

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

Three and nine months ended September 30, 2020

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 16, 2020 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, 2020 and with the annual audited consolidated financial statements and the notes thereto for the year ended December 31, 2019, prepared in accordance with International Financial Reporting Standards ("IFRS"). This discussion contains certain forward-looking information and is expressly qualified by the cautionary statement at the end of this MD&A. All dollar amounts are presented in Canadian dollars unless indicated otherwise. Unless the context otherwise requires, the terms "Fortune" and "the Company" where used herein refer to Fortune Minerals Limited and its subsidiaries on a consolidated basis.

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:

	2020			2019			2018	
	Sep-30	Jun-30	Mar-31	Dec-31	Sep-30	Jun-30	Mar-31	Dec-31
Revenue and Other Income	49,104	22,207	26,589	12,600	8,533	8,416	12,604	20,393
Net income (loss)	(181,619)	(1,057,014)	(40,405)	1,196,754	164,075	(1,067,619)	(2,987,204)	(172,101)
Basic and fully diluted income (loss) per common share⁽¹⁾	—	—	—	—	—	—	(0.01)	—

Notes:

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

OVERVIEW

Fortune's vision is to be a recognized developer, miner, 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 hydrometallurgical refinery ("Refinery") contemplated to be constructed in southern Canada among several greenfield and brownfield site options currently being investigated by the Company (collectively, the "NICO Project").

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

NICO Project

Fortune continues to advance its wholly-owned NICO Project and the Company's business activities have been focused on certain priority critical path activities required to advance permitting and financing for the planned development. The NICO Project comprises a proposed open pit and underground mine, and a mill and concentrator in the Northwest Territories, with a related hydrometallurgical process refinery to be located in southern Canada. This refinery was previously planned to be constructed at a site in the Rural Municipality of Corman Park in Saskatchewan, ("Saskatchewan Metals Processing Plant" or "SMPP"), but alternative sites are now being evaluated,

including brownfield sites with existing facilities to materially reduce capital costs for the planned development. The NICO Project was engineered in the Front-End Engineering and Design study and Technical Report entitled "*Technical Report and Updated Mineral Reserve Estimate and Front-End Engineering & Design ("FEED") Study on the NICO Gold-Cobalt-Bismuth Deposit, Mazenod Lake Area, Northwest Territories, Canada*" dated July 2, 2012 (the "2012 FEED Study") filed on SEDAR at www.sedar.com by the Company under National Instrument 43-101.

In 2014, the Company was in advanced negotiations with Procon Group ("Procon") and China CAMC Engineering Co., Ltd. ("CAMCE") to jointly develop the NICO Project. A feasibility study (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 and produce a report to support project financing based on the proposed transaction. The 2014 Feasibility Study was summarized in a Technical Report reflecting the planned development, 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.

The contemplated transaction with Procon and CAMCE was not completed and in 2018, Fortune engaged Hatch Ltd., ("Hatch"), Micon and P&E Engineering Consultants Inc. ("P&E") to produce an updated study of the economics for the NICO Project to support its discussions with alternative potential strategic partners. The study contemplated an approximately 30% expanded mill throughput rate to 6,000 tonnes of ore per day ("tpd") from the 4,650 tpd rate used in the earlier study, and a number of process improvements that had been identified by Hatch. This updated study was also assessing a potential start-up option of producing metal concentrates and gold doré for direct sale to third party refiners from the Company's proposed mine and concentrator in the NWT and would eliminate or defer the need to construct a vertically integrated Refinery. The base case for both the earlier 2014 study and the 30% expanded project contemplated a mine and concentrator in the NWT and a related Refinery in southern Canada producing cobalt sulphate used in lithium-ion rechargeable batteries, gold doré, bismuth ingot and copper cement. After assessing the indicative economics of the expanded 6,000 tpd mill throughput rate, the Company concluded that the additional capital required to construct a larger project would not deliver a commensurate increase in cash flows to justify the expansion at prevailing cobalt and bismuth prices. Consequently, work on the expanded, 6,000 tpd mill throughput rate study was terminated.

