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

Year ended December 31, 2019

This Management’s Discussion and Analysis of Financial Conditions and Results of Operations (“MD&A”) of Fortune Minerals Limited (“Fortune” or the “Company”) is dated March 30, 2020 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, 2019, 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

	2019	2018	2017
Net income (loss) from continuing operations	(2,693,994)	8,548,687	(12,148,529)
Basic income (loss) per common share	(0.01)	0.03	(0.04)
Fully diluted income (loss) per common share	(0.01)	0.02	(0.04)
Total assets	76,813,666	78,326,060	79,599,515
Debt - non-current	8,627,189	7,442,171	6,373,830

SUMMARY OF QUARTERLY RESULTS

The following table provides selected consolidated financial information that is derived from the unaudited interim condensed consolidated financial statements and audited consolidated financial statements of the Company. The amounts represent the three-month periods ended:

	2019				2018			
	Dec-31	**Sep-30**	**Jun-30**	**Mar-31**	**Dec-31**	**Sep-30**	**Jun-30**	**Mar-31**
Revenue and Other Income	12,600	8,533	8,416	12,604	20,393	17,218	28,264	24,427
Net income (loss)	1,196,754	164,075	(1,067,619)	(2,987,204)	(172,101)	538,298	6,075,350	2,107,140
Basic and fully diluted income (loss) per common share(1)	—	—	—	(0.01)	—	—	0.02	0.01

Notes:
(1) The sum of quarterly income (loss) per common share for any given period may not equal the year-to-date amount due to rounding.

OVERVIEW

Fortune’s vision is to be a recognized developer, miner, processer and refiner of specialty energy and eco-metals, together with gold and other by-products that contribute to new technologies and 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 asset is its wholly owned NICO cobalt-gold-bismuth-copper deposit and proposed mine (“NICO”) in the Northwest Territories (“NWT”) and a related hydrometallurgical refinery (“Refinery”) contemplated to be constructed in southern Canada among a number of greenfield and brownfield site options currently being investigated by the Company (collectively, the “NICO Project”).

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 comprising a proposed mine, mill and concentrator in the Northwest Territories and a related hydrometallurgical process refinery in Saskatchewan, the Saskatchewan Metals Processing Plant ("SMPP"), was contemplated in the Front-End Engineering and Design study and 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.

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*" (the "Technical Report") was also filed on SEDAR.

Fortune had been working on an update to the 2014 Feasibility Study for the NICO Project that contemplated an approximately 30% expanded mill throughput rate to 6,000 tonnes of ore per day ("tpd") from the 4,650 tpd rate used in the earlier study and which also included a number of process improvements. This updated study was also assessing options for producing metal concentrates and gold doré for direct sale to third party refiners from the Company's proposed mine and concentrator in the NWT, which would eliminate or defer the need to construct a vertically integrated Refinery. The base case for both the earlier 2014 study and the 30% expanded project contemplated a mine and concentrator in the NWT and a related Refinery in southern Canada producing cobalt sulphate used in lithium-ion rechargeable batteries, gold doré, bismuth ingot and copper cement. After assessing the indicative economics of the expanded 6,000 tpd mill throughput rate, the Company concluded that the additional capital required to construct a larger project would not deliver a commensurate increase in cash flows to justify the expansion at prevailing cobalt and bismuth prices. Consequently, work on the expanded, 6,000 tpd mill throughput rate study was terminated.

Fortune has been evaluating a number of high level financial and operating models assessing the NICO Project indicative economics using different pit sizes, and various production rate sensitivities. The engineering and revised cost quotes from the 6,000 tpd case were used as the basis for the factored capital and operating costs used in these different production rate scenarios. The Company concluded from these financial model sensitivities that the 4,650 tpd rate used in the 2014 Feasibility Study was likely optimal to produce the best balance between economies of scale and capital costs at prevailing cobalt and bismuth prices, while focusing on a smaller open pit with higher cobalt and gold grades. The analyses also determined that a combined open pit and underground approach to the mine plan in the early years of the mine life, which was contemplated in the 2014 study, would also produce more attractive indicative rate of return from earlier access to deeper gold-rich ores in the deposit.

