

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

Three and nine months ended September 30, 2019

This Management's Discussion and Analysis of Financial Conditions and Results of Operations ("MD&A") of Fortune Minerals Limited ("Fortune" or the "Company") is dated November 14, 2019 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, 2019 and with the annual audited consolidated financial statements and the notes thereto for the year ended December 31, 2018, prepared in accordance with International Financial Reporting Standards ("IFRS"). This discussion contains certain forward-looking information and is expressly qualified by the cautionary statement at the end of this MD&A. All dollar amounts are presented in Canadian dollars unless indicated otherwise. Unless the context otherwise requires, the terms "Fortune" and "the Company" where used herein refer to Fortune Minerals Limited and its subsidiaries on a consolidated basis.

SUMMARY OF QUARTERLY RESULTS

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

	2019			2018			2017	
	Sep-30	Jun-30	Mar-31	Dec-31	Sep-30	Jun-30	Mar-31	Dec-31
Revenue and Other Income	8,533	8,416	12,604	20,393	17,218	28,264	24,427	14,815
Net income (loss)	164,075	(1,067,619)	(2,987,204)	(172,101)	538,298	6,075,350	2,107,140	(4,523,814)
Basic and fully diluted income (loss) per common share⁽¹⁾	—	—	(0.01)	—	—	0.02	0.01	(0.02)

Notes:

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

OVERVIEW

Fortune's vision is to be recognized as a developer, miner, processor and refiner of specialty energy and eco-metals, together with gold and other by-products that contribute to new technologies and the growing green economy. Supporting the vision is Fortune's mission to profitably produce specialty and precious metals to meet the needs of our customers and partners, and to attract and develop an exceptional team of people motivated to acquire, explore, develop, mine and reclaim resource properties in a safe and responsible manner.

The Company's most significant asset is its wholly owned NICO cobalt-gold-bismuth-copper deposit and proposed mine ("NICO") in the Northwest Territories ("NWT") and a related refinery contemplated to be constructed in Saskatchewan or other suitable jurisdiction (collectively, the "NICO Project").

Fortune has experienced personnel focused on advancing the NICO Project towards commercial production, while also minimizing the risks associated with its development. Fortune is committed to developing its project in a socially and environmentally responsible manner.

NICO Project

Fortune continues to advance its wholly-owned NICO Project and the Company's business activities have been focused on certain priority critical path activities required to advance permitting and financing for the development of this project. A NICO Project comprising a proposed mine, mill and concentrator in the Northwest Territories and a related hydrometallurgical process refinery in Saskatchewan, the Saskatchewan Metals Processing Plant ("SMPP"), is 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.

A feasibility study report (the “2014 Feasibility Study”) was prepared in order to document a number of improvements to the NICO project since the preparation of the 2012 FEED Study. The 2014 Feasibility Study updated the economics for the project from the 2012 FEED Study and a technical report reflecting the updated feasibility study dated May 5, 2014, prepared by Micon International Limited (“Micon”) and entitled “*Technical Report on the Feasibility Study for the NICO Gold-Cobalt-Bismuth-Copper Project, Northwest Territories, Canada*” (the “Technical Report”) was also filed on SEDAR.

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

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

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

- Constrain the geological block model to reduce smearing of grades into lower grade areas of the deposit;
- Further optimization of the open pit shell to achieve the best balance between maximizing cobalt and gold grades, while keeping stripping ratios and mining costs low;
- A new mine plan based primarily on low cost open pit mining while augmenting production in early years of the mine life with selective underground mining of gold-rich ores located close to the existing decline ramp developed for bulk sampling in 2007 and 2008;
- Optimize the size of the open pit mine equipment fleet to match the lower mining rate;
- Align the construction schedule for the mine with availability of the Tlicho all-season road (the “Tlicho Road”) to eliminate construction from winter ice roads to reduce capital costs and construction risks;
- Continue dialogue with third party processors interested in purchasing cobalt and bismuth concentrates directly from the mine site to defer the capital associated with building a refinery in southern Canada;
- Finalize the best site to build the vertically integrated refinery in southern Canada, including evaluation of a brownfield location with existing facilities that is scheduled to close in 2022 and could materially reduce capital costs for the development;
- Assess options for collaboration with other North American cobalt developers for a shared refinery that would treat similar cobalt concentrates using the same process technologies;