Fortune has prepared a number of high level financial and operating models assessing the NICO Project indicative economics using different pit sizes and various production rate sensitivities. The engineering and revised cost quotes from the 6,000 tpd case contemplated in 2019 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, 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 a more attractive indicative rate of return for the development by enabling earlier access to deeper gold-rich ores in the deposit.

Before completing an updated Technical Report for the NICO Project Fortune is assessing a number of other optimizations it has recognized that include:

- A new Mineral Resource and geological block model has been prepared with a more constrained approach to the interpolation boundary wireframes to reduce internal and external dilution and differentiate higher grade resource blocks for early processing;
- The block model also includes some high grades that had been missed in previous estimates as well as mineralized material at the volcanic sedimentary rock interface that was not used in previous estimates;
- The grade interpolation wireframe boundaries were also extended to surface where the deposit is known to outcrop and to depth where the gold zone had been too abruptly terminated;

- A new mine plan and schedule has been completed based on the new Mineral Resource model with a re-optimized open pit and selective underground mining of gold-rich ores located close to the existing decline ramp during early years of the mine life; and
- The open pit mine fleet was optimized with smaller equipment to reduce dilution with waste rock and match the lower mining rate

In addition to the above optimizations, the Company has also undertaken the following activities during the nine months ended September 30, 2020 in support of permitting and financing initiatives:

- The Tlicho all-season road (the "Tlicho Road") construction is ahead of schedule and will enable the Company to align the construction schedule for the mine with the availability of the all-season road and eliminate construction from winter ice roads in order to reduce capital costs and construction risks;
- The Company continues to have dialogue with third party processors interested in purchasing cobalt and bismuth concentrates directly from the mine site to defer the capital associated with building a Refinery in southern Canada;
- The Company is also assessing a number of brownfield sites to build the Refinery in southern Canada, with existing facilities that could materially reduce capital costs for the development;

Fortune Minerals applied to the Government of the Northwest Territories ("GNWT") Mining Incentive Program ("MIP") and received a matching grant of \$144,000 to support geophysical surveys to better delineate some known anomalies east of the known deposit. As at September 30, 2020, The Company had received 85% of the grant and the remainder is expected to be received once the Company has filed its final report, which is due in April 2021. In August and September 2020, the Company completed the geophysical exploration program and has now commissioned a more comprehensive interpretive report to determine the best targets for follow-up work and drill-testing of potential underlying iron oxide copper gold ("IOCG") style deposits.

In light of the foregoing, the Company believes that the development schedule for the NICO Project can be aligned with the expected deficit in cobalt supply in 2022-2023 when demand for batteries in electric vehicles is anticipated to outstrip production from existing mines and development projects. In addition, the Canadian and United States ("U.S.") governments have signed a Joint Action Plan on Critical Mineral Collaboration to enable more North American production of certain minerals identified by the U.S. Government as critical to economic and national security. Minerals considered critical for this purpose have essential use in important industrial and defense applications, cannot be easily substituted by other minerals, and their supply chain is threatened by geographic concentration of production and/or geopolitical risks. Cobalt and bismuth are both identified as Critical Minerals on the U.S. and European Union Critical Minerals Lists. Fortune has been in discussions with the Canadian and U.S. governments about potential financial support for the NICO Project development, including submission of a White Paper proposal to the U.S. Department of Defense.

Fortune also continues to work with a number of private sector companies and potential strategic partners interested in the Critical Minerals and/or the gold contained in the NICO Project. If and when the NICO Project is developed, Fortune will be an important new producer of battery grade cobalt products to the rapidly expanding lithium-ion rechargeable battery industry, and support their demand in portable electronic devices, electric vehicles, and stationary storage cells to make electricity use more efficient and allow greater use of renewable energy such as solar and wind. Fortune will also produce environmentally friendly bismuth metals and oxide used in the automotive and pharmaceutical industries and the growing demand as a non-toxic and environmentally safe replacement for lead. The NICO Project 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.

