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

Year ended December 31, 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 March 31, 2015 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, 2014, 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

	2014	2013	2012
Net income (loss)	(11,016,207)	(44,331,418)	(6,877,881)
Basic and fully diluted income (loss) per common share	(0.06)	(0.33)	(0.06)
Total assets	181,909,638	114,491,206	149,571,370
Debt- short term	68,350,603	2,999,526	2,996,725

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			
	Dec-31	Sep-30	Jun-30	Mar-31	Dec-31	Sep-30	Jun-30	Mar-31
Net loss (1)	(6,950,468)	(1,354,055)	(1,454,488)	(1,257,196)	(41,019,135)	(657,471)	(1,024,235)	(1,630,577)
Basic and fully diluted loss per common share(2)	(0.03)	(0.01)	(0.01)	(0.01)	(0.27)	—	(0.01)	(0.01)

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 of the project since May 1, 2014. The RSM is currently in the late commissioning stage and is expected to commence

commercial production in 2015 subject to the Company obtaining all necessary funding. 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 currently focused on advancing the RSM and NICO projects towards 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 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.

On October 1, 2014, Fortune Revenue purchased the remaining 88% interest in the RSM. 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 were granted following both shareholder and regulatory approvals on November 20, 2014 and valued at $3,903680, which was determined based on the fair market value per share of $0.22 on October 1, 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 to RVM Holdings LLC 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 third quarter of 2014 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.

On October 1, 2014, the Company entered into a second facility with LRC, a Senior Secured Metal Prepay Facility ("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. Additional terms include a concentrate payment of $7.50 per metric ton of each shipment made and an offtake payment equal to $0.30 for each ounce of silver and $10 for each ounce of gold, excluding repayment units.

On December 22, 2014, the Company amended the Metal Prepay Facility, which resulted in the Company receiving $US 7 million of working capital. The additional US $7 million of working capital will be repaid with 430,000 of silver equivalent ounces, within a 1 year period, accruing interest at 15%, to be paid in accrued ounces. In addition LRC is entitled to a net smelter revenue royalty ("NSR") to be paid to LRC commencing January 2016. The NSR percentage ranges from 2 to 4% until the original facility has been repaid and 1 to 2% thereafter. Also included in the agreement is a copper payment equal to 25% of any shipment of copper during the repayment period of the Metal Prepay Facility. Subsequent to year end, the Company and LRC further amended the Metal Prepay Facility to provide the Company with an additional $US 9 million of working capital. The Company's metal delivery obligations under the original prepay facility and additional working capital facilities have been restructured but the applicable interest rates remain the same. The Metal Prepay Facility, as amended, is secured by a first charge on the assets of Fortune and its material subsidiaries and is supported by guarantees from Fortune and such subsidiaries.

During the year 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;
- Transitioned operations to becoming 100% owner of the mine by restructuring the management team, key personnel, overseeing site activities and establishing a ramp up, with a significant focus on safety;
- Safety changes and improvements have resulted in the operation having the MSHA pattern of violation (POV) status removed;
- Completed staffing of the mine and operations in line with ramp up targets
- Completed high priority projects related to production and safety such as the Raisebore Hole to improve ventilation, acquired additional necessary mine equipment, and identified and initiated resolution of mill bottlenecks to achieve 400 short tons per day production target, including a thickener, crushing and grinding circuit upgrades, pump 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 $US 240,190 ($CA 278,179) to December 31, 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 year ended December 31, 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;
- Initiated a study to review alternate locations for process residue storage for the SMPP in Saskatchewan to address community concerns;

- Received approval for Deep Well injection of salts from the SMPP from the Saskatchewan government;
- 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 ("SEA") 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 year ended December 31, 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;
- Contributed as requested to the ongoing Klappan Strategic Initiative (KSI) process involving the Tahltan Nation and Government of British Columbia;

- 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 currently focused on advancing the RSM and the NICO project and is not currently engaged in any activities to develop the Arctos project.

RESULTS OF 2014 OPERATIONS
Summary

The Company's net loss for the three and twelve-month periods ended December 31, 2014 was $6,950,468 and $11,016,207 respectively, or $0.03 and $0.06 per share compared to $41,019,135 and $44,331,418 or $0.27 and $0.33 per share for the same periods in the prior year.