- Align the development schedule with the expected deficit in cobalt supply in 2022-23 when demand for batteries in electric vehicles is anticipated to outstrip production from existing mines and known development projects;

When the NICO project is developed, Fortune will be an important new producer of battery grade cobalt products to the rapidly expanding lithium-ion rechargeable battery industry, and their use in portable electronic devices, electric vehicles, and stationary storage cells to make electricity use more efficient. Fortune will also produce environmentally friendly bismuth metals and oxide used in the automotive and pharmaceutical industries and as a non-toxic and environmentally safe replacement for lead. NICO will also be a significant producer of gold and minor amounts of by-product copper. Fortune will be able to demonstrate supply chain transparency and custody control of metals from ores through to the production of value added products and mitigate risks from geographic concentration of supply from the Democratic Republic of the Congo and China.

In support of permitting and financing initiatives for NICO, the Company undertook the following activities during the nine months ended September 30, 2019:

- On January 30, 2019, the Company entered into a Socio-Economic Agreement (“SEA”) with the Government of the Northwest Territories (“GNWT”). The SEA formalizes GNWT and Fortune objectives to optimize Northern and Indigenous employment, training, business opportunities and education to benefit residents of the Northwest Territories. The SEA also establishes measures to identify and mitigate socio-economic impacts arising from development of the mine and related facilities in Tlicho territory.
- On March 25, 2019, the Rural Municipality of Corman Park (“Corman Park”) rejected the Company’s application to change the zoning of its lands that were contemplated to be the site of the SMPP from Agriculture to M2 Rural Industrial. As a result of this negative zoning change decision, the Company sold its lands in June 2019 for gross proceeds of \$1,080,000. Over the past several months, the Company had been working on alternate plans in the event of a negative zoning change decision. These included identification of alternative sites in Saskatchewan and other jurisdictions to build the facility in a supportive municipality that wants to attract economic opportunities and participate in the production of green energy and eco friendly metals and chemicals and their potential spinoff businesses. The Company is also evaluating a lower cost start-up option of selling metal concentrates and gold doré directly from the proposed mine as discussed above. In April 2019, the Company entered into an option to purchase an alternative site to construct the proposed hydrometallurgical refinery. This parcel of land has already been planned for industrial use and meets the Company’s infrastructure and services requirements. The Company has also been approached by other jurisdictions and agents representing landowners that want to attract the hydrometallurgical facility and the jobs and economic benefits it would provide. These include a brownfield site with existing facilities that is scheduled to close in 2022 when its current ore supply is depleted, and, if acquired by the Company, could materially reduce the capital costs for the NICO Project development. The Company will advance the municipal approvals required to develop the lands that are now under option while also evaluating the merits of these other properties.
- Engaged SGS Lakefield Ltd. to conduct test work verifying that gold can be recovered from the Company’s cobalt and bismuth flotation concentrates at the proposed NICO mine site after earlier tests conducted at Dundee Sustainable Technologies had indicated high recovery rates. The test work was required to prove gold recovery at the NICO mine site in the event the Company wishes to pursue the sale of concentrate option. The tests, completed in May 2019, also validated that gravity used in combination with flotation will result in higher gold recoveries into the bulk concentrate with a recovery of 88% from ores grading 5 grams per tonne or more.
- Continued discussions with various parties to determine all available options for financing the NICO project.
- Continued discussions with companies interested in acquiring off-take for the metals and chemicals Fortune plans to produce from the NICO Project.

- Worked with Hatch Ltd. ("Hatch"), P&E Mining Consultants Inc. ("P&E") and Micon on the expanded NICO Project processing 6,000 tpd for the contemplated Technical Report update for the 2014 Feasibility Study that is now suspended.
- In-house studies for NICO Project optimization.
- The Company has discovered a new zone of copper mineralization at its NICO site in the NWT. The new zone was identified in bedrock and boulders excavated from a pit last spring to provide aggregate for road work. Three of the four representative grab samples collected from the pit returned grades of 1.66%, 1.55% and 0.78% copper from analyses carried out by ALS Canada Ltd. The Company conducted additional geological investigations in this area and in the vicinities of two large combined magnetic, gravity and magnetotelluric geophysical anomalies to determine if additional ground based geophysical surveys are warranted to provide better definition for potential future drill testing.