Fortune is now focused on evaluating a number of additional optimizations for the NICO Project before completing an updated Technical Report. These include:

- A new Mineral Resource and geological block model with more constrained approach to the interpolation boundary wireframes and reduce smearing of grades into lower grade areas of the deposit;
- Allowing the block model to use high grades that had been missed in previous estimates as well as higher grade mineralized material at the volcanic sedimentary rock interface that was not used in previous estimates;

- Extension of the grade interpolation wireframe boundaries to surface where the deposit is known to outcrop;
- Allowing the wireframes to extend halfway to adjacent drill holes on the same section where the mineralization terminates at depth;
- A new Mine Plan and schedule is now in preparation based on the new Mineral Resource estimate and re-optimization of the open pit shell to achieve the best balance between maximizing cobalt and gold grades, while keeping stripping ratios and mining costs low;
- The new Mine Plan will be based primarily on low cost open pit mining while augmenting production in early years of the mine life with selective underground mining of gold-rich ores located close to the existing decline ramp developed for bulk sampling in 2007 and 2008;
- Optimizing the size of the open pit mine fleet with smaller equipment to reduce dilution with waste rock and match the lower mining rate;
- The Tlicho all-season road (the "Tlicho Road") is now under construction and ahead of schedule providing an opportunity to align the construction schedule for the mine with the availability of the all-season road and eliminate construction from winter ice roads to reduce capital costs and construction risks;
- The Company continues to have dialogue with third party processors interested in purchasing cobalt and bismuth concentrates directly from the mine site to defer the capital associated with building a Refinery in southern Canada;
- Finalize the best site to build the Refinery in southern Canada if a decision is made to proceed with it, including evaluation of several brownfield locations with existing facilities that could materially reduce capital costs for the development;
- Fortune is also assessing options for collaboration with other North American cobalt producers and developers for a shared Refinery that would treat cobalt concentrates using the same process technologies;
- Aligning the development schedule with the expected deficit in cobalt supply in 2022-23 when demand for batteries in electric vehicles is anticipated to outstrip production from existing mines and known development projects;

The Canadian and United States ("U.S.") governments have signed a Joint Action Plan on Critical Mineral Collaboration to enable more North American production of certain minerals identified by the U.S. government as critical to economic and national security. Minerals considered critical for this purpose have essential use in important industrial and security applications, cannot be easily substituted by other minerals, and their supply chain is threatened by geographic concentration of production and/or geopolitical risks. Cobalt and bismuth are both identified as critical minerals on both the U.S. and European Union critical minerals lists. If and when the NICO Project is developed, Fortune will be an important new producer of battery grade cobalt products to the rapidly expanding lithium-ion rechargeable battery industry, and their use in portable electronic devices, electric vehicles, and stationary storage cells to make electricity use more efficient and allow greater use of renewable energy sources such as solar and wind. Fortune will also produce environmentally friendly bismuth metals and oxide used in the automotive and pharmaceutical industries and as a non-toxic and environmentally safe replacement for lead. NICO will also be a significant producer of gold and 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 geographic concentration of supply from the Democratic Republic of the Congo and China.

In support of permitting and financing initiatives for NICO, the Company undertook the following activities during the year ended December 31, 2019:

- On January 30, 2019, the Company entered into a Socio-Economic Agreement ("SEA") with the Government of the Northwest Territories ("GNWT"). The SEA formalizes GNWT and Fortune objectives to optimize Northern and Indigenous employment, training, business opportunities and education to benefit residents of the Northwest Territories. The SEA also establishes measures to identify and mitigate socio-economic impacts arising from development of the mine and related facilities in Tlicho territory.
- On March 25, 2019, the Rural Municipality of Corman Park ("Corman Park") rejected the Company's application to change the zoning of its lands that were contemplated to be the site of the SMPP or Refinery

