FORTUNE
MINERALS LIMITED

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

Three and nine months ended September 30, 2014

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 October 29, 2014 and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and the notes thereto for the three and nine months ended September 30, 2014 and with the audited consolidated financial statements and the notes thereto and MD&A for the year ended December 31, 2013, 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.

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.

	2014			2013				2012
	Sep-30	**Jun-30**	**Mar-31**	**Dec-31**	**Sep-30**	**Jun-30**	**Mar-31**	**Dec-31**
Net loss (1)(3)	(1,354,055)	(1,454,488)	(1,257,196)	(41,019,135)	(657,471)	(1,024,235)	(1,630,577)	(4,726,705)
Basic and fully diluted loss per common share(2)	(0.01)	(0.01)	(0.01)	(0.27)	—	(0.01)	(0.01)	(0.04)

Notes:
(1) Interest and other income is included in other items on the consolidated statements of net loss, comprehensive loss, and deficit.
(2) The sum of quarterly loss per common share for any given period may not equal the year-to-date amount due to rounding.

OVERVIEW

Fortune's vision is to be a recognized expert in developing, mining and processing precious and specialty minerals projects. Supporting the vision is Fortune's mission to profitably produce precious and specialty metals and coal products to meet the needs of our customers and partners by attracting and developing an exceptional team of people motivated to acquire, explore, develop, mine and reclaim resource properties in a safe and responsible manner.

Fortune has a successful history of discovery and acquisitions to assemble a portfolio of world class mineral deposits. The Company recently acquired a 100% interest in the Revenue Silver Mine ("RSM") in Colorado through the completion of a two-stage transaction completed on October 1, 2014 and has been the mine operator since May 1, 2014. The Company's most significant development assets are its wholly owned NICO gold-cobalt-bismuth-copper project in the Northwest Territories ("NICO") and its 80% interest in the Arctos Anthracite Project in northwest British Columbia ("Arctos"). The value Fortune offers includes: diversified assets with significant investments already made to advance development and production; projects located in North America, a mining-friendly, politically stable geographical location; two development projects and one project in the late stages of commissioning providing participation in commodities of critical importance to a growing world economy including gold, cobalt, bismuth, copper, silver, lead, zinc and metallurgical coal; and a production plan that offers a different risk profile than pure exploration companies.

Fortune has assembled an experienced team that is working towards a common goal of unlocking the value of its

RSM, NICO and Arctos projects, by advancing them toward commercial production, while also minimizing the risks associated with their development. Fortune is committed to developing its projects in a socially and environmentally responsible manner. Fortune has received a Bronze Level award for its work in Progressive Aboriginal Relations ("PAR") by the Canadian Council for Aboriginal Business ("CCAB"). The PAR program is the first and only corporate responsibility assurance program in the world with an emphasis on aboriginal relations. The Company has worked with guidance and support from the CCAB to document practices, policies and behaviors that quantify and validate the Company's commitment to positive and progressive aboriginal relations. The Company is committed to open and constructive dialog with aboriginal communities and will continue to make every effort to increase aboriginal employment and business through its human resources and supply chain policies.

Revenue Silver Mine

On May 9, 2014, Fortune Revenue Silver Mines, Inc. ("Fortune Revenue"), a wholly-owned subsidiary of Fortune, purchased a 12% participating interest in RSM from the ownership group, including Silver Star Resources LLC, Star Mine Operations LLC and Revenue-Virginius Mines Corporation ("the Vendors"). Consideration paid consisted of $US 2 million in cash and 32 million common shares of the Company valued at $10,880,000, which was determined based on the fair market value per share of $0.34 on May 9, 2014. The RSM is located in southwestern Colorado, U.S.A and is a fully permitted and constructed mine in the late stages of commissioning. The RSM is a silver producing mine currently in the commissioning stage with primary by-products of gold, lead, zinc and potentially copper. Pursuant to a Participating Interest and Asset Purchase Agreement dated as of May 1, 2014 among Fortune, Fortune Revenue and the Vendors, as amended ("the PIAPA"), Fortune Revenue became the operator of the RSM effective May 1, 2014 with sole responsibility for the direction and control of the activities at the mine. In addition, the Company became responsible from the effective date for all costs, expenses and liabilities related to the mine and was entitled to all of the revenues from the mine.