On May 1, 2015 the Company's wholly-owned subsidiary, Fortune Coal Limited ("FCL") and POSCO Klappan Coal Ltd., FCL's joint venture partner in the Arctos Anthracite Joint Venture ("AAJV"), sold their interests in the coal licenses comprising the Arctos anthracite coal project in northwest British Columbia to British Columbia Railway Company for \$18,308,000. The AAJV partners maintain the exclusive right to purchase back the coal licenses at the same price for a 10-year option period, which expires on May 1, 2025. On March 31, 2017, the Government of British Columbia imposed a 20-year moratorium on major industrial development within parts of the Klappan area. During the 10-year option period currently in effect, the coal licenses are excluded from this moratorium on industrial development within the Klappan area.

The NICO Project, and the Company's other exploration projects are classified as exploration and evaluation stage projects for accounting purposes. Exploration and evaluation cash expenditures incurred by Fortune on its properties during the three and nine months ended September 30, 2019 were \$318,220 and \$1,280,765 respectively, were spent on the projects as follows:

	Three months ended September 30, 2019	Nine months ended September 30, 2019
NICO	\$ 315,417	\$ 1,277,962
All Other Projects	2,803	2,803
Total cash exploration and evaluation expenditures	\$ 318,220	\$ 1,280,765

For comparison, exploration and evaluation expenditures incurred by Fortune on its properties during the three and nine months ended September 30, 2018 were \$535,153 and \$1,927,319, respectively, and were spent on the projects as follows:

	Three months ended September 30, 2018	Nine months ended September 30, 2018
NICO	\$ 532,350	\$ 1,924,516
All Other Projects	2,803	2,803
Total cash exploration and evaluation expenditures	\$535,153	\$ 1,927,319

Exploration and evaluation expenditures for the three and nine months ended September 30, 2019 were lower compared to the same period in 2018, as a result of a decrease in activity at NICO.

RESULTS OF OPERATIONS

Summary

The Company's net income/loss for the three and nine months ended September 30, 2019 was a net income of \$164,075 and net loss of \$3,890,748, respectively, or \$Nil and \$0.01 per common share compared to a net income of \$538,298 and \$8,720,788 or \$Nil and \$0.03 per common share for the same period in the prior year.

Revenue and Other Income

Revenue and other income decreased in 2019 to \$8,533 and \$29,553 for the three and nine months ended September 30, 2019, respectively, compared to \$17,218 and \$69,909 for the same periods in the prior year. The decrease is primarily the result of a decreasing balance of cash and cash equivalents earning interest.

Expenses

Expenses, excluding change in fair value related to derivative liability and impairment charge, decreased in 2019 to \$624,101 and \$2,046,045 for the three and nine months ended September 30, 2019, respectively, compared to \$807,090 and \$2,393,021 for the same period in the prior year.

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

The change in fair value related to derivative liability recognized a gain of \$779,643 for the three months ended September 30, 2019 and a loss of \$403,320 for the nine months ended September 30, 2019 when compared to a gain of \$1,328,170 and \$11,043,900 for the same periods in 2018.

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

Deferred Taxes

The Company has not recognized a net deferred income tax recovery or provision for the three and nine months ended September 30, 2019 and 2018. During the nine months ended September 30, 2019, recognition of \$1,031,000 from the estimated tax loss and \$170,000 for tax rate difference resulted in a tax recovery which was offset by: (i) a tax provision of \$107,000 for non-deductible change in fair value of derivative; (ii) \$951,500 for a loss carryforward not recognized; and (iii) \$142,500 for non-deductible stock-based compensation and other expenses.

During the same period in 2018, a recognition of \$2,950,000 for non-deductible change in fair value of derivative resulted in an income tax recovery which was offset by: (i) a tax provision of \$2,300,000 from the estimated tax loss; (ii) \$467,000 for a loss carryforward not recognized; (iii) \$158,000 for non-deductible stock-based compensation and other expenses; and (iv) \$25,000 for tax rate difference.

