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

Three months ended March 31, 2018

This Management's Discussion and Analysis of Financial Conditions and Results of Operations ("MD&A") of Fortune Minerals Limited ("Fortune" or the "Company") is dated May 11, 2018 and should be read in conjunction with the Company's unaudited condensed consolidated financial statements and the notes thereto for the three months ended March 31, 2018 and with the 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.

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.

	2018	2017				2016		
	Mar-31	**Dec-31**	**Sep-30**	**Jun-30**	**Mar-31**	**Dec-31**	**Sep-30**	**Jun-30**
Net gain (loss)	2,107,140	(4,523,814)	(1,504,932)	(1,009,170)	(5,110,613)	226,280	(2,913,239)	(2,988,883)
Basic and fully diluted loss per common share(1)	0.01	(0.02)	(0.01)	—	(0.02)	—	(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. 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 the 2012 FEED Study. The 2014 Feasibility Study 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 three months ended March 31, 2018:

- 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 March 29, 2018, the Mackenzie Valley Environmental Impact Review Board recommended that the Tlicho All-Season Road ("TASR") be approved subject to measures designed to mitigate potential environmental, social and cultural impacts;
- Continued discussions with various parties to determine all available options for financing the NICO project. Fortune previously entered into an engagement with PricewaterhouseCoopers Corporate Finance Inc. ("PwCCF") to assist with securing financing for construction of the NICO project. On April 18, 2018, Fortune provided notice that it would be terminating this engagement effective May 18, 2018 as the Company believes that the most efficient way forward is for management to drive the financial process as the Company's financing strategy relies primarily on management's detailed knowledge of the processes, commodities and marketing;
- Continued discussions with companies interested in acquiring off-take for the metals and chemicals Fortune plans to produce from the NICO project;
- Continued to work with Hatch Ltd. ("Hatch"), P&E Mining Consultants Inc. ("P&E") and Micon to update the 2014 Feasibility Study;
- Conducted ongoing environmental work to support the Company's NICO project permits; and
- Updated materials to support the rezoning application for the Company's lands in Saskatchewan to allow for the development of the SMPP. Subsequent to March 31, 2018, the Company submitted the rezoning application to the Rural Municipality of Corman Park and expects to have a decision later this year.

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.

The NICO project, along with other exploration projects of the Company, is classified as exploration and evaluation stage projects for accounting purposes. Exploration and evaluation cash expenditures incurred by Fortune on its properties during the three months ended March 31, 2018 and March 31, 2017 were $406,297 and $129,341 respectively, all of which was spent on NICO.

Exploration and evaluation expenditures for the three months ended March 31, 2018 were higher compared to the same period in 2017, as a result of an increase in activity at NICO related to some site work being completed as well as continued work on updating the feasibility study.

RESULTS OF OPERATIONS

Summary

The Company's net gain for the three months ended March 31, 2018 was $2,107,140 or $0.01 per share compared to a net loss of $5,110,613 and $0.02 per share for the same period in the prior year.

Expenses

Expenses decreased in 2018 to ($2,082,713) compared to $5,110,613 for the three months ended March 31, 2017.

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

- A gain realized on the change in fair value of derivatives compared to a loss in the prior year; and
- Increase in interest and other income related to cash and investments held.

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

- Increase in general and administrative expenditures as a result of an increase in staff, related benefits, travel and an increase in investor relations activity; and
- Increase in finance expenditures as more time is being spent on securing financing for the NICO project, and an increase in interest expense related to interest accrued on the Company's long-term debt, which is compounded semi-annually.

Deferred Taxes

The Company has not recognized a net deferred income tax recovery or provision for the three months ended March 31, 2018 and 2017. During the three months ended March 31, 2018, recognition of $764,000 for non-deductible change in fair value of derivative resulted in an income tax recovery which was offset by a tax provision of $563,000 from the estimated tax loss, $137,000 for a loss carryforward not recognized, $41,000 for non-deductible stock-based compensation and other expenses, and $23,000 for tax rate difference. During the same period in 2017, a recognition of $1,365,000 from the estimated tax loss and $9,200 for investment tax credit on pre-production mining expenditures resulted in an income tax recovery which was offset by a tax provision of $1,191,000 for non-deductible change in fair value of derivative, $124,200 for a loss carryforward not recognized, $32,000 for non-deductible stock-based compensation and other expenses, $4,100 for renunciation of flow-through and $23,000 for tax rate difference.

A valuation allowance of $15,630,000 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 three months ended March 31, 2018 was $110,302 compared to $342,547 for the same period in 2017. The use of cash in operating activities has slightly decreased year over year which is attributed to items discussed above in the "Expenses" section. [NTD: It is not clear to me what in the "Expenses" section explains this, particularly as there is an increase in G&A and finance expenditures.]