Subsequent to the quarter end, on October 1, 2014, Fortune Revenue purchased the remaining 88% interest in the RSM. See Fortune's news releases dated May 9, 2014, July 31, 2014, August 20, 2014 and October 1, 2014 for details of the PIAPA. Consideration paid in accordance with the amended PIAPA was $US 18 million paid in installments of $US 15 million on October 1, 2014 and $US 3 million on October 16, 2014 and an additional $0.5 million in interim period expenditures to the vendors of RSM paid in $0.25 million increments on September 18, 2014 and October 1, 2014. In addition, 17,744,000 common shares are to be granted subject to shareholder and regulatory approvals by December 31, 2014. On closing of the acquisition on October 1, 2014, the Company assumed certain obligations and liabilities of the Vendors to the previous owner of the RSM as follows:

- $US 4 million cash payment made on October 1, 2014;
- 2% net smelter return royalty to a maximum of $US 9 million, adjusted for inflation on a Consumer Price Indexed ("CPI") basis;
- 1% net smelter return royalty to a maximum of $US 9 million, adjusted for inflation on a CPI basis to be paid on sales during a calendar month, if and when the price of silver is more than $US 60 per ounce to be paid after the 2% net smelter return royalty reached $US 9 million on a CPI basis;
- a bonus payment of $US 2 million if the price of silver on the London Bullion market exceeds $US 40 per ounce for any day on or prior to December 31, 2016; and
- a bonus payment of $US 500,000 to be paid in 10 equal monthly installments if the price of silver on the London Bullion market exceeds $US 30 per ounce for any day on or prior to December 31, 2017.

In order to finance the acquisition and operations of the RSM, the Company entered into a General Corporate Facility agreement ("the General Corporate Facility") with LRC-FRSM LLC ("LRC") during the quarter for $US 4 million. This $US 4 million bridge loan supported the Company's short-term working capital requirements and the advancement of near term capital improvements required at the mine.

Subsequent to the quarter end, on October 1, 2014, the Company entered into a second facility with LRC, a Senior Secured Metal Prepay Agreement ("the Metal Prepay Facility"), which resulted in the Company receiving total financing of $US 35 million. The first tranche of $US 25 million was received on October 1, 2014 and the second tranche of $US 10 million was received on October 16, 2014. The Company used the funding from the first tranche to repay the General Corporate Facility, fund the RSM acquisition, including amounts owing to the previous owner of the mine, make capital investments to improve the mine operations, and provide working capital. The Metal Prepay Facility principal will be repaid from a fixed schedule of metal shipments from the RSM to LRC-FRSM LLC, plus interest of 9.25% over a five year term. The Metal Prepay Facility is secured by a first charge on the shares and assets of Fortune Revenue, including the RSM, and is supported by a parent guarantee from Fortune.

During the period from May 1, 2014 to September 30, 2014 the Company undertook the following activities in relation to the RSM:

- Continued to advance the project through the commissioning phase to move towards commercial production;
- Continued the process of transitioning operations to becoming 100% owner of the mine by supervising key personnel, overseeing site activities and integration of management teams, with a significant focus on safety;
- Initiated high priority projects related to production and safety such as the Raisebore Hole to improve ventilation, mine equipment, and mill enhancements to achieve 400 short tons per day production target, including a thickener, crushing and grinding circuit upgrades and plant automation;
- Completed environmental compliance related to water storage and discharge ponds and tailings placement systems; and,
- On July 18, 2014, the Company achieved a key milestone in the path towards commercial production at the RSM by making its first shipment of concentrate. During the commissioning period, the Company has sold concentrate for gross proceeds of $US 126,780 ($CA 136,794) to September 30, 2014.

On July 24, 2014, the results of a Preliminary Economic Assessment ("PEA") report for RSM were announced. The PEA is reflected in a technical report dated July 23, 2014 prepared by SRK Consulting entitled "*NI 43-101 Technical Report Preliminary Economic Assessment The Revenue Mine, Sneffels, Colorado*" that has been filed on SEDAR at www.sedar.com by the Company under National Instrument 43-101. See also the Company's press release dated July 24, 2014 for details of the PEA.

The Company is forming strategic relationships in order to supply key partners and markets for Fortune's commodities. This strategy continues to be the focus to advance the development of the Company's NICO and Arctos projects.

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 NICO and its related hydrometallurgical process facility, 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. In 2013, the Company entered into an agreement with Procon Resources Inc. ("Procon"), a full-service mining contracting company headquartered in Vancouver, Canada, pursuant to which the Company received a strategic investment of $11.7 million. This transaction saw Procon buy 29.25 million newly issued shares for a 19.4% stake in Fortune. Fortune used the proceeds of the private placement to advance the NICO project and for general working capital purposes. On May 9 and July 8, 2014, related to the

Company's acquisition of an initial 12% interest in the RSM, Procon exercised its pre-emptive right and purchased an additional 7,717,871 shares for $3,087,148.