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, 2020 were \$162,117 and \$504,653 respectively, and were spent on the projects as follows:

	Three months ended September 30, 2020	Nine months ended September 30, 2020
NICO	\$ 159,315	\$ 500,102
All Other Projects	2,802	4,551
Total cash exploration and evaluation expenditures	\$ 162,117	\$ 504,653

As of September 30, 2020, \$122,400 of the MIP grant had been received and was used to support geophysical surveys conducted at the NICO Project site in August and September 2020. The Company has elected to present this government grant as a reduction to exploration expenditures and is included in the line "mining properties" on the consolidated statements of financial position.

For comparison, exploration and evaluation 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, and 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

Exploration and evaluation expenditures for the three and nine months ended September 30, 2020 were lower compared to the same period in 2019, as a result of a decrease in activity at NICO.

RESULTS OF OPERATIONS

Summary

The Company's net loss for the three and nine months ended September 30, 2020 was \$181,619 and \$1,279,038, respectively, or \$Nil per common share for both periods compared to a net gain of \$164,075 for the three month period in the prior year and a net loss of \$3,890,748 for the nine month period in the prior year, or \$Nil and \$0.01 per common share, respectively, for the three and nine month periods in the prior year. The significant change year over year is primarily due to the change in fair value related to derivative liability and impairment charge recognized in the prior year as discussed in "Expenses" below.

Revenue and Other Income

Revenue and other income increased in 2020 to \$49,104 and \$97,900 for the three and nine months ended September 30, 2020, respectively, compared to \$8,533 and \$29,553 for the same periods in the prior year. The increase is primarily the result of recognition of a gain on flow-through share premium during the period.

Expenses

Expenses, excluding change in fair value related to derivative liability and impairment charge, decreased in 2020 to \$517,894 and \$1,802,838 for the three and nine months ended September 30, 2020, respectively, compared to \$624,101 and \$2,046,045 for the same periods 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 stock based compensation expense and receipt of government grants obtained relating to supporting payroll through the COVID-19 pandemic; and (ii) a decrease in corporate development expenditures. This year over year decrease was partially offset by an increase in interest expenses related to interest accrued on the Company's long-term debts, which is compounded semi-annually.

The change in fair value related to derivative liability recognized a gain of \$287,171 and \$425,900 for the three and nine months ended September 30, 2020, respectively when compared to a gain of \$779,643 and loss of \$403,320, for the same periods in 2019.

In the prior year, the Company recorded an impairment charge of \$1,470,936 against surface facilities under construction in mining properties as a result of the Company's decision to sell its land 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 was 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, 2020 and 2019. During the nine months ended September 30, 2020, recognition of (i) \$336,000 from the estimated tax loss; (ii) \$174,000 for tax rate difference; (iii) \$113,000 for non-deductible change in fair value of derivative; and (iv) \$22,000 for non-taxable flow-through share premium resulted in a tax recovery which was offset by: (i) a tax provision of \$495,000 for a loss carryforward not recognized; and (ii) \$150,000 for non-deductible stock-based compensation and other expenses.

During the same period in 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 \$951,500 for a loss carryforward not recognized; (ii) \$142,500 for non-deductible stock-based compensation and other expenses; and (iii) \$107,000 for non-deductible change in fair value of derivative.

During the three months ended September 30, 2020, recognition of (i) \$150,000 for non-deductible change in fair value of derivative; (ii) \$44,500 from the estimated tax loss; (iii) \$15,500 for non-taxable flow-through share premium; and (iv) \$1,000 for tax rate difference resulted in a tax recovery which was offset by: (i) \$159,000 for a loss carryforward not recognized; and (ii) \$52,000 for non-deductible stock-based compensation and other expenses. During the same period in 2019, a recognition of (i) \$206,500 for non-deductible change in fair value of derivative resulted in an income tax recovery which was offset by: (i) \$115,700 for a loss carryforward not recognized; (ii) \$46,800 for non-deductible stock-based compensation and other expenses; and (iii) \$44,000 from the estimated tax loss.

A valuation allowance of \$16,432,000 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, 2020 was \$178,484 and \$364,024, respectively, compared to \$358,683 and \$1,190,058 for the same periods in 2019. The decrease in use of

cash in operating activities year over year is mainly attributed to a decrease in accounts receivable, general and administrative expenditures and corporate development.