During the three months ended September 30, 2019, recognition of \$206,500 for non-deductible change in fair value of derivative resulted in a tax recovery which was offset by: (i) a tax provision of \$44,000 from the estimated tax loss; (ii) \$115,700 for a loss carryforward not recognized; and (iii) \$46,800 for non-deductible stock-based compensation and other expenses. During the same period in 2018, a recognition of \$350,000 for non-deductible change in fair value of derivative resulted in an income tax recovery which was offset by: (i) a tax provision of \$114,500 from the estimated tax loss; (ii) \$156,500 for a loss carryforward not recognized; (iii) \$78,000 for non-deductible stock-based compensation and other expenses; and (iv) \$1,000 for tax rate difference.

A valuation allowance of \$16,241,000 has been recognized related to the uncertainty of realizing the benefit of deferred income tax assets in future years.

Cash Flow

Cash used in operating activities during the three and nine months ended September 30, 2019 was \$358,683 and \$1,190,058, respectively, compared to \$414,055 and \$1,498,524 for the same periods in 2018. The use of cash in operating activities has decreased year over year which is mainly attributed to a decrease in general and administrative expenditures as well as decreased activity related to investor relations and corporate development.

Cash used in investing activities was \$363,561 and \$853,184 compared to \$595,738 and \$3,112,262 when comparing the three and nine months ended September 30, 2019 and 2018, respectively. This decrease related primarily to a decrease in expenditures of capital assets included in mining properties and exploration and evaluation expenditures due to a decrease in activity at SMPP and NICO. Also contributing to the decrease year over year is the proceeds received on the sale of capital assets held in mining properties.

Cash provided by financing activities decreased to \$Nil and \$365,000 compared to \$Nil and \$564,398 for the three and nine months ended September 30, 2019 and 2018, respectively. Cash provided in 2019 was a result of the exercise of options while 2018 cash provided was a result of the exercise of options as well as derivatives warrants. More details are provided below in the "Liquidity and Capital Resources" section.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2019, Fortune had cash and cash equivalents of \$1,932,986 and working capital of \$1,926,913 compared to \$4,478,179 and \$4,422,263, respectively, for the same period in the prior year.

During the nine months ended September 30, 2019, 7,300,000 options with an exercise price of \$0.05 were exercised at various dates between January 8, 2019 and March 16, 2019, raising gross proceeds of \$365,000.

The Company regularly reviews its planned activities relative to available funding and prioritizes activities based on what is required to complete critical path activities and budgets accordingly. The Company invests its surplus cash in low risk, liquid investments, which typically have low yields but hold their value during times of market uncertainty. With its existing working capital, the Company has sufficient cash to conduct certain critical path activities in 2019. However, the NICO Project requires further funding to advance the project through to production. Management is continuously pursuing and considering various financing opportunities. The Company has historically been successful in financing its activities, however, there are no assurances that it will be successful in raising future funds required.

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

<i>Contractual Obligations</i>	<i>Payments Due by Period</i>			
	<i>Total</i>	<i>Less than 1 year</i>	<i>1 – 3 years</i>	<i>After 5 years</i>
<i>Accounts payable and accrued liabilities</i>	\$ 143,866	\$ 143,866	\$ —	\$ —
<i>Long-term debt</i>	8,750,000	—	8,750,000	—
<i>Interest on Long-term debt</i>	3,613,518	—	3,613,518	—
<i>Provision for Environmental Rehabilitation</i>	188,000	—	—	188,000
<i>Total Contractual Obligations</i>	\$ 12,695,384	\$ 143,866	\$12,363,518	\$188,000

The long-term debt represents unsecured debentures in the principal amount of \$8.75 million held by previous secured creditors. The debentures have a term of seven years maturing on August 12, 2022, bear interest at 5% per annum, compounding semi-annually, and both principal and interest are payable at maturity. The loan balances have been recorded in the consolidated financial statements at their net present value using an effective interest rate of 18%.

In addition to contractual obligations noted, non-discretionary budget commitments required to keep current mining leases for NICO in good standing consist of annual payments of \$12,700 plus an additional \$2,350 for water licenses.