In support of permitting and financing initiatives for NICO, the Company undertook the following activities during the nine months ended September 30, 2014:

- In January 2014, Fortune was approved for a staging (interim) land use permit for the NICO mine. This permit allowed Fortune to conduct land-based early works at the mine site including staging of equipment and site preparation activities prior to the issuance of the full mine permit;
- In April 2014, the Company submitted its closing remarks to the Wekèezhii Land and Water Board ("WLWB");
- Continued engineering and execution planning activities for construction of the mine;
- Filed the final Environmental Impact Study ("EIS") for the SMPP with the Saskatchewan Environmental Assessment Branch ("SEAB"). The EIS and associated documentation was posted for public comment and followed by the SEAB's recommendation to the Saskatchewan Minister of Environment and on February 11, 2014, the Minister of Environment for the Province of Saskatchewan accepted the SEAB's recommendation and approved the Company's proposed SMPP, subject to certain conditions. With this approval, the Company is now completing the process of rezoning its land with the Rural Municipality of Corman Park;
- Held various meetings, open houses and discussions with local communities and stakeholders near the future SMPP site;
- On April 2, 2014, the Company announced the results of an updated feasibility study report. The report was prepared in order to document a number of improvements that have been made to the NICO project over the past year and to provide a comprehensive document to advance negotiations for project financing with potential strategic partners and their banks. The report updates the economics for the project from the 2012 FEED Study and a technical report reflecting the updated feasibility study dated May 5, 2014 prepared by Micon International entitled "*Technical Report on the Feasibility Study for the Nico Gold-Cobalt-Bismuth-Copper Project, Northwest Territories, Canada*" was filed on SEDAR at www.sedar.com on May 7, 2014 (see Fortune news releases dated April 2, 2014 and May 7, 2014);
- On June 20, 2014 the WLWB issued the land use permit and approved the Type A water licence and recommended to the GNWT Minister of Environment and Natural Resources for final approval, which was subsequently received on July 23, 2014, resulting in the NICO project having the primary permits required for construction and operations subject to meeting permit conditions and posting of initial reclamation security with the Government of the Northwest Territories;
- During September 2014, the Company conducted environmental monitoring and site fieldwork in support of water license requirements;
- The Company continues to hold various meetings and discussions with representatives from the Tlicho communities and Tlicho Government to achieve Access agreement and Impact and Benefit Agreement ("IBA"); and,
- Various discussions with the Government of the Northwest Territories are ongoing including in relation to a socio-economic agreement and funding for the all-weather access road which is critical in determining the construction schedule for the project.

Arctos Project

During 2011, Fortune and Fortune Coal Limited ("FCL"), a wholly-owned subsidiary of Fortune, entered into an agreement (the "Arctos Agreement") with POSCO Canada Ltd. and POSCO Klappan Coal Ltd. ("POSCAN"), a wholly-owned subsidiary of POSCO Canada Ltd., to advance Arctos to production through an unincorporated joint venture, the Arctos Anthracite Joint Venture ("Arctos JV"). POSCO Canada Ltd.'s parent company, POSCO, is based in South Korea and is one of the world's largest steel producers. Pursuant to the Agreement, POSCAN acquired a 20% interest in Arctos. See Fortune's news release dated July 13, 2011 for highlights of the Arctos

Agreement. Fortune plans to continue discussions with potential debt and equity providers, including potential additional strategic partners, with the aim of achieving a fully financed, permitted project.

As part of the Arctos Agreement and as contemplated by a technical report entitled "*Technical Report on the 2012 Update of the Arctos Anthracite Project Mine Feasibility Study*" dated November 28, 2012 filed on SEDAR at www.sedar.com by the Company under National Instrument 43-101, the Arctos JV partners approved a program and budget focused on advancing Arctos to production quickly by engaging with native and other local communities to build stakeholder support for Arctos, securing permits, and conducting additional environmental studies and detailed engineering to support permitting and mine planning. During the nine months ended September 30, 2014, the Company undertook the following activities:

- Continued to cooperate and work closely with the BC government to achieve clarity on land use and access;
- Continued environmental, permitting, community and government relations activities to advance the Arctos environmental assessment ("EA") process and community relations. To advance the EA process, the Company has conducted additional environmental baseline, geochemical, hydrogeological, geotechnical and archaeological studies activities and has completed the draft application information requirements;
- Continued activities to enhance relationships with key groups, including impacted local communities and First Nations, government regulators and other interested parties;
- Continued to seek opportunities to work with representatives from the Tahltan Nation; and
- Held meetings and discussions with representatives from the Gitxsan Nation.