from Agriculture to M2 Rural Industrial. As a result of this negative zoning change decision, the Company sold its lands in June 2019 for gross proceeds of $1,080,000. The Company determined that assets with a net book value of $2,550,936 were directly attributable to the site sold and recorded them at their recoverable amount of $1,080,000, which is equal to the proceeds received on the sale of the land, and recognized impairment charges of $1,470,936. For several months leading up to Corman Park's decision the Company had been working on alternate plans in the event of a negative zoning change decision. These included identification of alternative sites in Saskatchewan and other jurisdictions to build the facility in a supportive municipality that wants to attract economic opportunities and participate in the production of green energy and ecofriendly metals and chemicals and their potential spinoff businesses. The Company is also evaluating a lower cost start-up option of selling metal concentrates and gold doré directly from the proposed mine as discussed above. In April 2019, the Company entered into an option to purchase an alternative site to construct the proposed Refinery. This parcel of land has already been planned for industrial use and meets the Company's infrastructure and services requirements. The Company has also been approached by other jurisdictions and agents representing landowners that want to attract the hydrometallurgical facility and the jobs and economic benefits it would provide. These include several brownfield sites with existing facilities that could materially reduce the capital costs for the Refinery and NICO Project development. The Company is evaluating the merits of these other properties.

- Engaged SGS Lakefield Ltd. ("SGS") to conduct test work verifying that gold can be recovered from the Company's cobalt and bismuth flotation concentrates at the proposed NICO mine site after earlier tests conducted at Dundee Sustainable Technologies had indicated high recovery rates. The test work was required to prove gold recovery at the NICO mine site in the event the Company wishes to pursue the sale of concentrate option. The tests, completed in May 2019, also validated that gravity used in combination with flotation will result in higher gold recoveries into the bulk concentrate with a recovery of 88% from ores grading 5 grams per tonne or more. SGS also proved the recirculation of bleed streams in the cobalt downstream process to validate recovery estimates.
- Continued discussions with various parties to determine all available options for financing the NICO project.
- Continued discussions with companies interested in acquiring off-take for the metals and chemicals Fortune plans to produce from the NICO Project.
- Worked with Hatch Ltd. ("Hatch"), P&E Mining Consultants Inc. ("P&E") and Micon on the expanded NICO Project processing 6,000 tpd for the contemplated Technical Report update to the 2014 Feasibility Study that is now terminated.
- In-house studies for NICO Project optimization.
- The Company discovered a new zone of copper mineralization at its NICO site in the NWT. The new zone was identified in bedrock and boulders excavated from a pit last spring to provide aggregate for road work. Three of four representative grab samples collected from the pit returned grades of 1.66%, 1.55% and 0.78% copper from analyses carried out by ALS Canada Ltd. The Company conducted additional geological investigations in this area and in the vicinities of two large combined magnetic, gravity and magnetotelluric geophysical anomalies to determine if additional ground based geophysical surveys are warranted to provide better definition for potential future drill testing.
- The Company has signed an Access Agreement with the Tlicho Government that supports the development of the NICO Project. The Access Agreement details the conditions under which Fortune can build and operate the NICO Project Access Road ("NICO Access Road") on Tlicho-owned lands and specifies the conditions for financial security for reclamation of the road that will be held by the Tlicho Government. The Company can now complete the process to secure the water license and land use permits required to construct the road upon receipt of NICO Project financing.
- Completed a private placement issued in November and December 2019 on a flow through basis for total gross proceeds of $1,225,000. A total of 12,250,000 new common shares were issued at a subscription price of $0.10.

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, 2019 was $2,693,994 or $0.01 per common share compared to a net income of $8,548,687 or $0.03 per common share for the prior year. The significant change year over year is primarily due to the change in fair value related to derivative liability as discussed in "Expenses" below.

Revenue and Other Income

Revenue and other income decreased in 2019 to $42,153 for the year ended December 31, 2019 compared to $90,302 for the prior year. The decrease is primarily the result of a decreasing balance of cash and cash equivalents earning interest.

Expenses

Expenses, excluding change in fair value related to derivative liability and impairment charge, decreased in 2019 to $2,720,128 for the year ended December 31, 2019 compared to $3,180,670 for the prior year.

The decrease year over year is primarily attributable to: (i) a decrease in general and administrative expenditures, primarily as a result of a decrease in investor relations activity and stock based compensation; and (ii) a decrease in corporate development expenditures. This year over year decrease was partially offset by an increase in interest expenses related to interest accrued on the Company's long-term debts, which is compounded semi-annually.

The change in fair value related to derivative liability recognized a gain of $1,454,917 for the year ended December 31, 2019 when compared to a gain of $11,639,055 for 2018.