Expenses

Expenses increased in 2014 to $5,973,208 compared to $4,498,194 in 2013.

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 professional fees (ie. legal and audit); and
- Increase in interest expense as a result of the increase in the loan 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.

Below is a summary of the estimated fair value of stock options granted for the years ended December 31, 2014 and 2013:

	2014	**2013**
Options granted during the year	2,950,000	3,120,000
Total estimated fair value	$533,760	$936,930
Average fair value per option	$0.18	$0.30
Allocated to:		
Stock-based compensation expense	$307,220	$553,320
Exploration and development expenditures	$210,610[(1)]	$356,340[(1)]
Capital assets within mining properties	$15,930	$27,270

(1) In 2014 the Company recovered $20,586 [2013 - $38,858] of this value, representing POSCAN's 20% share in the Arctos JV.

Other Income and Charges

An impairment charge of $1,900,269 was recognized in 2014, related to the Sue-Dianne project compared to $35,040,177 that was recognized in 2013, related to the NICO project. Management of the Company determined that the continued decline in the market price of metals constituted an impairment indicator and completed an impairment assessment of the Sue-Dianne project.

During 2013 and the fourth quarter of 2012 changes to the detailed engineering and execution plans related to the use of certain assets at NICO resulted in certain used equipment assets no longer being required. The Company previously acquired these assets as part of the Golden Giant mine asset acquisition in 2008 for future use at NICO, however as a result of the changes to the project and mine plan, management decided to sell assets that will no longer be utilized at NICO. These assets were written down to their estimated recoverable amount and were reclassified as assets held for sale. The recoverable amount was based on management's estimate of fair value less costs to sell using current market prices for the assets. Impairment charges of $8,745,263 were assessed as at December 31, 2013. The remaining balance of assets held for sale was written off resulting in an impairment charge of $1,798,545 during the year ended December 31, 2014.

During the year ended December 31, 2014 a loss on extinguishment of debt or other of $2,506,811 has been recognized. This relates to transaction costs of $3,527,422 which were incurred in the process of obtaining financing for the purchase and working capital requirement of the RSM. The additional financing received on December 22, 2014 was deemed to be a significant change to the original Metal Prepay Facility and as a result all transaction costs related to the original financing are required to be expensed. As a result of the default, the value of the NSR as at December 31, 2014 was estimated to be US $856,722 [$993,877] and has been recorded as a payable in these financial statements.

Interest income for the year ended December 31, 2014 was $143,576 compared to $126,422 for the year ended December 31, 2012. The increase is primarily due to higher interest rates on the Company's deposits, resulting in higher interest income in 2014.

During the year ended December 31, 2014, a gain on flow-through share premium of $3,909 was recognized compared to $127,000 for the same period in 2013, as a result of expenditures incurred that were renounced through flow-through shares issued in 2014. 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 gain (loss) from converting $US balances in Fortune to $C at December 31, 2014 was $(94,960) (December 31, 2013- gain of $55,833). 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 year ended December 31, 2014 was $1,357,092 and $nil for 2013 since Fortune Revenue and FMML were not operating.

Deferred Taxes

The Company recognized a deferred income tax recovery of $1,112,000 for the year ended December 31, 2014 compared to a recovery of $3,624,600 for the same period in 2013. The 2014 deferred income taxes results from recognition of $3,220,000 from the estimated tax loss, $428,000 due to tax rate difference and $193,000 for investment tax credits on pre-production mining expenditures recorded during the period. The net recovery includes provisions of $2,591,000 for a valuation allowance and $139,000 for non-deductible stock-based compensation and other expenses. During the same period in 2013, the deferred income tax net recovery of $3,624,600 resulted primarily from a provision of $558,000 for renunciation of flow-through eligible expenditures, $153,000 for non-deductible stock-based compensation and $8,701,000 for valuation allowance. The net provision included a recovery of $12,670,000 for deferred tax benefits resulting from the estimated tax loss, $34,000 for non-taxable flow-through share premiums and $301,000 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 year ended December 31, 2014 was $5,034,506 compared to $2,649,304 for the same period in 2013. The operating activities before changes in non-cash working capital used cash of $7,816,915 and $2,592,369 in 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 $54,611,567 from $14,355,776 when comparing the year ended December 31, 2014 to 2013. This increase is primarily due to the acquisition of interest in RSM of $34,553,337 and RSM mine development costs of $13,185,494 included in the purchase of plant and equipment and capital assets of $15,557,139. Exploration and evaluation expenditures of $4,197,126 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. Security in the amount of $347,286 was also posted for a reclamation security deposit for the RSM project upon purchase of 100% of the mine. 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.