The Company is awaiting the outcome of discussions between the Tahltan Nation and the BC government on the EA process and scope before undertaking any additional significant activities. While ongoing discussions take place, the BC government has deferred the issuance of permits in the Klappan area until December 1, 2014.

Summary of Project Expenditures

The NICO and Arctos projects, along with other exploration projects of the company are classified as exploration and evaluation stage projects for accounting purposes. Exploration and evaluation cash expenditures incurred by Fortune on its properties during the three and nine months ended September 30, 2014 were $264,006 and $4,001,189, respectively, and were spent on the projects as follows:

	Three months ended September 30, 2014	**Nine months ended September 30, 2014**
NICO	$ 233,592	$ 2,445,909
Arctos	30,449	1,552,174
All Other Projects	(35)	3,106
Total cash exploration and evaluation expenditures	$ 264,006	$4,001,189

For comparison, exploration and evaluation expenditures incurred by Fortune on its properties during the three and nine months ended September 30, 2013 were $5,271,261 and $10,116,766, respectively, and were spent on the projects as follows:

	Three months ended September 30, 2013	**Nine months ended September 30, 2013**
NICO	$ 1,532,475	$ 3,472,805
Arctos	3,764,174	6,665,538
All other projects	(25,388)	(21,577)
Total cash exploration and evaluation expenditures	$ 5,271,261	$ 10,116,766

Exploration and evaluation expenditures for the three and nine months ended September 30, 2014 were lower compared to the same periods in 2013, as a result of decreased expenditures on both Arctos and NICO as the Company has reduced spending on these projects pending further financing and additional clarity from the Governments of the NWT on the road for NICO and from the BC Government on the permitting process for Arctos. Expenditures for Arctos in 2013 were significantly higher due to a fieldwork program in support of permitting activities, environmental studies and community relations activities.

Mine development cash expenditures incurred by Fortune on its RSM property during the three and nine months ended September 30, 2014 were $6,323,823 and $10,447,707, respectively. Expenditures incurred in the quarter relate to activities undertaken to advance the project through the commissioning period, mine development and capital projects to improve safety and operating efficiencies at the mine.

RESULTS OF 2014 OPERATIONS

Summary

The Company's net loss for the three and nine-month periods ended September 30, 2014 was $879,055 and $3,590,739, respectively, or $0.00 and $0.02 per share compared to $657,471 and $3,312,283 or $0.00 and $0.03 per share for the same periods in the prior year.

Expenses

Expenses before other items increased to $1,515,519 and $4,673,310 compared to $1,005,811 and $3,717,371 for the three and nine-month periods ended September 30, 2014 and 2013, respectively.

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

- Increase in corporate development costs as a result of the Company's activities related to the due diligence and acquisition of RSM and activities related to the pursuit of financing solutions for the NICO and Arctos projects;
- Increase in administrative expenditures primarily as a result of termination payments made in the first and third quarters of 2014; and
- Increase in interest expense as a result of the increase in the current debt from $3 million to $5.125 million.

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

- Decrease in stock-based compensation expense during 2014 as a result of a lower fair value assigned to the 2,950,000 options granted in the first quarter of 2014 compared to 2,900,000 options during the same period in 2013. Although the number of options issued was higher in 2014, the value of the options, using the Black-Scholes option pricing model, was lower.

Other Income and Charges

Interest and other income for the three and nine-month periods ended September 30, 2014 were $11,236 and $117,035, respectively, compared to $18,401 and $63,656 for the same periods in 2013. The increase is primarily due to higher interest rates on the Company's deposits, resulting in higher interest income in 2014.

There were no flow-through shares issued in 2013 or 2014. A gain on flow-through share premium of $127,000 was recognized in the nine months ended September 30, 2013 as a result of expenditures incurred in that period that were previously renounced through flow-through shares issued in 2012. The gain was calculated as the difference between the market price of the Company's shares on the day the flow-through financings closed and the price that the investors paid for the shares.

Fortune has an operating bank account in United States dollars ("$US") to pay certain US vendors and to receive $US payments as well as to manage the timing of conversion of Canadian dollars ("$C") to $US, or vice versa. The foreign exchange loss from converting $US balances in Fortune to $C at September 30, 2014 and during the quarter was $169,359 (September 30, 2013- gain of $30,823). The functional currency of Fortune Revenue, a Colorado subsidiary established for the purposes of acquiring the RSM, and Fortune Minerals Marketing Limited ("FMML"), a Barbados product marketing subsidiary, is $US. These companies are translated to $C for reporting purposes and as a result of the exchange rate at the time of translation, a currency translation adjustment is recognized through other comprehensive income. Currency translation adjustment for the three and nine months ended September 30, 2014 was $989,414 and $723,281, respectively, and $nil for 2013 since Fortune Revenue and FMML were not operating.