Cash used in investing activities was \$166,271 and \$524,732 compared to \$363,561 and \$853,184 for the three and nine months ended September 30, 2020 and 2019, respectively. This decrease is related primarily to a decrease in expenditures of capital assets included in mining properties and exploration and evaluation expenditures due to a decrease in activity on the NICO Project and is offset by proceeds received on the sale of capital assets held in mining properties in the prior year.

Cash provided (used) by financing activities decreased to \$(2,311) and \$27,689 compared to \$Nil and \$365,000 for the three and nine months ended September 30, 2020 and 2019, respectively. Cash provided in 2020 was a result of the receipt of a government loan offset by share issuance cost incurred related to a subscription agreement which closed subsequent to September 30, 2020 and cash provided in 2019 was a result of the exercise of options.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2020, Fortune had cash and cash equivalents of \$1,243,834 and working capital of \$851,270 compared to \$1,932,986 and \$1,926,913, respectively, for the same period in the prior year.

The Company regularly reviews its planned activities relative to available funding and prioritizes activities based on what is required to complete critical path activities and budgets accordingly. The Company invests its surplus cash in low risk, liquid investments, which typically have low yields but hold their value during times of market uncertainty. With its existing working capital, the Company will require additional financing to conduct certain critical path activities in 2020. The NICO Project will also require further funding to advance the project through to production. The Company has historically been successful in financing its activities, however, there are no assurances that it will be successful in raising future funds required, especially in light of the impact that COVID-19 could have on the global financial markets as a whole. Management is continuously pursuing and considering various financing opportunities, including all Government of Canada emergency relief programs announced to assist with the financial impacts of COVID-19.

The Company has received a \$40,000 loan through the Canada Emergency Business Account program ("CEBA"). The CEBA was launched by the Government of Canada in response to the global COVID-19 health crisis, and has been implemented by financial institutions in cooperation with Export Development Canada. The loan is interest-free and if the balance is repaid in full by December 31, 2022 25% of the loan will be forgiven. If the loan is not repaid by December 31, 2022, it will be converted into a 3-year term loan bearing interest at 5%, with monthly interest-only payments and the outstanding balance due to be repaid in full by December 31, 2025.

The Company has applied for and received \$118,536 in government grants relating to supporting the payroll of the Company's employees. As at September 30, 2020, \$75,786 was received and the Company has elected to present this Government grant as a reduction to payroll expenses and this amount is included in the line "general and administrative" expenses on the consolidated statements of loss and comprehensive loss. Fortune has also been awarded a matching grant of \$144,000 from the GNWT's MIP of which \$122,400 has been received and the Company has elected to present this grant as a reduction to expenditures incurred related to the geophysical program conducted at NICO this summer, which is reported in "mining properties" on the consolidated statements of financial position.

Subsequent to September 30, 2020, the Company entered into subscription agreements to issue an aggregate of 2,163,666 units at a price of \$0.075 per unit, raising gross proceeds of \$162,275. Each unit consists of one common share and one half of a common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company for \$0.10 for a period of one year after the closing date.

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>	\$ 195,135	\$ 195,135	\$ —	\$ —
<i>Lease liability</i>	454,748	65,300	191,973	197,475
<i>Long-term debts</i>	8,790,000	—	8,790,000	—
<i>Interest on Long-term debts</i>	3,613,518	—	3,613,518	—
<i>Provision for Environmental Rehabilitation</i>	188,000	—	—	188,000
<i>Total Contractual Obligations</i>	\$ 13,241,401	\$ 260,435	\$12,595,491	\$385,475

The long-term debts represent unsecured debentures in the principal amount of \$8.75 million held by previous secured creditors and the \$40,000 CEBA loan. 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 and debentures balances have been recorded in the consolidated financial statements at their net present value using an effective interest rate of 12% and 18%, respectively.

