TSXV: FOR | FWB: 5QN |OTCQX: FTBYF

Fortune Bay Corp.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended December 31, 2023

Dated: April 18, 2024

Fortune Bay Corp.
Year ended December 31, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") provides a review of the performance of Fortune Bay Corp. (the "Company" or "Fortune Bay") and should be read in conjunction with the audited consolidated financial statements of Fortune Bay (the "Financial Statements") for the years ended December 31, 2023 and 2022, which have been prepared in accordance with International Financial Reporting Standards as issued by the International Standards Board ("IFRS Accounting Standards").

The information presented in this MD&A is as of April 18, 2024. The reporting currency for the Company is the Canadian dollar. All of the financial information presented herein is expressed in Canadian dollars, unless otherwise stated. United States dollars are indicated by the symbol "US$".

This MD&A contains "forward-looking statements" and "forward-looking information" within the meaning of applicable Canadian securities laws that are subject to risk factors set out herein. For further details see the sections in this MD&A titled "Cautionary Note regarding Forward-Looking Statements and Information" and "Risk Factors".

COMPANY OVERVIEW

The Company was incorporated on February 4, 2016 as 9617337 Canada Limited under the laws of the *Canada Business Corporations Act* as part of the transaction (the "Transaction") between kneat.com, inc. ("kneat.com"), Kneat Solutions Limited and the Company. Fortune Bay began trading on the TSX Venture Exchange ("TSX-V") as a new public company on July 4, 2016 under the symbol FOR, and also currently trades on the Frankfurt Stock Exchange under the symbol 5QN and on the OTCQB under the symbol FTBYF.

Fortune Bay is an exploration and development company with 100% ownership in two advanced gold projects in Saskatchewan, Canada (Goldfields Project) and Chiapas, Mexico (Ixhuatán Project), both with exploration and development potential. The Company also has a 100% ownership in the Strike and Murmac uranium exploration projects, located near the Goldfields Project, which have high-grade uranium potential typical of the Athabasca Basin. Other assets include the Woods uranium projects, Huizopa Net Smelter Return ("NSR") royalty in Mexico, and the NSR royalty obtained from the sale of the Dominican Republic properties in 2014.

The Company has a goal of building a mid-tier exploration and development Company through the advancement of its existing projects and the strategic acquisition of new projects to create a pipeline of growth opportunities. The Company's corporate strategy is driven by a Board and Management team with a proven track record of discovery, project development and value creation.