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 twelve months ended December 31, 2014 were $195,937 and $4,197,126, respectively, and were spent on the projects as follows:

	Three months ended December 31, 2014	**Year ended December 31, 2014**
NICO	$ 214,246	$ 2,660,155
Arctos	(18,309)	1,533,865
All Other Projects	—	3,106
Total cash exploration and evaluation expenditures	$ 195,937	$4,197,126

For comparison, exploration and evaluation expenditures incurred by Fortune on its properties during the three and twelve months ended December 31, 2013 were $3,858,951 and $13,975,717, respectively, and were spent on the projects as follows:

	Three months ended December 31, 2013	**Year ended December 31, 2013**
NICO	$ 2,585,041	$ 6,057,845
Arctos	1,273,863	7,939,401
All Other Projects	47	(21,529)
Total cash exploration and evaluation expenditures	$ 3,858,951	$13,975,717

Exploration and evaluation expenditures for the three and twelve months ended December 31, 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 twelve months ended December 31, 2014 were $1,114,985 and $13,185,494, 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.

Cash provided by financing activities was $52,706,468 for the year ended December 31, 2014 compared to $11,004,108 for the same period in 2013. Cash provided in 2014 was as result of $4.5 million in private placements and an increase in debt of $48 million as described below in the "Liquidity and Capital Resources" section. Cash received during the same period in 2013 related to a private placement.

Below is a summary of common shares issued and net cash proceeds from financing activities for the years ended December 31, 2014 and 2013:

	2014		**2013**	
	Shares/Warrants Issued	**Cash Proceeds and Costs, Net**	**Shares/Warrants Issued**	**Cash Proceeds and Costs, Net**
	#	**$**	**#**	**$**
Common shares issued during the year				
Private offerings	13,551,204	4,587,148	29,250,000	11,700,000
Shares as consideration	50,744,000			
Share issuance costs	-	(82,026)	-	(695,892)
Total	**64,295,204**	**4,505,122**	**29,250,000**	**11,004,108**
Average proceeds per share issued		**0.07**		**0.38**

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2014, Fortune had cash and cash equivalents of $6,219,000 and a working capital deficit of $68,233,233. Of the total consolidated cash, $4,006 represents Fortune's 80% share of cash from the Arctos JV.

The following is a summary of contractual obligations for the next five years and thereafter:

Contractual Obligations	***Payments Due by Period***				
	Total	***Less than 1 year***	***1 - 3 years***	***4 - 5 years***	***After 5 years***
Finance Lease Obligations	**1,357,851**	949,491	408,360	-	-
Current Debt	**53,737,759**	53,737,759			
Capital Contribution Liability	**16,000,000**	16,000,000	-	-	-
Total Contractual Obligations	**71,095,610**	**70,687,250**	**408,360**	**-**	**-**

The current debt represents amounts owing to LRC under the Metal Prepay Facility. The original amount financed is due over 5 years and the additional financing received on December 22, 2014 is due by December 31, 2015. The

long-term debt is due August 31, 2016. The capital contribution liability represents the contractual obligation under the Arctos JV Agreement, due by December 31, 2015. Under the Senior Secured Metal Prepay Agreement, should the Company be in default of the agreement, LRC has the right to terminate the agreement and declare all amounts owing due and payable. At December 31, 2014 the Company was in default of certain covenants, which were subsequently waived by LRC in the agreement amended on February 12, 2015. As at December 31, 2014 LRC had the right to demand accelerated payment and as a result, the long-term debt of US $41,991,234 [$48,713,728] as at December 31, 2014 has been classified as current debt.