During the first quarter of 2013, an impairment charge of $163,352 was recognized against surface facilities assets in mining properties as a result of changes made to the detailed engineering and planning related to the use of certain assets at NICO. There were no impairment charges recognized in the nine months ended September 30, 2014.

Deferred Taxes

The Company recognized a deferred income tax recovery of $128,000 for the three months ended September 30, 2014 compared to $314,000 for the same period in 2013. The 2014 year to date net recovery of $525,000 results primarily from the recognition of $1,220,000 from the estimated tax loss and $179,000 for investment tax credits on pre-production mining expenditures recorded during the period. The net recovery includes provisions of $746,000 for a valuation allowance and $119,000 for non-deductible stock-based compensation and other expenses. During the same period in 2013, the deferred income tax net provision of $328,600 resulted primarily from a provision of $558,000 for renunciation of flow-through eligible expenditures, $151,000 for non-deductible stock-based compensation and $108,000 for a rate difference. The net provision included a recovery of $962,000 for deferred tax benefits resulting from the estimated tax loss, $68,600 for non-taxable flow-through share premiums and other expenses, and $115,000 for investment tax credits on pre-production mining expenditures recorded during the period. The Company's deferred tax liability has arisen principally from the increasing difference between book and tax values of its assets resulting from the renunciation of tax deductions to investors of flow-through shares offset partially by increasing deferred tax assets for net operating loss carry forwards and unused investment tax credits on pre-production costs, net of tax.

Cash Flow

Cash used in operating activities during the nine months ended September 30, 2014 was $2,595,196 compared to $1,521,140 for the same period in 2013. The operating activities before changes in non-cash working capital used cash of $3,301,071 and $2,192,220 in the first nine months of 2014 and 2013, respectively. The increased use of cash in operating activities, before changes in non-cash working capital, is primarily related to the increases in corporate development costs related to the RSM due diligence and acquisition, interest expense and other administrative expenses, as discussed above in the "Expenses" section.

Cash used in investing activities increased to $18,096,865 from $10,314,568 when comparing the nine months ended September 30, 2014 and 2013. This increase is primarily due to the acquisition of interest in RSM of $2,440,318 and RSM mine development costs of $10,447,707 included in the purchase of plant and equipment and capital assets of $11,356,275. Exploration and evaluation expenditures of $4,001,189 were focused primarily on permitting, environmental and community relations activities and consultation for Arctos and NICO as described in the "Overview" section and were less than the prior year due primarily to the extensive fieldwork program that was completed in 2013 at Arctos in support of the EA process. These expenditures were offset slightly by proceeds of $43,321 received during the same period from the sale of assets previously classified as held for sale.

Cash provided by financing activities was $10,390,951 for the nine months ended September 30, 2014 compared to $11,008,108 for the same period in 2013. Cash provided in 2014 was as result of the $4 million General Corporate Facility from LRC, a $1 million private placement and an increase in long-term debt as described below in the "Liquidity and Capital Resources" section. Cash received during the same period in 2013 related to a private placement.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2014, Fortune had cash and cash equivalents of $3,103,982 and a working capital deficit of $1,505,729. Of the total consolidated cash, $22,320 represents Fortune's 80% share of cash from the Arctos JV.

During the quarter ended June 30, 2014 the Company increased its total long-term debt with a private investor group from $3,000,000 to $5,125,000. On May 8, 2014, the group advanced an additional $2,000,000 to the Company, evidenced by a promissory note. Under the terms agreed to with the group, the aggregate amount repayable by the Company will be $5,125,000 and the maturity date for the original loan as well as the new loan was extended from August 31, 2014 to August 31, 2016. The loans will continue to bear interest at 9% per annum and will be secured by a charge on the Company's personal property and the NICO mining leases.

During the quarter ended September 30, 2014, the Company entered into the General Corporate Facility with LRC to borrow $US 4 million which was received by the Company on September 18, 2014. The balance did not bear interest and had a maturity date of no later than March 18, 2015. Pursuant to the General Corporate Facility, the Company issued 1,000,000 common shares to LRC. Subsequent to the quarter end, on October 1, 2014, the Company repaid the loan balance in full using proceeds received from the Metal Prepay Agreement with LRC as described above in the "Overview" section. The $US 35 million Metal Prepay Facility principal will be repaid from a fixed schedule of metal shipments from the RSM to LRC-FRSM LLC, plus interest of 9.25% over a five year term

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.