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 and 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, 2019 filed on SEDAR. The most significant risk to meeting its objectives for the NICO Project continues to be the ability to finance the construction cost of the project. Additional risks include purchasing lands and acquiring all necessary permits to provide the Company with the flexibility to construct its own Refinery, and construction schedule uncertainty for the Tlicho Road, a two-lane public highway of approximately 97 km from Highway 3 to the community of Whati. These risks arise primarily from external parties such as government regulators, First Nations and investors who have significant influence over the outcome of the Company's efforts and external factors such as commodity prices, economic conditions and the financial markets. Accordingly, management has sought and continues to seek ways to address risks in its business model and has developed appropriate strategies to move forward by focusing expenditures on critical path activities in a socially and environmentally responsible manner.

Major milestones to achieve on the path forward for the development of the NICO Project:

- assessing identified optimizations to improve NICO Project economics;
- updating the Technical Report for the 2014 Feasibility Study based on current estimates of costs, commodity prices and different development opportunities to support project financing;
- working with governments and the development partner of the GNWT, North Star Infrastructure, to achieve certainty on the completion date for the Tlicho Road now advancing through construction;

- completing the process the Company has commenced to secure new land for the Refinery;
- continuing review of the options to sell concentrates into the market to defer the capital expenditures associated with construction of the Refinery;
- continuing studies and programs required to meet water license pre-construction requirements for the NICO site;
- submitting applications for required permits for the NICO Project access road and regulatory compliance for water license and land use permits;
- submitting request for land-use permit extensions and/or new permit. New regulations are currently being developed for these activities;
- completing the negotiations with the Tlicho Government for a Participation Agreement;
- identifying and engaging strategic partners to support the development of the NICO Project and Refinery sites;
- helping to arrange or provide some or all of the project financing, evaluating potential transactions and ultimately entering into a strategic arrangement suitable to the Company;
- completing NICO Access Road construction agreements and site preparation plans, including construction of laydown areas to receive equipment and material required for early work construction; and
- continuing engineering and procurement activities once financing is secured.

In the nine months ended September 30, 2020, the Company focused on continued dialogue with key parties including the Tlicho Government for developing mutually beneficial agreements and worked to identify and advance opportunities to develop additional strategic partnerships. The Company has made significant progress towards achieving its milestones through its previous financings, the federal and Tlicho Government approvals for the NICO mine and mill, receipt and renewal of the land use permit and Type A water licence for the NICO site and the signing of the SEA and Access Agreements.

Activities undertaken during 2020 towards achieving the next major milestones for the NICO Project will remain the Company's focus through 2020. As it pursues this objective, the Company will strive to prudently manage capital resources and mitigate risks.

TRANSACTIONS WITH RELATED PARTIES

During the nine months ended September 30, 2020, the Company paid key management personnel, including officers, directors, or their related entities, an aggregate of \$562,053 for salaries and benefits, consulting and/or management services and legal services when compared to \$808,764 for the same period in the prior year. At September 30, 2020, \$22,851 was owing to these related parties for services received during the period when compared to \$13,417 at September 30, 2019.

Earlier this year, the Company implemented cost saving measures by reducing expenditures to outside consultants. As a result of the ongoing Covid-19 pandemic, Glen Koropchuk stepped down from his position as Technical Director and COO effective May 20, 2020, but continues to serve on the Company's Board of Directors. Also effective June 1, 2020, David Massola transitioned from his previous part-time position of VP Finance and CFO to an advisory role, assisting Fortune with its project finance activities. Also effective June 1, 2020, Patricia Penney, previously the Company's Controller, was appointed as the Company's Interim CFO.

The following table summarizes the amounts paid and payable to related parties and the nature of the payments as at September 30, 2020:

Fortune Minerals Limited
Management's Discussion and Analysis of Financial Conditions and Results of Operations
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Related Party ¹	Relationship	Business Purpose of Transaction						Total	
		Salaries and Benefits ⁸		Consulting Services		Legal Services		Paid/Awarded	Payable
		Paid	Payable	Paid	Payable	Paid	Payable		
Goad, Robin ²	President & CEO, Director	\$ 4,081	\$ -	\$ 229,808	\$ 2,885	\$ -	\$ -	\$ 233,889	\$ 2,885
Knight, David ³	Corporate Secretary	-	-	-	-	37,005	3,500	37,005	3,500
Koropchuk, Glen ⁴	Technical Director & COO, Director	-	-	61,370	-	-	-	61,370	-
Massola, David ⁵	VP Finance & CFO	4,081	-	29,375	-	-	-	33,456	-
Naik, Mahendra	Director	3,426	-	-	-	-	-	3,426	-
Penney, Patricia ⁶	Interim CFO	99,237	9,346	-	-	-	-	99,237	9,346
Ramsay, David	Director	-	-	-	-	-	-	-	-
Schryer, Richard ⁷	VP Environmental & Regulatory Affairs	3,780	-	89,890	7,120	-	-	93,670	7,120
Total		\$ 114,605	\$ 9,346	\$ 410,443	\$ 10,005	\$ 37,005	\$ 3,500	\$ 562,053	\$ 22,851