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 are 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 Facility 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 additional aggregate amount of US $16 million, received for working capital subsequently, are due to be repaid by December 31, 2015.

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 Facility to complete the acquisition of the RSM and fund start-up through the commissioning period. Additional financing has been received as discussed in the "Overview" section for working capital requirements. Future cash flows and potential capital requirements are dependent upon RSM reaching commercial production and operations ramping up to 400 short tons per day. Additional capital will be required to advance the RSM to commence productions and to fund its operations.

Under the Senior Secured Metal Prepay Agreement, should the Company be in default of the agreement, LRC has the right to terminate the agreement and declare all amounts owing due and payable. At December 31, 2014 the Company was in default of certain covenants, which were subsequently waived by LRC in the agreement amended on February 12, 2015. As at December 31, 2014 LRC had the right to demand accelerated payment and as a result, the long-term debt of US $41,991,234 [$48,713,728] as at December 31, 2014 has been classified as current debt.

The Arctos and NICO projects require further funding during 2015 or risk delays and additional financing is required to advance the NICO and Arctos projects through to production. The $14,612,844 capital contribution liability reflected on the Company's balance sheet as at December 31, 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 production 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 the RSM project and successful development and financing of the NICO project. The Company's activities in pursuit of its objectives are subject to many risks as discussed under the heading "Risks and Uncertainties" section below. The most significant risks to meeting its objectives for the RSM relate to the Company's ability to arrange required financing, 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 mine development to support on-going operations;
- complete critical capital projects in support of safe and environmentally compliant 400 tpd operation;
- establish life of mine and mill plans in support of profitable operation with a focus on grade control;
- establish consistent production through the implementation of the mine plan and related mine development; and
- sustain production at 400 tpd.

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;
- complete re-zoning followed by 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
- continue detailed engineering and procurement activities once financing is secured.

During 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.

Activities undertaken during 2014 towards achieving the next major milestones for the RSM and NICO projects will remain the Company's focus heading into 2015. As it pursues these objectives, the Company will strive to prudently manage capital resources and mitigate risks.

TRANSACTIONS WITH RELATED PARTIES

During 2014, the Company paid key management personnel, including officers, directors, or their related entities an aggregate of $1,941,836 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 December 31, 2014, $223,199 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 December 31, 2014:

Related Party	Relationship	Business Purpose of Transaction										Total	
		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	$205,325	$ 15,647							$ 36,000		$ 241,325	$ 15,647
Breukelman, William [2]	Director					$ 12,250	$ 1,666			18,000		30,250	1,666
Chen, Shouwu	Director					9,750	14,167			18,000		27,750	14,167
Clouter, Carl [3]	Director			$ 47,850	$ -	9,750	14,167			18,000		75,600	14,167
Currie, James [2]	Director					9,250	1,666			18,000		27,250	1,666
Doumet, George	Director					9,750	14,666			18,000		27,750	14,666
Excell, James	Director					12,833	19,083			18,000		30,833	19,083
Goad, Robin [4]	President & CEO, Director	4,271		319,410	-					54,000		377,681	-
Kemp, Julian [5]	VP Finance & CFO	355		329,890								330,245	
Knight, David [6]	Director					9,750	14,666	$590,896	$ -	18,000		618,646	14,666
Naik, Mahendra	Director					57,667	76,833			27,000		84,667	76,833
Romaniuk, Mike	VP Operations & COO	303,089	22,075							45,000		348,089	22,075
Williams, James W. Jr. [2]	Director						13,397						
Yurkowski, Edward	Director					9,750	15,166			18,000		27,750	15,166
Total		$513,040	$ 37,722	$697,150	$ -	$ 140,750	$ 185,477	$590,896	$ -	$ 306,000	$ -	$ 2,247,836	$ 223,199

[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

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 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 year ended December 31, 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. At December 31, 2014, management of the Company determined that the continued decline in the market price of metals constituted an impairment indicator and completed an impairment assessment of the Sue-Dianne project. The Company has recognized an impairment charge of $1,900,269.

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, RSM and NICO, are planned and budgeted for beyond 2014;
- A successful arrangement of a joint venture with POSCAN was completed in 2011 to help finance the Arctos project;
- 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 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.

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.