Financing was received on October 1, 2014 and October 16, 2014 from the Metal Prepay Agreement to complete the acquisition of the RSM and fund start-up through the commissioning period. Future cash flows and potential capital requirements are dependent upon RSM reaching commercial production and operations ramping up to 400 short tons per day. If production targets are not met, additional capital may be required to fund the RSM operations. Subsequent to the quarter end, the Company is in the process of transferring certain equipment leases from the Vendors to Fortune. The estimated liability of equipment leases transferred is approximately $US 1.5 million with repayment periods ranging from 19-36 months.

The Arctos and NICO projects require further funding during 2014 or risk delays and additional financing is required to advance the NICO and Arctos projects through to production. The $14,307,339 capital contribution liability reflected on the Company's balance sheet as at September 30, 2014 represents the $16 million contractual obligation under the Arctos JV Agreement, due by December 31, 2015. In addition to contractual obligations noted, non-discretionary budget commitments required to keep current mining leases for NICO and coal licenses for Arctos in good standing consist of annual payments of $12,700 and $164,110, respectively.
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 and a surety bond in favour of the Colorado Division of Mining Reclamation and Mining Safety for the RSM. As indicated above, additional financing is required to construct mine infrastructure and processing facilities, to acquire additional equipment for the NICO and Arctos projects, and to fund the capital contribution liability for the Arctos JV. Potential sources for future funding include but are not limited to equity financing, project financing, off-take and

royalty agreements, additional strategic partnerships, mergers and acquisitions. The Company continues to evaluate its alternatives with a view to executing a financing plan suitable to fund its transformation into a producer and minimize potential dilution to shareholders.

Based on the Company's current cash flow forecasts, the Company does not have sufficient cash or working capital to fund all of its planned activities without obtaining additional financing. This results in the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management is actively working to achieve positive cash flows through the acquisition of the RSM and is continually pursuing and considering various financing opportunities. The Company has historically been successful in financing its activities, however, there are no assurances that it will be successful in raising future funds required.

OUTLOOK

The Company's principal objective is to achieve successful commercial production for its RSM, NICO and Arctos projects. The Company's activities in pursuit of its objectives are subject to many risks as discussed under the heading "Risks and Uncertainties" section in the December 31, 2013 MD&A filed on SEDAR and the additional risks disclosed herein. The most significant risks to meeting its objectives for the RSM relate to the Company's ability to comply with all regulatory requirements with respect to health and safety matters, the Company's ability to complete the commissioning of the RSM on time and budget and external factors such as variations in commodity prices (silver, gold, lead and zinc). The most significant risks to meeting its objectives for NICO and Arctos continue to be permitting and financing. These risks arise primarily from external parties such as government regulators, First Nations and investors who have significant influence over the outcome of the Company's efforts and external factors such as commodity prices, economic conditions and the financial markets. Accordingly, management has sought and continues to seek proactive ways to address risks in its business model and has developed appropriate strategies to move forward by focusing expenditures on critical path activities in a socially and environmentally responsible manner.

The next major milestones to achieve commercial production for the RSM project are:

- Improve safety culture and performance at the site through focused efforts with operating personnel and deployment of capital on safety related items;
- complete the transition of desired personnel to FRSMI;
- complete mine development to support on-going operations;
- complete capital projects;
- establish 2 year mine and mill plans in support of profitable operation;
- complete hiring of all personnel to support the mine and mill plans;
- establish consistent production through the implementation of the mine plan and related mine development; and
- complete capital projects to improve mine safety and operational efficiencies in order to increase production to the target of 400 short tons per day.

Major milestones to achieve on the path forward for the development of the NICO mine site and SMPP include:

- work with governments to achieve certainty on road schedule and funding which will determine the construction schedule;
- the receipt of all necessary environmental licenses and permits for the SMPP site in Saskatchewan;
- completing with the Tlicho Government an agreement on the NICO Project Access Road ("NPAR") and an IBA;
- identifying and engaging strategic partners to support the development of the NICO project site and the SMPP, by helping to arrange or provide some or all of the project financing, evaluating potential transactions and ultimately entering into a strategic arrangement suitable to the Company;

- completing road construction agreements and site preparation plans, including construction of laydown areas to receive equipment and material required for early work construction; and
- commence detailed engineering and procurement activities once financing is secured.

During the first nine months of 2014, the Company focused on concurrently advancing the EA processes for NICO and the SMPP through to the decision for approval, continued meaningful 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 the Procon strategic investment, the Federal and Tlicho government approvals for the NICO mine and mill, receipt of the land use permit and Type A water licence for the NICO site, and the ministerial approval of the SMPP, which will allow the Company to complete the process of rezoning its land with the Rural Municipality of Corman Park, Saskatchewan.