The Company's current environmental reclamation obligations as defined by government regulators are fully secured by cash held in accounts with a large Canadian financial institution for NICO and Arctos. Additional financing is required to construct mine infrastructure and processing facilities, to acquire additional equipment for the NICO project. Potential sources for future funding include but are not limited to equity financing, project financing, off-take and royalty agreements, additional strategic partnerships, mergers and acquisitions. The Company continues to evaluate its alternatives with a view to executing a financing plan suitable to fund its transformation into a producer and minimize potential dilution to shareholders.

OUTLOOK

The Company's principal objective is to achieve successful development and financing of the NICO Project. The Company's activities in pursuit of its objectives are subject to many risks as discussed under the heading "Risks and Uncertainties" section in the MD&A for the year ended December 31, 2018 filed on SEDAR. The most significant risks to meeting its objectives for the NICO Project continue to be project financing, purchasing SMPP lands and acquiring all necessary permits to provide the Company with the flexibility to construct its own processing facility, and construction schedule uncertainty for the Tlichon Road, a two-lane public highway of approximately 97 km from Highway 3 to the community of Whati. These risks arise primarily from external parties such as government regulators, First Nations and investors who have significant influence over the outcome of the Company's efforts and external factors such as commodity prices, economic conditions and the financial markets. Accordingly, management has sought and continues to seek ways to address risks in its business model and has developed appropriate strategies to move forward by focusing expenditures on critical path activities in a socially and environmentally responsible manner.

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

- assessing identified optimizations to improve NICO Project economics;
- updating the Technical Report for the 2014 Feasibility Study based on updated costs, commodity prices and different development opportunities to support project financing;
- working with governments and the development partner of the NWT government, North Star Infrastructure, to achieve certainty on the completion date for the recently commenced Tlichon Road;
- complete the already commenced process to secure new land for the SMPP;
- continue reviewing the options to sell concentrates into the market to defer the capital expenditures associated with construction of the SMPP;
- continuing studies and programs required to meet water license pre-construction requirements for the NICO project site;
- submission of applications for required permits for the NICO Project access road ("NICO Access Road") and regulatory compliance for water license and land use permits;
- completing the negotiations with the Tlichon Government for a NICO Access Road agreement and a participation agreement;
- identifying and engaging strategic partners to support the development of the NICO Project and SMPP sites;
- helping to arrange or provide some or all of the project financing, evaluating potential transactions and ultimately entering into a strategic arrangement suitable to the Company;
- completing NICO Access Road construction agreements and site preparation plans, including construction of laydown areas to receive equipment and material required for early work construction; and
- continuing engineering and procurement activities once financing is secured.

In the nine months ended September 30, 2019, the Company focused on continued dialogue with key parties including the Tlichon Government for developing mutually beneficial agreements, and worked to identify and advance opportunities to develop additional strategic partnerships. The Company has made significant progress

towards achieving its milestones through its previous financings, the federal and Tlicho Government approvals for the NICO mine and mill, receipt and renewal of the land use permit and Type A water licence for the NICO site and the signing of the SEA.

Activities undertaken during 2019 towards achieving the next major milestones for the NICO project will remain the Company's focus through 2019. As it pursues this objective, the Company will strive to prudently manage capital resources and mitigate risks.

TRANSACTIONS WITH RELATED PARTIES

During the nine months ended September 30, 2019, the Company paid key management personnel, including officers, directors, or their related entities, an aggregate of \$808,764 for consulting and/or management services and legal services when compared to \$857,745 for the same period in the prior year. At September 30, 2019, \$13,417 was owing to these related parties for services received during the period when compared to \$28,380 at September 30, 2018.

The following table summarizes the amounts paid and payable to related parties and the nature of the payments as at September 30, 2019:

Related Party ¹	Relationship	Business Purpose of Transaction						Total	
		Benefits ⁸		Consulting Services		Legal Services		Paid/Awarded	Payable
		Paid	Payable	Paid	Payable	Paid	Payable		
Clouter, Carl ²	Director	\$ -	\$ -	\$ 8,250	\$ -	\$ -	\$ -	\$ 8,250	\$ -
Goad, Robin ³	President & CEO, Director	5,884	-	247,692	8,077	-	-	253,576	8,077
Knight, David ⁴	Corporate Secretary	-	-	-	-	42,950	-	42,950	-
Koropchuk, Glen ⁵	Technical Director & COO, Director	-	-	232,560	-	-	-	232,560	-
Massola, David ⁶	VP Finance & CFO	5,884	-	108,750	-	-	-	114,634	-
Naik, Mahendra	Director	4,938	-	-	-	-	-	4,938	-
Schryer, Richard ⁷	VP Environmental & Regulatory Affairs	5,451	-	146,405	5,340	-	-	151,856	5,340
Total		\$ 22,157	\$ -	\$ 743,657	\$ 13,417	\$ 42,950	\$ -	\$ 808,764	\$ 13,417