The fair values related to the RSM acquisition are preliminary as at December 31, 2014 due to the complexity of the acquisition and the inherently uncertain nature of valuing mining assets and related property, plant and equipment. The finalization of the valuation work required to determine the fair values of the assets and liabilities acquired will be completed within 12 months of the acquisition date, at the latest.

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 deficit and positive cash balances at December 31, 2014 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. The available capital is not sufficient to fund the Company's critical path activities in 2015 and additional expenditures will be dependent on and paced with financing activities during the year.

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 2014, the Company completed feasibility studies and updates thereto for both of its principal projects and is undertaking related permitting and financing activities. The benefit of certain non-capital losses, investment tax credits and undeducted share issuance costs of $14,288,000, has been offset by a valuation allowance of $10,615,000 due to the uncertainty of realizing the benefit of deferred income tax assets in future years. Deferred tax liabilities of $4,576,000 for the book value of exploration and development expenditures and $361,000 for the

book value of the capital contribution liability in excess of tax value have also been recorded in the consolidated financial statements.

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 and the principal projects are in the development stage, certain site development and exploration activities have occurred that have given rise to a constructive obligation related to the reclamation of the sites for the RSM, Arctos and NICO projects. As a result, the Company has recognized an environmental rehabilitation provision for each project. Due to the uncertainty around the settlement date and measurement of potential asset retirement obligations for the Company's projects, management considers the assumptions used to calculate the present value of such liabilities at each reporting period and updates the value recognized as required.

Capital Contribution Liability
FCL's capital contribution liability was initially recorded at its estimated present value of $10,856,773 using a discount rate of 9% and a contribution date of December 31, 2015. With accretion, the estimated present value at December 31, 2014 is $14,612,844. Management considers the assumptions used to calculate the present value of such liabilities at each reporting period and will update the value recognized as required

Assets Held for Sale
As a result of changes made during the prior year to detailed engineering and planning related to the use of certain assets, the Company determined that the equipment no longer included in the project and mine plan would be sold. There has been very little activity with respect to disposing of these assets during the year, as a result the remaining balance of $1,798,545 has been written off and an impairment charge has been recognized.

Royalty Payable
As a result of the default on the Metal Prepay Facility as at December 31, 2014, the value of the NSR was estimated to be US $856,722 [$993,877] and has been recorded as a payable in the Company's financial statements. The value is calculated using a discounted cash flow approach. The silver, gold, lead and zinc price assumptions, production forecasts, and resulting implicit interest rate calculations are significant assumptions used in determining the value of the NSR payable.

NEW AND FUTURE ACCOUNTING STANDARDS

IFRS Interpretations Committee 21, *Levies* ["IFRIC 21"] was issued by the International Accounting Standards Board ["IASB"] in May 2013. IFRIC 21 addresses the accounting for a liability to pay a levy if that liability is

within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as well as addressing what the obligating event is that gives rise to pay a levy and when should a liability be recognized. IFRIC 21 was adopted by the Company effective January 1, 2014 and there was no impact of the policy on these interim condensed consolidated financial statements.

The IASB issued amendments to IAS 36, *Impairment of Assets* ["IAS 36"] on May 29, 2013. The amendments restrict the requirement to disclose the recoverable amount of an asset or cash-generating unit to periods in which an impairment loss has been recognized or reversed. The amendments also expand and clarify the disclosure requirements applicable when an asset or cash-generating unit's recoverable amount has been determined on the basis of fair value less cost of disposal. The amendments were adopted by the Company effective January 1, 2014 and there was no impact of the policy on these interim condensed consolidated financial statements.

The IASB issued amendments to IAS 32, *Financial Instruments* ["IAS 32"] effective January 1, 2014. The amendments provide further clarification on the application of the offsetting requirements. There was no impact on these interim condensed consolidated financial statements as a result of adopting this amendment.

IFRS 9, *Financial instruments* ["IFRS 9"] was issued by the IASB in November 2009 and will replace IAS 39, *Financial Instruments: Recognition and Measurement* ["IAS 39"]. IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. This standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. In July 2013, the IASB tentatively decided to defer the Mandatory effective date of IFRS 9. The IASB agreed that the mandatory effective date should no longer be annual periods beginning on or after January 1, 2015 but rather be left open pending the finalization of the impairment and classification and measurement requirements. The Company is currently evaluating the impact of IFRS 9 on its consolidated financial statements.