During the year, the Company recorded an impairment charge of $1,470,936 against surface facilities under construction in mining properties as a result of the Company's decision to sell its land in Saskatchewan after a negative rezoning decision. The Company completed an impairment assessment of the related capitalized costs and determined that assets with a net book value of $2,550,936 were directly attributable to the site sold and recorded them at their recoverable amount of $1,080,000, which is equal to the proceeds received on the sale of the land.

Deferred Taxes

The Company has not recognized a net deferred income tax recovery or provision for the years ended December 31, 2019 and 2018. During the year ended December 31, 2019, recognition of (i) $714,000 from the estimated tax loss; (ii) $385,500 for non-deductible change in fair value of derivative; and (iii) $171,000 for tax rate difference resulted in a tax recovery which was offset by: (i) a tax provision of $1,073,500 for loss carryforwards not recognized; and (ii) $197,000 for non-deductible stock-based compensation and other expenses.

During the same period in 2018, a recognition of $3,109,000 for non-deductible change in fair value of derivative resulted in an income tax recovery which was offset by: (i) a tax provision of $2,283,000 from the estimated tax loss; (ii) $577,000 for loss carryforwards not recognized; (iii) $223,000 for non-deductible stock-based compensation and other expenses; and (iv) $26,000 for tax rate difference.

A valuation allowance of $16,267,000 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, 2019 was $1,922,590 compared to $1,803,314 for 2018. The use of cash in operating activities has increased year over year which is mainly attributed to an increase in accounts receivables related to the private placement closing in late December 2019, offset by a decrease in general and administrative expenditures as well as decreased activity related to investor relations and corporate development.

Cash used in investing activities was $1,065,548 compared to $3,744,423 for the years ended December 31, 2019 and 2018, respectively. This decrease related primarily to a decrease in expenditures of capital assets included in mining properties and exploration and evaluation expenditures due to a decrease in activity on the NICO Project. Also contributing to the decrease year over year is the proceeds received on the sale of capital assets held in mining properties.

The NICO Project, and the Company's other exploration projects, are classified as exploration and evaluation stage projects for accounting purposes. Exploration and evaluation cash expenditures incurred by Fortune on its properties during the three months and year ended December 31, 2019 were $205,426 and $1,486,191 respectively, and were spent on the projects as follows:

	Three months ended December 31, 2019	**Year ended December 31, 2019**
NICO	**$ 205,426**	**$ 1,483,388**
All Other Projects	**—**	**2,803**
Total cash exploration and evaluation expenditures	**$ 205,426**	**$ 1,486,191**

For comparison, exploration and evaluation expenditures incurred by Fortune on its properties during the three months and year ended December 31, 2018 were $535,958 and $2,463,277, respectively, and were spent on the projects as follows:

	Three months ended December 31, 2018	Year ended December 31, 2018
NICO	$ 535,850	$ 2,460,366
All Other Projects	108	2,911
Total cash exploration and evaluation expenditures	$535,958	$ 2,463,277

Exploration and evaluation expenditures for the three months and year ended December 31, 2019 were lower compared to the same period in 2018, as a result of a decrease in activity at NICO.

Cash provided by financing activities increased to $1,481,811 compared to $634,398 for the year ended December 31, 2019 and 2018, respectively. Cash provided in 2019 was a result of the exercise of options and a flow-through private placement while 2018 cash provided was a result of the exercise of options and derivatives warrants. 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, 2019 and 2018:

	2019		**2018**	
	Shares/Warrants Issued	**Cash Proceeds and Costs, Net**	**Shares/Warrants Issued**	**Cash Proceeds and Costs, Net**
	#	**$**	**#**	**$**
Common shares issued during the year				
Private offerings	12,250,000	1,202,135	—	—
Exercise of Warrants	—	—	—	—
Exercise of Options	7,300,000	365,000	2,850,000	176,250
Exercise of Derivatives(1)	—	—	3,709,901	493,417
Share issuance costs	—	(106,878)	—	(35,269)
Total	**19,550,000**	**1,460,257**	**6,559,901**	**634,398**
Average proceeds per share issued		**0.07**		**0.10**
Warrants issued during the year				
Private offerings	450,000	22,865	—	—
Share issuance costs	—	(1,311)	—	—
Total	**450,000**	**21,554**	**—**	**—**
Average proceeds per warrant		**0.05**		**—**
Cash Proceeds from Financing Activities Net		**1,481,811**		**634,398**