¹ No amounts were paid or payable for the nine months ended September 30, 2019 for directors John McVey, David Ramsay and Edward Yurkowski.

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

³ Robin Goad is engaged to provide services of President and Chief Executive Officer of the Company pursuant to an independent consultant agreement and does not receive additional compensation for his services as a director.

⁴ David Knight is a partner with the law firm WeirFoulds LLP, which provides legal services to the Company. Mr. Knight is also the Company's Corporate Secretary.

⁵ Glen Koropchuk is engaged to provide services of Technical Director and Chief Operating Officer of the Company pursuant to an independent consultant agreement and does not receive additional compensation for his services as a director.

⁶ David Massola is engaged to provide services of VP Finance and Chief Financial Officer of the Company pursuant to an independent consultant agreement.

⁷ Richard Schryer is engaged to provide services of VP Environmental & Regulatory Affairs of the Company pursuant to an independent consultant agreement.

⁸ Benefits are basic in nature, require participants to contribute to the premium costs and includes certain co-pay requirements.

CRITICAL ACCOUNTING ESTIMATES

The Company continues to consider, on a regular basis, whether indicators exist that suggest that the carrying value of its projects is impaired for accounting purposes. While the market capitalization relative to the carrying value of the Company's projects is reviewed, it is not considered a sole indication of impairment. Given the Company's stage of development and the volatility of the market, using the share price as a sole indication of impairment is not practical, although the Company does monitor the magnitude of the gap between its market capitalization and the project carrying values. At September 30, 2019, the Company considered whether there had been any significant changes to indicators and whether any new indicators were present. Management determined that as a result of not obtaining financing during the period, substantive expenditure on further exploration for and evaluation of mineral resources of the NICO Project cannot be budgeted or planned and completed an impairment assessment of the NICO Project. As a result of that analysis, management has determined that the carrying value of its projects is not impaired or does not require a reversal of a prior impairment charge.

Below are certain factors which management believes further support the carrying values of its projects and are not fully reflected in the Company's market capitalization:

- the Company has obtained environmental assessment approval for the NICO site in the NWT. The Company is focused on obtaining all necessary permits for the NICO Project to proceed, and has plans in place and resources assigned to help achieve this;
- the Company has obtained a land use permit for the NICO mine;
- the feasibility study completed in 2014 on the NICO Project demonstrates a net present value in excess of the carrying values of the project;
- the Company engaged the services of cobalt and bismuth experts to analyze the market as it relates to cobalt and bismuth products, results showed great opportunity for the NICO Project returns relative to spot prices, particularly as a consequence of the growing interest in cobalt usage in high performance rechargeable batteries contributing to an average cumulative annual growth rate in the market of approximately 6% as well as constrained and geographical concentration of supply; and
- the Tlicho Road has received commitments from the Government of Canada to provide 25% of the construction costs and the GNWT has executed the contracts with North Star Infrastructure to design, construct, operate and maintain the road over a 28-year period. The GNWT held a ground-breaking ceremony in Whati on August 24, 2019 to celebrate the commencement of construction on the Tlicho Road which began in September 2019 and is progressing well.

FINANCIAL INSTRUMENTS

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

During the three and nine months ended September 30, 2019 and 2018, profit and losses associated with each financial instrument are as follows:

	Impact on Profit (Loss)			
	2019		2018	
	Three Months Ended September 30,	Nine Months ended September 30,	Three Months Ended September 30,	Nine Months Ended September 30,
Reclamation security deposits	770	2,301	592	1,588
Long-term debt	(302,208)	(876,043)	(272,250)	(790,195)
Derivative liability	779,643	(403,320)	1,328,170	11,043,900

ADDITIONAL INFORMATION

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

SHARE DATA

As at the date hereof, the Company has:

1. 347,303,220 common shares issued and outstanding;

2. 74,908,216 warrants outstanding which entitle the holders to purchase one common share at various prices between \$0.13 and \$0.25 and expiring at various dates between December 8, 2019 and August 12, 2022; and
3. stock options outstanding to purchase an aggregate of 10,700,000 common shares expiring at various dates until March 22, 2023 and exercisable at various prices between \$0.10 and \$0.30 per common share.

