metals; and
- the TASR has received conditional commitment from the GOC to provide 25% of the construction costs.

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

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

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

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

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

Currently, the Company does not have a source of revenue other than investment income and it has relied, primarily, on equity financings and strategic partners to fund its activities. The Company may have limited access to capital at an acceptable cost to existing shareholders depending on economic conditions from time to time. The Company had a working capital balance of $8,320,615 and positive cash balances at December 31, 2017 and the Company endeavours to manage the cash position prudently though ongoing monitoring of current and future cash and working capital balances relative to planned activities. With the existing working capital and the funds raised through the short form prospectus offering described above, the Company has sufficient cash to conduct certain critical path activities in 2018, however additional financing is required to advance the NICO project to production.

Deferred Income Taxes
The Company follows the deferred tax liability method in accounting for income taxes. Under this method, deferred

tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities, and measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. Assessing the recoverability of deferred tax assets requires management to make significant estimates related to expectations of future taxable income and substantively enacted tax rates. Prior to 2017, the Company completed feasibility studies and updates thereto for its principal project and is undertaking related permitting and financing activities. The benefit of certain non-capital losses, investment tax credits, undeducted share issuance costs and tax value of exploration and evaluation expenditures and capital assets in excess of book value of $15,480,000, has been offset by a valuation allowance of the same amount due to the uncertainty of realizing the benefit of deferred income tax assets in future years.

Stock Based Compensation, Warrants and Compensation Options

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

Asset Retirement Obligations

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

FUTURE ACCOUNTING STANDARDS

IFRS 9, *Financial instruments* ("IFRS 9") was issued by the IASB in November 2009 and will replace IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. This standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The Company plans to adopt IFRS 9 on the effective date, January 1, 2018, and it is not expected to have much impact on its consolidated financial statements as the Company currently has very simple financial assets.

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") was issued by the IASB in May 2014. IFRS 15 specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. The Company plans to adopt IFRS 15 on the effective date, January 1, 2018. The Company currently has no revenue stream as it is still in the development stage. As it evolves out of this stage, the Company will have a closer look at how this standard will impact how it recognizes revenue

IFRS 16, *Leases* ("IFRS 16") was issued by the IASB in January 2016. IFRS 16 is similar in scope to IAS 17 Leases, however the changes will result in most leases being recognized on the balance sheet with narrow exemptions for the lease. The Company plans to adopt IFRS 16 on the effective date, January 1, 2019, and is currently evaluating the impact the standard is expected to have on its consolidated financial statements.

ENVIRONMENT

Fortune is committed to a program of environmental protection at its exploration sites. Fortune was in compliance with government regulations in 2017. Secured letters of credit have been provided to be held against future environmental obligations with respect to Arctos and NICO in the amounts of $25,000, representing 100% of the remaining Arctos JV letter of credit, and $188,000, respectively.

RISK AND UNCERTAINTIES

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

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

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

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

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

Completion of TASR
While the Company currently anticipates that the TASR will be completed, the decisions to fund, build and complete the TASR, and the timing related thereto, are outside of the control of the Company. There is no assurance that the TASR will be completed and, if not completed or significantly delayed, the NICO project will not be able to be developed as currently contemplated.

Re-zoning of SMPP Lands
On February 11, 2014, the Saskatchewan Minister of Environment accepted the recommendation of the Saskatchewan Environmental Assessment Branch and approved the Company's proposed SMPP, subject to certain conditions. The lands on which the Company intends to construct the SMPP currently have an agriculture zoning designation and must be changed to M1 Rural Industrial to construct the SMPP. This is a decision of the Rural Municipality of Corman Park and outside of the control of the Company. There can be no assurance that the Company 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.

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

Fluctuating Prices
Factors beyond the control of the Company may affect the marketability of cobalt, bismuth, gold, copper or any other minerals discovered. The range in market prices, over the last five years are as follows: annual average gold prices have ranged from a low of US$1,160/oz in 2015 to a high of US$1,411/oz in 2013; annual average cobalt prices have ranged from a low of US$12.00/lb (2016) to a high of US$26.6/lb (2017); annual average copper prices have ranged from a low of US$2.21/lb (2016) to a high of US$3.33/lb (2013); annual average bismuth prices have

ranged from a low of US$4.50lb (2016) to a high of US$10.92/lb (2014). The commodity prices have fluctuated widely and are affected by numerous factors beyond the Company's control such as economic downturns, commodity supply shortages, weather events, political instability, and changes in exchange and interest rates. The effect of these factors cannot accurately be predicted. Further, there is opportunity for the product mix of cobalt and bismuth from the NICO project to be adjusted to produce products with varying prices depending on the market.

Permits and Licenses
The operations of the Company require licenses and permits from various governmental authorities. The Company believes that it presently holds all necessary licenses and permits required to carry out the activities it is currently conducting under applicable laws and regulations and the Company believes it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in regulations and in various operating circumstances. There can be no assurance that the Company will be able to obtain all licenses and permits required to carry out future exploration, development and mining operations at its projects.

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

Environmental and Climate Change Regulation
The operations of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means standards, enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The Company has carried out and completed significant environmental base line studies and environmental monitoring to position the Company to successfully complete required environmental assessments; however, despite this, the Company has not been able to obtain certain environmental certificates in a timely manner due to the complexities of the regulatory requirements and process. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of future operations. The impacts of international or domestic climate agreements, carbon taxes and other potential climate change legislation are difficult to predict and are not yet fully understood, including impacts on capital and operating costs.