Notes:
(1) The 55,519,391 warrants issued on August 12, 2015 have been set up as a financial liability on the Consolidated Statements of Financial Position due to an anti-dilution clause which requires the exercise price and number of shares purchasable upon exercise to be adjusted from time to time in the event of Share Reorganizations, Rights Offerings, Special Distributions, General Offerings and Capital Reorganizations.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2019, Fortune had cash and cash equivalents of $2,104,901 and working capital of $2,133,208 compared to $3,611,228 and $3,472,283, respectively, for the prior year.

During the year ended December 31, 2019, 7,300,000 options with an exercise price of $0.05 were exercised at various dates between January 8, 2019 and March 16, 2019, raising gross proceeds of $365,000.

In November and December 2019, the Company completed a private placement of common shares issued on a flow-through basis. A total of 12,250,000 new common shares were issued at a price of $0.10 raising gross proceeds of $1,225,000. In addition, 450,000 broker warrants were issued with an exercise price of $0.085. Each warrant entitles the holder to purchase one common share of the Company for $0.085 on or before November 18, 2021.

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 its existing working capital, the Company will require additional financing to conduct certain critical path activities in 2020. However, the NICO Project requires further funding to advance the project through to production. Management is continuously pursuing and considering various financing opportunities. The Company has historically been successful in financing its activities, however, there are no assurances that it will be successful in raising future funds required, especially in light of the impact that COVID-19 could have on the global financial markets as a whole.

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***	***After 5 years***
Accounts payable and accrued liabilities	**$ 179,809**	$ 179,809	$ —	$ —
Long-term debts	**8,750,000**	—	8,750,000	—
Interest on Long-term debts	**3,613,518**	—	3,613,518	—
Provision for Environmental Rehabilitation	**188,000**	—	—	188,000
Total Contractual Obligations	**$ 12,731,327**	**$ 179,809**	**$12,363,518**	**$188,000**

The long-term debts 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.

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 risk to meeting its objectives for the NICO Project continue to be the ability to finance the construction cost of the project. Additional risks include purchasing lands and acquiring all necessary permits to provide the Company with the flexibility to construct its own Refinery, and construction schedule uncertainty for the Tlicho Road, a two-lane public highway of approximately 97 km from Highway 3 to the community of 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 Project:

- assessing identified optimizations to improve NICO Project economics;
- updating the Technical Report for the 2014 Feasibility Study based on updated costs, commodity prices and different development opportunities to support project financing;
- working with governments and the development partner of the NWT government, North Star Infrastructure, to achieve certainty on the completion date for the recently commenced Tlicho Road;
- complete the already commenced process to secure new land for the Refinery;

- continue reviewing the options to sell concentrates into the market to defer the capital expenditures associated with construction of the Refinery;
- continuing studies and programs required to meet water license pre-construction requirements for the NICO site;
- submission of applications for required permits for the NICO Project access road and regulatory compliance for water license and land use permits;
- completing the negotiations with the Tlicho Government for a participation agreement;
- identifying and engaging strategic partners to support the development of the NICO Project and Refinery sites;
- 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 NICO Access Road construction agreements and site preparation plans, including construction of laydown areas to receive equipment and material required for early work construction; and
- continuing engineering and procurement activities once financing is secured.

In the year ended December 31, 2019, the Company focused on continued dialogue with key parties including the Tlicho Government 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 signing of the SEA and Access Agreements.

Activities undertaken during 2019 towards achieving the next major milestones for the NICO project will remain the Company's focus through 2020. 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, 2019, the Company paid key management personnel, including officers, directors, or their related entities, an aggregate of $1,036,150 for consulting and/or management services and legal services when compared to $1,111,813 for the prior year. There were no stock options granted in 2019, but stock options with a fair value of $332,850, using the Black-Scholes option pricing model, were granted in the prior year. At December 31, 2019, $27,681 was owing to these related parties for services received during the year when compared to $16,175 at December 31, 2018.