The next major milestones to achieve on the path forward for the Arctos project are:

- the receipt of permits to allow completion of EA activities related to site and rail;
- the receipt of all necessary environmental and mine permits and certificates required for production at the mine site and for development of the railway to the port of Prince Rupert in British Columbia;
- complete agreements with the Tahltan Nation related to the mine development;
- complete a financing plan with potential debt and equity providers to fully fund the Company's share of development and construction costs for the Arctos JV;
- complete agreements with the Gitxsan Nation related to the rail infrastructure development; and
- advance engineering on critical infrastructure related to rail development and power supply.

During the first nine months of 2014, the Company focused efforts on the Arctos EA process, continued relationship development activities with key parties including the BC government, the Tahltan and Gitxsan First Nations and worked to identify and explore opportunities with additional strategic partners. As noted, the Company is awaiting the outcome of discussions between the Tahltan Nation and the BC government on the EA process and scope before undertaking any additional significant activities and is completing work primarily with internal resources at this time.

Activities undertaken during 2014 towards achieving the next major milestones for the RSM, NICO and Arctos projects will remain the Company's focus through the remainder of 2014. As it pursues these objectives, the Company will strive to prudently manage capital resources and mitigate risks.

TRANSACTIONS WITH RELATED PARTIES

During the nine months ended September 30, 2014, the Company paid key management personnel, including officers, directors, or their related entities an aggregate of $1,398,932 for consulting and/or management services and legal services. In addition, stock options with a fair value of $306,000, using the Black-Scholes option pricing model, were granted to these individuals during the period. At September 30, 2014, $329,246 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 September 30, 2014:

Related		Business Purpose of Transaction										Total	
Party	Relationship	Salaries and Benefits [7]		Consulting Services		Directors' Fees		Legal Services		Stock Options			
		Paid	Payable	Paid	Payable	Paid	Payable	Paid	Payable	Granted [8]	Payable	Paid/Awarded	Payable
Adam Jean [1]	VP Finance & CFO	$151,899	$ 10,434							$ 36,000		$ 187,899	$ 10,434
Breukelman, William [2]	Director					$ 12,250	$ 1,666			18,000		30,250	1,666
Chen, Shouwu	Director					9,750	8,166			18,000		27,750	8,166
Clouter, Carl [3]	Director			$ 20,000	$ 8,000	9,750	7,666			18,000		47,750	15,666
Currie, James [2]	Director					9,250	1,666			18,000		27,250	1,666
Doumet, George	Director					9,750	8,666			18,000		27,750	8,666
Excell, James	Director					12,833	10,833			18,000		30,833	10,833
Goad, Robin [4]	President & CEO, Director	3,195		231,910	8,900					54,000		289,105	8,900
Kemp, Julian [5]	VP Finance & CFO	355		329,890								330,245	
Knight, David [6]	Director					9,750	8,166	$292,696	$180,700	18,000		320,446	188,866
Naik, Mahendra	Director					57,667	43,833			27,000		84,667	43,833
Romaniuk, Mike	VP Operations & COO	228,237	14,718							45,000		273,237	14,718
Williams, James W. Jr. [2]	Director						7,166						
Yurkowski, Edward	Director					9,750	8,666			18,000		27,750	8,666
Total		$383,686	$ 25,152	$581,800	$16,900	$ 140,750	$ 106,494	$292,696	$180,700	$ 306,000	$ -	$ 1,704,932	$ 329,246

[1] Adam Jean was promoted to Vice President Finance and Chief Financial Officer of the Company effective January 21, 2014.

[2] Bill Breukelman and James Currie ceased to be directors effective June 24, 2014. On this same date, James W. Williams, Jr. became a director.

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

[4] 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.

[5] Julian Kemp was engaged to provide services of Vice President Finance and Chief Financial Officer of the Company pursuant to an independent consultant agreement. Julian ceased to be Vice President Finance and Chief Financial Officer effective January 21, 2014.

[6] David Knight is a partner with the law firm Norton Rose Fullbright Canada LLP, which provides legal services to the Company.

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

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

CRITICAL ACCOUNTING ESTIMATES

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 stage that the Company is in, and the volatility of the market, using the share price as a sole indication of impairment is not practical, however the Company monitors the magnitude of the gap between the Company market capitalization and the project carrying values. Due to the size of the gap and overall market sentiment of the resource sector at December 31, 2013, an impairment analysis was completed on the Company's NICO cash generating unit and an impairment charge of $35,040,177 was taken as at that date and was reflected in the Company's 2013 audited financial statements. At the end of the nine months ended September 30, 2014, the Company considered whether there had been any significant changes to the indicators of impairment at year end and whether any new indicators were present and has determined that there are no indications that the carrying value of any or all of its projects is impaired or that impairment losses recognized in prior periods should be reversed.