Aboriginal Title and Rights Claims
Aboriginal title and rights may be claimed with respect to Crown properties or other types of tenure with respect to which mining rights have been conferred. The Company is not aware of any aboriginal land claims having been formally asserted or any legal actions relating to aboriginal issues having been instituted with respect to NICO or the

SMPP properties other than certain treaty rights established by the Tlicho for NICO. The lands that surround NICO are owned by the Tlicho Government pursuant to an agreement between the GOC, the GNWT and the Tlicho Government. The Company is aware of certain First Nations that claim certain title and rights with respect to Crown properties related to the Company's projects that may or may not be formally asserted with the Crown in order to seek comprehensive land claim settlements.

While the Company has a right of access to the NICO mine site under the Tlicho agreement with the Crown, an access agreement will be required between the Tlicho and the Company for the use of the access roads to be built through Tlicho territory to the site. During 2017, various discussions with the GNWT have taken place in relation to the socio-economic agreement and funding for the all-weather road which is critical in determining the construction schedule for the project. The Company is aware of the mutual benefits afforded by co-operative relationships with aboriginal communities in conducting exploration and development activity and is supportive of measures established to achieve such cooperation including preferential hiring practices, local business development activities, involvement in environmental stewardship and other forms of accommodation. The Company has previously entered into a Co-operative Relationship Agreement and Environmental Assessment Funding Agreement with the Tlicho Government. The Company has also received a Bronze Level award for work in Progressive Aboriginal Relations ("PAR") from the Canadian Council for Aboriginal Business. The PAR program is the first and only corporate responsibility assurance program in the world with an emphasis on aboriginal relations. The Company is committed to open and constructive dialogue with aboriginal communities and stakeholders and will continue to make every effort to increase aboriginal employment and business through its human resources and supply chain policies. However, certain challenges with respect to timely decision making may be encountered when working with First Nation governments as a result of the limited number of key individuals in leadership positions, turnover of leadership personnel and delays while elections are held. It will also be necessary for the Company to negotiate and enter into appropriate participation agreements with relevant First Nations in order to bring its projects into production and there is no assurance that the Company will be able to negotiate such agreements on favourable terms or at all. In addition, other parties may dispute the Company's title to the properties and the properties may be subject to prior unregistered agreements or transfers or land claims by aboriginal peoples, and title may be affected by undetected encumbrances or defects or government actions.

Estimates of Mineral Reserves and Resources May Not be Realized

The mineral reserve and resource estimates published from time to time by the Company with respect to its properties are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. Material changes in resources, grades, stripping ratios or recovery rates may affect the economic viability of projects. However, through extensive investment in exploration drilling, test mining, bulk sampling, engineering planning and pilot plant testing, the Company has substantially mitigated and reduced these risks. There is a risk that minerals recovered in small-scale laboratory and large scale pilot plant tests will be materially different under on-site conditions or in production scale operations. Short-term factors, such as the need for orderly development of deposits or the processing of new or different grades, may have an adverse effect on mining operations or the results of operations.

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

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

FINANCIAL INSTRUMENTS

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

During the year ended December 31, 2017, profit and losses associated with each financial instrument is as follows:

	Impact on Profit (Loss)
Reclamation security deposits	(10,136)
Long-term debt	(967,168)
Derivative liability	(9,112,085)

ADDITIONAL INFORMATION

Additional information relating to the Company, including its annual information form, is available on SEDAR at www.sedar.com.

SHARE DATA

As at the date hereof, the Company has 338,403,220 common shares issued and outstanding, 87,973,216 warrants which entitle the holder to purchase one common share at various prices between $0.13 and $0.35 and expiring at various dates between October 28, 2018 and August 12, 2022, and stock options to purchase an aggregate of 16,530,000 common shares expiring at various dates between September 18, 2018 and March 22, 2023 and exercisable at various prices between $0.05 and $0.37 per share. All stock options have vested as at the date hereof, except for 100,000 options exercisable at $0.30, of which 50,000 vest on June 14, 2018 and 50,000 vest on December 14, 2018 and 25,000 options exercisable at $0.285 which vest on March 22, 2019.

INTERNAL CONTROLS OVER EXTERNAL FINANCIAL REPORTING

Disclosure Controls and Procedures

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), together with management, evaluated the design and operating effectiveness of the Company's disclosure controls and procedures as at the financial year ended December 31, 2017. Based on that evaluation, the CEO and the CFO concluded that the design and operation of these disclosure controls and procedures were effective as at December 31, 2017 to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, would be made known to them by others within those entities and that information required to be disclosed by the Company in its annual and interim filings and other reports submitted under securities legislation was recorded, processed, summarized and reported within the periods specified in securities legislation.

Internal Controls over Financial Reporting

The CEO and CFO, together with management, evaluated the design and operating effectiveness of the Company's internal controls over financial reporting as at the financial year ended December 31, 2017. Based on that evaluation, the CEO and the CFO concluded that the design and operation of internal controls over financial reporting were effective as at December 31, 2017 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS. Any system of internal control over financial reporting, 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 internal controls over financial reporting is the *Internal Control - Integrated Framework* (COSO Framework) published by The Committee of Sponsoring Organizations of the Treadway Commission (COSO).

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.

Changes in Internal Controls over Financial Reporting

There have been no changes made to the Company's internal controls over financial reporting during the year ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

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 and the expected results of the update to the 2014 Feasibility Study. 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; the risk that the TASR may not be constructed in a timely fashion or at all; uncertainties with respect to the receipt or timing of required permits and agreements for the development of the NICO project or the SMPP; the risk that the update to the 2014 Feasibility Study may not generate improved economics for the NICO project to the extent anticipated; 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. 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.*