The following table summarizes the amounts paid and payable to related parties and the nature of the payments as at December 31, 2019:

Related Party [1]	**Relationship**	**Business Purpose of Transaction**						**Total**	
		Benefits [8]		Consulting Services		Legal Services			
		Paid	Payable	Paid	Payable	Paid	Payable	Paid/Awarded	Payable
Clouter, Carl [2]	Director	$ -	$ -	$ 8,250	$ -	$ -	$ -	$ 8,250	$ -
Goad, Robin [3]	President & CEO, Director	7,846	-	341,923	6,731	-	-	349,769	6,731
Knight, David [4]	Corporate Secretary	-	-	-	-	58,950	14,000	58,950	14,000
Koropchuk, Glen [5]	Technical Director & COO, Director	-	-	284,240	-	-	-	284,240	-
Massola, David [6]	VP Finance & CFO	7,846	-	128,125	2,500	-	-	135,971	2,500
Naik, Mahendra	Director	6,584	-	-	-	-	-	6,584	-
Schryer, Richard [7]	VP Environmental & Regulatory Affairs	7,266	-	185,120	4,450	-	-	192,386	4,450
Total		$ 29,542	$ -	$ 947,658	$ 13,681	$ 58,950	$ 14,000	$ 1,036,150	$ 27,681

[1] No amounts were paid or payable for the year ended December 31, 2019 for directors John McVey, 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 WeirFoulds 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 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.
[7] Richard Schryer is engaged to provide services of VP Environmental & Regulatory Affairs of the Company pursuant to an independent consultant agreement.
[8] Benefits are basic in nature, require participants to contribute to the premium costs and includes certain co-pay requirements.

CRITICAL ACCOUNTING ESTIMATES

Mining Properties Valuation
The Company continues to consider, on a regular basis, whether indicators exist that suggest that the carrying value of its projects is impaired for accounting purposes. While the market capitalization relative to the carrying value of the Company's projects is reviewed, it is not considered a sole indication of impairment. Given the Company's stage of development and the volatility of the market, using the share price as a sole indication of impairment is not practical, although the Company does monitor the magnitude of the gap between its market capitalization and the project carrying values. At December 31, 2019, the Company considered whether there had been any significant changes to indicators and whether any new indicators were present. Management determined that as a result of obtaining limited 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 site in the NWT. The Company 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 land use permit for the NICO mine;
- the feasibility study completed in 2014 on the NICO Project demonstrates a net present value in excess of the carrying values of the project;
- the Company engaged the services of cobalt and bismuth experts to analyze the market as it relates to cobalt and bismuth products, results showed great opportunity for the NICO Project returns relative to spot prices, particularly as a consequence of the growing interest in cobalt usage in high performance rechargeable batteries contributing to an average cumulative annual growth rate in the market of approximately 6% as well as constrained and geographical concentration of supply; and
- the Tlicho Road has received commitments from the Government of Canada to provide 25% of the construction costs and the GNWT has executed the contracts with North Star Infrastructure to design, construct, operate and maintain the road over a 28-year period. The GNWT held a ground-breaking ceremony in Whati on August 24, 2019 to celebrate the commencement of construction on the Tlicho Road which began in September 2019 and is progressing rapidly.

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 $2,133,208 and positive cash balances at December 31, 2019 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 will require additional financing to conduct certain critical path activities in 2020 and 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 2019, 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 $16,267,000, 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.

ENVIRONMENT

Fortune is committed to a program of environmental protection at its exploration sites. Fortune was in compliance with government regulations in 2019. Secured letters of credit have been provided to be held against future environmental obligations with respect to Arctos and NICO sites 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 the proposed NICO mine, 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 the NICO mine and Refinery. 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 Tlicho Road
While the Company currently anticipates that the Tlicho Road will be completed, the timing related thereto is outside of the control of the Company. There is no assurance that the Tlicho Road will be completed prior to the construction of the NICO mine.

Location of Refinery
The Company does not currently own any lands on which to build the Refinery, as the lands previously held for this purpose were sold as a result of a negative rezoning decision by the local municipality. The Company went through the process of identifying alternative sites in Saskatchewan and is also evaluating other suitable jurisdictions to build the Refinery. Several sites, both greenfield and brownfield, have been identified but no decisions have been made. Once the Company has selected the appropriate site for the Refinery, it will need to work towards obtaining the necessary approvals and permits as applicable to those sites.