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 EA 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;
- The Company is currently focused on obtaining EA approval and permits for the Arctos project and has plans in place and resources assigned to help achieve this;
- Substantive expenditures on the Company's main projects, NICO and Arctos, are planned and budgeted for beyond 2013;
- A successful arrangement of a joint venture with POSCAN was completed in 2011 to help finance the Arctos project through development;

- The feasibility studies completed to date on NICO and Arctos demonstrate net present values in excess of the carrying values of the respective projects;
- The Company has engaged a financial advisor to assist in securing additional financing through strategic partners to support the development of NICO and Arctos;
- A strategic investment by Procon, completed in 2013, will move the NICO project forward and provides additional working capital;
- 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 price; and
- The Company obtained financing to acquire 100% of the RSM and is in the process of commissioning and ramp-up of the operations.

FINANCIAL INSTRUMENTS

As at the date hereof, the Company's financial instruments consist of: short-term investments included in cash and cash equivalents and reclamation security deposits, designated as financial assets measured at fair value through profit and loss; accounts receivable which is a financial asset designated as a receivable, measured initially at fair value and subsequently on the basis of amortized cost using the effective interest rate method; and accounts payable and accrued liabilities, interest payable, income taxes payable, current debt and capital contribution liability, which are financial liabilities designated as other liabilities measured initially at fair value and subsequently on the basis of amortized cost using the effective interest rate method. It is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The Company mitigates its risk by holding short-term investments in instruments low in risk and highly rated with large reputable financial institutions.

ADDITIONAL INFORMATION

Additional information relating to the Company, including its current and previous year's annual information forms are available on SEDAR at www.sedar.com.

SHARE DATA

As at the date hereof, the Company has 194,578,180 common shares issued and outstanding, 3,333,333 warrants which entitle the holder to purchase one common share for $0.40 on or before August 18, 2016, and stock options to purchase an aggregate of 8,220,000 common shares expiring at various dates between May 25, 2015 and February 4, 2019 and exercisable at various prices between $0.34 and $1.67 per option. All stock options have vested as at the date hereof. In addition, the Company has allotted 17,744,000 common shares for issuance to the Vendors pursuant to the PIAPA subject to receipt of shareholder and regulatory approvals as described earlier.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Internal controls over financial reporting ("ICFR") are designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements in compliance with IFRS. Any system of ICFR, no matter how well-designed, has inherent limitations. Therefore, even well-designed systems of internal control can provide only reasonable assurance with respect to financial statement preparation and presentation.

As at September 30, 2014, no material weaknesses in the Company's ICFR have been identified and for the period commencing on January 1, 2014 and ending September 30, 2014, there were no changes made to the Company's ICFR considered to have materially affected, or are reasonably likely to materially affect, its ICFR. However, the Company continually assesses and, if required, implements new or modifies existing controls required to support operational changes as it makes the transition to becoming a producer. The Company's processes and internal controls are being implemented at the RSM. Additional controls are being assessed as new processes are developed and the progress towards commercial production continues.

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 RSM, the Arctos project, the NICO project and the SMPP. With respect to forward-looking information contained in this document, the Company has made assumptions, including assumptions regarding, among other things, the Company's ability to obtain the necessary financing to develop and operate the RSM, the Arctos project, 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 achieve and increase production at the RSM or to develop, construct and operate the Arctos project, NICO project and the SMPP; uncertainties with respect to the receipt or timing of required permits for the achievement of commercial production at the RSM or the development of the Arctos project, the NICO project or the SMPP; the risk that the operating and/or capital costs for any of the Company's projects may be materially higher than anticipated; the risk of decreases in the market prices of the metals to be produced by the Company's projects; loss of key personnel; discrepancies between actual and estimated mineral resources or between actual and estimated metallurgical recoveries; uncertainties associated with estimating mineral resources and even if such resources prove accurate the risk that such resources may not be converted into mineral reserves, once economic conditions are applied; labour shortages; workplace accidents; the cost and timing of expansion activities; changes in applicable laws or regulations; competition for, among other things, capital and skilled personnel; unforeseen geological, technical, drilling and processing problems; compliance with and liabilities under environmental laws and regulations; changes to the Company's current business strategies and objectives; and other factors, many of which are beyond the Company's control. In addition, the risk factors described or referred to in the Company's Annual Information Form for the year ended December 31, 2013, which is available on the SEDAR website under the heading Corporate Profiles, should be reviewed in conjunction with the information contained in this presentation. 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.