IFRS 15, *Revenue from Contracts with Customers* ["IFRS 15"] was issued by the IASB in May 2014. IFRS 15 specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. The Company plans to adopt IFRS 15 on the effective date, January 1, 2017, and is currently evaluating the impact of this standard on its consolidated financial statements.

The IASB has replaced IAS 18, *Revenue* in its entirety with IFRS 15 - Revenue from contracts with customers ["IFRS 15"] which is intended to establish a new control-based revenue recognition model and change the basis for deciding whether revenue is to be recognized over time or at a point in time. IFRS 15 is effective for annual periods commencing on or after January 1, 2017. The Company is currently evaluating the impact the standard is expected to have on its consolidated financial statements.

ENVIRONMENT

Fortune is committed to a program of environmental protection at its development projects and exploration sites. Fortune was in compliance with government regulations in 2013. Secured letters of credit have been provided to be held against future environmental obligations with respect to Arctos and NICO in the amounts of $307,000, representing 100% of the Arctos JV letter of credit, and $245,600, respectively. During 2014, the Company transferred US $306,513 to a surety bond related to RSM. The corporate surety is in favour of the Colorado Division of Mining Reclamation and Mining Safety. Security held is in excess of the aggregate amount required.

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 not currently known to the Company, or that the Company currently deems immaterial, 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 RSM project is in the late-stages of commissioning and is expected to reach commercial production in 2015 subject to receipt of all necessary financing. 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 involve 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 incident 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 being located in a mountainous region of Colorado and in northern Canada. Specifically, the RSM requires avalanche mitigation from heavy snow loads as well as maintenance and use of an access road constructed on a mountainside. At NICO, the Company is subject to increased risk relating to the dependence on ice road travel to supply and equip its work programs, at Arctos the Company is subject to increased risk relating to the potential damage to the access roads resulting from drainage or snow accumulations in mountainous terrain. 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 bring the RSM into commercial production and fund the development of Arctos and

NICO, including the SMPP. There is no assurance that the Company will be able to obtain such financing or joint venture partners on favourable terms or at all. Failure to obtain financing or joint venture partners could result in delay or indefinite postponement of further exploration and development of the Company's properties.

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, Vice President Operations and Chief Operating Officer, the RSM Site Manager and other key operations personnel at the RSM., and over a dozen full time equivalent skilled and experienced employees and consultants. The loss of any 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 silver, lead, zinc, coal, cobalt, bismuth, gold, copper or any other minerals discovered. The range in market prices, over the last five years, for silver has been volatile: annual average silver prices have ranged from a low of US$19.97/oz in 2014 to a high of US$35.12/oz in 2011; annual average lead prices have ranged from a low of US$0.69/lb (2010) to a high of US$1.33/lb (2011); annual average zinc prices have ranged from a low of US$0.72/lb (2010) to a high of US$1.22/lb (2010). For NICO, the range in market prices are as follows: annual average gold prices have ranged from a low of US$1.224/oz in 2010 to a high of US$1,669/oz in 2012; annual average cobalt prices have ranged from a low of US$13.20/lb (2013) to a high of US$20.56/lb (2010); annual average copper prices have ranged from a low of US$3.10/lb (2014) to a high of US$3.99/lb (2011); annual average bismuth prices have ranged from a low of US$8.71/lb (2013) to a high of US$11.62/lb (2011). For anthracite coal at Arctos, market prices of metallurgical coal of this quality are less readily available. However, based on spot prices and trend setting contracts entered into by certain metallurgical coal producers, it is believed that over the last five years ultra-low volatile pulverized coal injection ("ULV PCI") coal prices have ranged from approximately US$85/tonne to US$275/tonne and coking coal prices have ranged from approximately US$105/tonne to US$330/tonne. The commodity prices have fluctuated widely and are affected by numerous factors beyond the Company's control such as the economic downturn observed in 2008 and 2009, 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. On February 11, 2014, the Saskatchewan Minister of Environment 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. In addition, the Company is continuing activities to assist with the advancing the Arctos EA process. Subject to receiving environmental certificates and approvals, the Company will be required to apply and obtain mining permits in order to build and operate a mine. 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 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 the acquisition of attractive mineral properties, the 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 the RSM, NICO and the SMPP during

construction and operations as Fortune may be competing for labour with the much larger diamond mining companies operating in the Northwest Territories, oil sands projects in Alberta and potash companies operating in Saskatchewan, respectively. There is no assurance that the Company will continue to be able to compete successfully in the acquisition of building materials, sourcing equipment or hiring people.