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 consultants and employees. 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 (2015) to a high of US$1,392/oz (2019); annual average cobalt prices have ranged from a low of US$12.00/lb (2016) to a high of US$37.01/lb (2018); annual average copper prices have ranged from a low of US$2.21/lb (2016) to a high of US$2.95/lb (2018); annual average bismuth prices have ranged from a low of US$2.80lb (2019) to a high of US$6.43/lb (2015). 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 Refinery 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 contamination. 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 baseline 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 processes. 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.

Indigenous Title and Rights Claims

Indigenous 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 lands that surround NICO are owned by the Tlicho Government pursuant to the terms of an agreement negotiated between the federal government, the GNWT and the Tlicho Government ("Tlicho Agreement") and the Company is not aware of any indigenous land claims having been formally asserted or any legal actions relating to indigenous issues having been instituted with respect to the NICO mine other than certain treaty rights established by the Tlicho Agreement. 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 and Tlicho Agreement, an access agreement was signed during the year between the Tlicho Government and the Company for the use of the access roads to be built through Tlicho territory to the site. During 2019, various discussions with the GNWT took place in relation to completion of the SEA and funding for the Tlicho Road as well as determining the construction schedule for the project. The Company is aware of the mutual benefits afforded by co-operative relationships with indigenous 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 is committed to open and constructive dialogue with indigenous communities and stakeholders and will continue to make every effort to increase indigenous 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 indigenous 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 Mineral 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 Reserve and Mineral Resource 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.

The COVID-19 global pandemic has disrupted economic activities and supply chains. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. The Company's ability to continue to service debt and meet obligations as they come due is dependent on the continued ability to obtain financing and maintain cash flows.

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 financial assets at amortized cost, 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 debts, which are financial liabilities designated as financial liabilities at amortized cost, measured initially at fair value and subsequently on the basis of amortized cost using the effective interest rate method; and derivative liability designated as financial liabilities at fair value through profit or loss, 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, 2019 and 2018, profit and losses associated with each financial instrument are as follows:

	Impact on Profit (Loss)	
	2019	2018
Reclamation security deposits	3,081	2,269
Provision for environmental rehabilitation	(3,291)	(3,019)
Long-term debts	(1,185,018)	(1,068,342)
Derivative liability	1,454,917	11,639,055

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:

1. 359,553,220 common shares issued and outstanding;
2. 61,617,339 warrants outstanding which entitle the holders to purchase one common share at various prices between $0.085 and $0.204 and expiring at various dates between November 18, 2021 and August 12, 2022; and
3. stock options outstanding to purchase an aggregate of 10,550,000 common shares expiring at various dates until March 22, 2023 and exercisable at various prices between $0.10 and $0.29 per common share.

All stock options have vested as at the date hereof.

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, 2019. 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, 2019 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, 2019. 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, 2019 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, 2019 that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

The disclosure of scientific and technical information contained in this MD&A has been approved by Robin Goad, M.Sc., P.Geo., President and Chief Executive Officer of Fortune, who is a "Qualified Person" under National Instrument 43-101.

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, including the building or acquisition of a hydrometallurgical refinery in Saskatchewan or elsewhere and the construction of the Tlicho Road, and the expected results of the technical report updating 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 acquire an existing hydrometallurgical refinery for the NICO Project or acquire land suitable for the construction of such a refinery, the Company's ability to obtain the necessary financing to develop and operate the NICO Project and the related hydrometallurgical refinery, the construction of the Tlicho Road and the timing of its completion, the ability of the Company to obtain all necessary regulatory approvals for the construction and operation of the NICO Project and the related hydrometallurgical refinery and the timing thereof and the timing of the update of the 2014 Feasibility Study and the results thereof. 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 risk that the Company may not be able to arrange the necessary financing to carry on operating or to develop, construct and operate the NICO Project, including the related hydrometallurgical refinery; the risk that the Company may not be able to acquire an existing hydrometallurgical refinery or otherwise acquire land suitable for the for the construction of such a refinery; the risk that the Tlicho Road may not be constructed in a timely fashion; uncertainties with respect to the receipt or timing of required permits and agreements for the development of the NICO Project, including the related hydrometallurgical refinery; 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; the inherent risks involved in the exploration and development of mineral properties and in the mining industry in general; 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.