Cash used in investing activities was $1,439,203 compared to $136,406 when comparing the three months ended March 31, 2018 and 2017, respectively. This increase related primarily to an increase in capital assets included in mining properties from $7,065 in 2017 to $1,032,436 in 2018 as well as an increase in exploration and evaluation expenditures from $129,341 in 2017 to $406,297 in 2018 due to an increase in activity related to the NICO project.

Cash provided by financing activities decreased to $563,536 from $6,373,468 for the three months ended March 31, 2018 and 2017, respectively. Cash provided in 2018 was a result of the exercise of warrants and options. More details are provided below in the "Liquidity and Capital Resources" section.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2018, Fortune had cash and cash equivalents of $7,538,598 and working capital of $6,969,505.

In January 2018, 3,709,901 warrants with an exercise price of $0.133 were exercised raising gross proceeds of $493,417. Between January 17, 2018 and February 27, 2018 options with an exercise price of $0.05 and $0.185 were exercised raising gross proceeds of $96,250.

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	**$ 775,364**	**$ 775,364**	$ —	$ —	$ —
Long-term debt	**8,750,000**	—	—	8,750,000	—
Interest on Long-term debt	**3,613,518**	—	—	3,613,518	—
Provision for Environmental Rehabilitation	**34,300**	—	—	—	4,300
Total Contractual Obligations	**$ 3,173,182**	**$ 775,364**	$ —	**$12,363,518**	**$4,300**

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 $6,969,505 at March 31, 2018, 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 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 in the MD&A for the year ended December 31, 2017 filed on SEDAR. 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:

- updating the 2014 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 three months ending March 31, 2018, 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 2018 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 three months ended March 31, 2018, the Company paid key management personnel, including officers, directors, or their related entities, an aggregate of $262,169 for consulting and/or management services and legal services. At March 31, 2018, $45,450 was owing to these related parties for services received during the period.

The following table summarizes the amounts paid and payable to related parties and the nature of the payments as at March 31, 2018:

Related Party [1]	Relationship	Business Purpose of Transaction						Total	
		Salaries and Benefits [8]		Consulting Services		Legal Services			
		Paid	Payable	Paid	Payable	Paid	Payable	Paid/Awarded	Payable
Clouter, Carl [2]	Director	$ -	$ -	$ -	$ 7,700	$ -	$ -	$ -	$ 7,700
Goad, Robin [3]	President & CEO, Director	1,893	-	81,250	12,500	-	-	83,143	12,500
Knight, David [5]	Corporate Secretary	-	-	-	-	9,800	21,000	9,800	21,000
Koropchuk, Glen [6]	Technical Director & COO, Director	-	-	102,000	-	-	-	102,000	-
Massola, David	VP Finance & CFO	1,893	-	18,000	-	-	-	19,893	-
Schryer, Richard [7]	VP Environmental & Regulatory Affairs	1,858		45,475	4,250	-	-	47,333	4,250
Total		$ 5,644	$ -	$ 246,725	$ 24,450	$ 9,800	$ 21,000	$ 262,169	$ 45,450

[1] No amounts were paid or payable for the three months ended March 31, 2018 for directors Shouwu Chen, Mahendra Naik, David Ramsay and Edward Yurkowski.

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

[3] 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.

[4] 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.

[5] 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.

[6] 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.

[7] 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.

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

CRITICAL ACCOUNTING ESTIMATES

The Company continues to consider, on a regular basis, whether indicators exist that suggest that the carrying value of its projects is impaired for accounting purposes. While the market capitalization relative to the carrying value of the Company's projects is reviewed, it is not considered a sole indication of impairment. Given the Company's stage of development and the volatility of the market, using the share price as a sole indication of impairment is not practical, although the Company does monitor the magnitude of the gap between its market capitalization and the project carrying values. At March 31, 2018, the Company considered whether there had been any significant changes to indicators and whether any new indicators were present. During the three months ended March 31, 2018, commodity prices, specifically cobalt, continued its upward trend. 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.

FINANCIAL INSTRUMENTS

As at the date hereof, the Company's financial instruments consist of: cash and cash equivalents, reclamation security deposits, and accounts receivable which are financial assets designated as receivables, measured initially at fair value and subsequently on the basis of amortized cost using the effective interest rate method; accounts payable and accrued liabilities, provision for environmental rehabilitation 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 three months ended March 31, 2018, profit and losses associated with each financial instrument is as follows:

	Impact on Profit (Loss)
Reclamation security deposits	470
Long-term debt	(257,484)
Derivative liability	2,859,902

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 338,603,220 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 16,330,000 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

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.

No material weaknesses in the Company's internal controls over financial reporting were identified during the three months ended March 31, 2018 and there have been no changes made to such internal controls 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 be completed within the time frame anticipated and 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.*