All stock options have vested as at the date hereof, except for 2,075,000 options exercisable at \$0.10 which vest on December 7, 2019.

INTERNAL CONTROLS OVER EXTERNAL FINANCIAL REPORTING

The control framework used to design and assess the effectiveness of the Company's internal controls over financial reporting is the *Internal Control - Integrated Framework* (COSO Framework) published by The Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The Company assesses internal controls over financial reporting on an ongoing basis and, where determined appropriate, proactively implements enhancements to the design of controls required to support anticipated changes to and growth of the business. Due to operational, financial and administrative changes planned to occur as the Company transforms from an exploration company to a producer, changes will be required to the Company's internal controls over financial reporting in order to maintain reasonable assurance regarding the reliability of the Company's financial reporting and preparation of financial statements.

No material weaknesses in the Company's internal controls over financial reporting were identified during the nine months ended September 30, 2019 and there have been no changes made to such internal controls that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

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

This document contains certain forward-looking information. This forward-looking information includes statements with respect to, among other things, includes, among others, statements regarding the anticipated development of the NICO Project, including the building or acquisition of a hydrometallurgical refinery in Saskatchewan or elsewhere and the construction of the Tlicho Road, and the expected results of the technical report updating to the 2014 Feasibility Study. With respect to forward-looking information contained in this document, the Company has made assumptions, including assumptions regarding, among other things, the Company's ability to acquire an existing hydrometallurgical refinery for the NICO Project or acquire land suitable for the construction of such a refinery, the Company's ability to obtain the necessary financing to develop and operate the NICO Project and the related hydrometallurgical refinery, the construction of the Tlicho Road and the timing of its completion, the ability of the Company to obtain all necessary regulatory approvals for the construction and operation of the NICO Project and the related hydrometallurgical refinery and the timing thereof and the timing of the update of the 2014 Feasibility Study and the results thereof. Some of the risks that could affect the Company's future results and could cause results to differ materially from those expressed in the Company's forward-looking information include: the risk that the Company may not be able to arrange the necessary financing to carry on operating or to develop, construct and operate the NICO Project, including the related hydrometallurgical refinery; the risk that the Company may not be able to acquire an existing hydrometallurgical refinery or otherwise acquire land suitable for the for the construction of such a refinery; the risk that the Tlicho Road may not be constructed in a timely fashion; uncertainties with respect to the receipt or timing of required permits and agreements for the development of the NICO Project, including the related hydrometallurgical refinery; the risk that the update to the 2014 Feasibility Study may not be completed within the time frame anticipated and may not generate improved economics for the NICO Project to the extent anticipated; the risk that the operating and/or capital costs for any of the Company's projects may be materially higher than anticipated; the risk of decreases in the market prices of the metals to be produced by the Company's projects; loss of key personnel; discrepancies between actual and estimated mineral

resources or between actual and estimated metallurgical recoveries; the inherent risks involved in the exploration and development of mineral properties and in the mining industry in general; uncertainties associated with estimating mineral resources and even if such resources prove accurate the risk that such resources may not be converted into mineral reserves, once economic conditions are applied; labour shortages; workplace accidents; the cost and timing of expansion activities; changes in applicable laws or regulations; competition for, among other things, capital and skilled personnel; unforeseen geological, technical, drilling and processing problems; compliance with and liabilities under environmental laws and regulations; changes to the Company's current business strategies and objectives; and other factors, many of which are beyond the Company's control. Readers are cautioned to not place undue reliance on forward-looking information because it is possible that predictions, forecasts, projections and other forms of forward-looking information will not be achieved by the Company. These forward-looking statements are made as of the date hereof and the Company assumes no responsibility to update them or revise them to reflect new events or circumstances, except as required by law.