Environmental and Climate Change Regulation

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

Aboriginal Title and Rights Claims

Aboriginal title and rights may be claimed with respect to Crown properties or other types of tenure with respect to which mining rights have been conferred. The Company is not aware of any aboriginal land claims having been formally asserted or any legal actions relating to aboriginal issues having been instituted with respect to Arctos, NICO or the SMPP properties other than certain treaty rights established by the Tahltan and Gitxsan for Arctos and by the Tlicho for NICO. The lands that surround NICO are owned by the Tlicho Government pursuant to an agreement between the Government of Canada, the Northwest Territories and the Tlicho Government. The Company is aware of certain First Nations that claim certain title and rights with respect to Crown properties related to the Company's projects that may or may not be formally asserted with the Crown in order to seek comprehensive land claim settlements. In 2005, the Company's Arctos property was the subject of a blockade by a group of individuals, most being aboriginals, which required the Company to obtain a court injunction to remove the blockade. The Company was again faced with disruptive and damaging protests at the Arctos project site towards the end of the 2013 summer field program. This resulted in the Company voluntarily ceasing its summer field program activities early and withdrawing from the project site temporarily to support a new course of mediation between the Government of British Columbia and the Tahltan Central Council to resolve issues that have impacted work in and around the Arctos project site. The Company is not currently engaged in any activities to develop the Arctos project

For NICO, while the Company has a right of access to the NICO mine site under the Tlicho agreement with the Crown, an access agreement will be required between the Tlicho and the Company for the use of the access roads to be built through Tlicho territory to the site. During 2014, various discussions with the GNWT have taken place in relation to the socio-economic agreement and funding for the all-weather road which is critical in determining the construction schedule for the project. The Company is aware of the mutual benefits afforded by co-operative relationships with aboriginal communities in conducting exploration and development activity and is supportive of measures established to achieve such cooperation including preferential hiring practices, local business development activities, involvement in environmental stewardship and other forms of accommodation. The Company has previously entered into a Co-operative Relationship Agreement and Environmental Assessment Funding Agreement with the Tlicho Government and an Environmental Assessment Process Funding Agreement with the Tahltan Central Council. The Company received a Bronze Level award for work in Progressive Aboriginal Relations

("PAR") from 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 behaviours that quantify and validate the Company's commitment to positive and progressive aboriginal relations. The Company is committed to open and constructive dialogue with aboriginal communities and will continue to make every effort to increase aboriginal employment and business through its human resources and supply chain policies. However, certain challenges with respect to timely decision making may be encountered when working with First Nation governments as a result of the limited number of key individuals in leadership positions, turnover of leadership personnel and delays while elections are held. It will also be necessary for the Company to negotiate and enter into appropriate participation agreements with relevant First Nations in order to bring its projects into production and there is no assurance that the Company will be able to negotiate such agreements on favourable terms or at all. In addition, other parties may dispute the Company's title to the properties and the properties may be subject to prior unregistered agreements or transfers or land claims by aboriginal peoples, and title may be affected by undetected encumbrances or defects or government actions.

Estimates of Mineral Reserves and Resources May Not be Realized

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

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

Health and Safety Matters

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

FINANCIAL INSTRUMENTS

As at the date hereof, the Company's financial instruments consist of: 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 long-term debt, finance lease obligations, royalty payable which is measured on a discounted cash flow basis 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 214,822,180 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 7,780,000 common shares expiring at various dates between January 1, 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.

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 December 31, 2014, no material weaknesses in the Company's ICFR have been identified and for the period commencing on January 1, 2014 and ending December 31, 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 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 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 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 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. See "Risks and Uncertainties". 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.