¹ No amounts were paid or payable for the nine months ended September 30, 2020 for directors Carl Clouter, John McVey, David Ramsay and Edward Yurkowski.

² 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.

³ 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.

⁴ Glen Koropchuk was engaged to provide services of Technical Director and Chief Operating Officer of the Company pursuant to an independent consultant agreement which terminated on May 20, 2020 and has not received additional compensation for his services as a director.

⁵ David Massola was engaged to provide services of VP Finance and Chief Financial Officer of the Company pursuant to an independent consultant agreement which terminated June 1, 2020.

⁶ Patricia Penney, formerly the Company's Controller, appointed Interim Chief Financial Officer effective June 1, 2020.

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

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

CRITICAL ACCOUNTING ESTIMATES

The Company continues to consider, on a regular basis, whether indicators exist that suggest that the carrying value of its projects is impaired for accounting purposes. While the market capitalization relative to the carrying value of the Company's projects is reviewed, it is not considered a sole indication of impairment. Given the Company's stage of development and the volatility of the market, using the share price as a sole indication of impairment is not practical, although the Company does monitor the magnitude of the gap between its market capitalization and the project carrying values. On September 30, 2020, the Company considered whether there had been any significant changes to indicators and whether any new indicators were present. Management determined that as a result of obtaining limited financing during the year, substantive expenditure on further exploration for and evaluation of mineral resources of the NICO Project cannot be budgeted or planned and completed an impairment assessment of the NICO Project. As a result of that analysis, management has determined that the carrying value of its projects is not impaired or does not require a reversal of a prior impairment charge.

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

- the Company has obtained environmental assessment approval for the NICO Project mine and concentrator 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 and the results of such analyses 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 Tlich Road has received commitments from the Government of Canada to provide 25% of the construction costs and the GNWT has executed contracts with North Star Infrastructure to design,

construct, operate and maintain the road over a 28-year period. Construction of the Tlichó Road is advancing ahead of schedule.

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, lease liability, provision for environmental rehabilitation and long-term debts, which are financial liabilities designated as financial liabilities at amortized cost, measured initially at fair value and subsequently on the basis of amortized cost using the effective interest rate method; and derivative liability designated as financial liabilities at fair value through profit or loss, measured at fair value and revalued at each reporting period. It is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

During the nine months ended September 30, 2020 and 2019, profit and losses associated with each financial instrument are as follows:

	Impact on Profit (Loss)	
	2020	2019
Reclamation security deposits	1,385	2,301
Provision for environmental rehabilitation	9,715	(2,468)
Long-term debts	(976,952)	(876,043)
Derivative liability	425,900	(403,320)

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. 361,716,886 common shares issued and outstanding;
2. 54,214,876 warrants outstanding which entitle the holders to purchase one common share at various prices between \$0.085 and \$0.204 and expiring at various dates between October 26, 2021 and August 12, 2022; and
3. stock options outstanding to purchase an aggregate of 10,550,000 common shares expiring at various dates until March 22, 2023 and exercisable at various prices between \$0.10 and \$0.29 per common share.

All stock options have vested as at the date hereof.

INTERNAL CONTROLS OVER EXTERNAL FINANCIAL REPORTING

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, 2020 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, the expected results of the technical report updating to the 2014 Feasibility Study and the Company's planned geophysical exploration program for the summer of 2020. 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; the risk that the Company may not be able to undertake its planned geophysical exploration program as a result of the COVID-19 pandemic; 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.