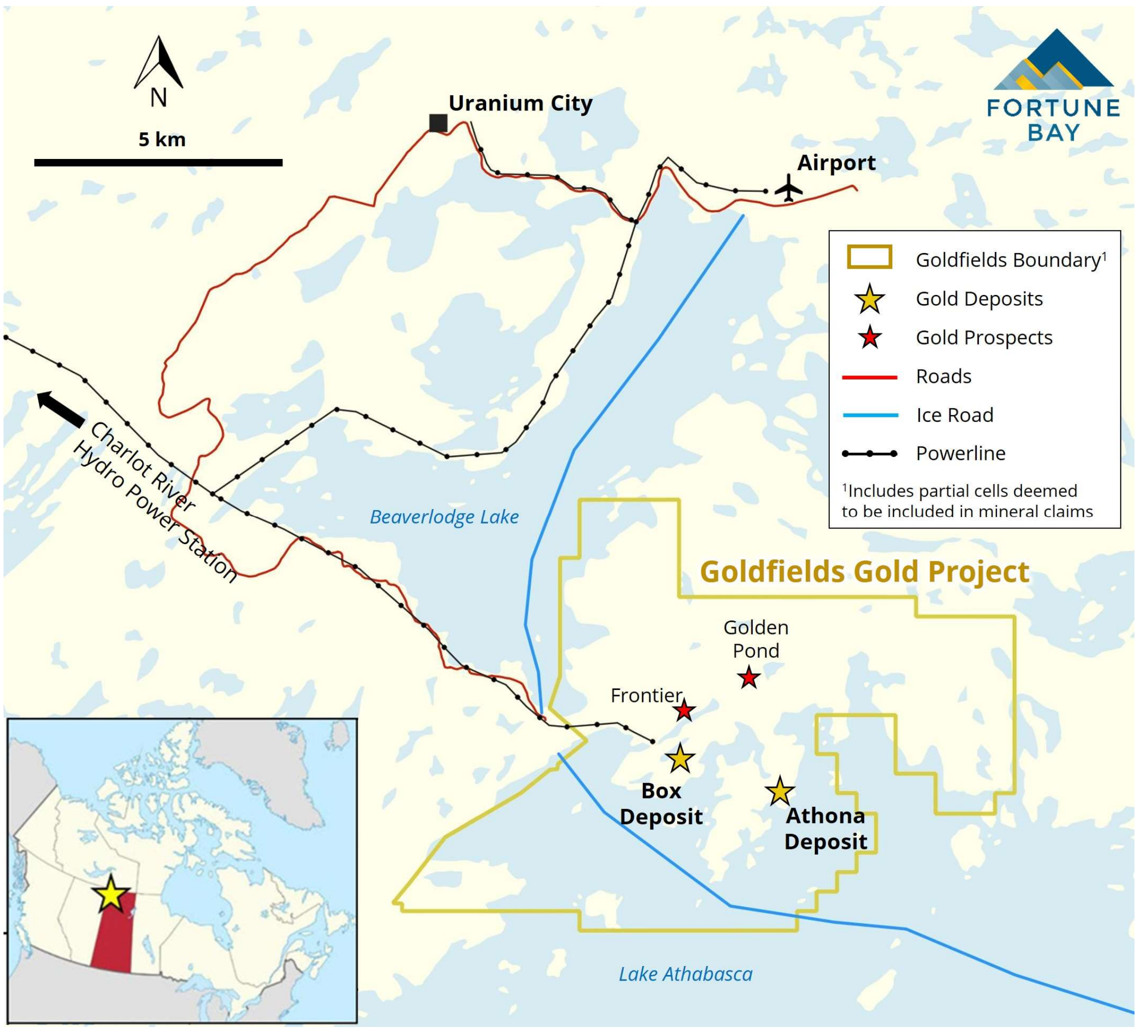
As at December 31, 2023, the Company's principal activity is the acquisition, exploration and development of mineral interests. To date, the Company has not generated any revenues from operations and is considered to be in the exploration and evaluation stages.

OVERVIEW OF THE EXPLORATION PROPERTIES

Goldfields Project, Canada

Overview

The 100% owned Goldfields Project ("Goldfields") is the Company's most advanced property located in northern Saskatchewan, approximately 13 kilometres south of Uranium City, and approximately 60 kilometres south of the Saskatchewan and Northwest Territories provincial boundary. Goldfields is host to the Box and Athona gold deposits and numerous other gold prospects and occurrences. Goldfields is comprised of 14 mineral dispositions, covering approximately 5,900 hectares, which are in good standing and protected from expiry with assessment credits until at least 2025. Work completed during 2022 will be filed for assessment to extend the expiry dates.



Goldfields Location Map

Goldfields is located within a historical mining area and benefits from established infrastructure, including a road and hydro-powerline to the Box deposit. Nearby facilities and services in Uranium City include bulk fuel, civil contractors, and a commercial airport. Goldfields has a history of gold production (64,000 oz produced between 1939 and 1942), numerous exploration drilling campaigns (over 1,000 drill holes) and historical mining studies by previous owners of the Goldfields Project.

The Goldfields Project received Provincial Ministerial approval under the Environmental Assessment Act in May 2008 to proceed with the development of an open-pit mine at the Box deposit, and a mill with a processing capacity of 5,000 tonnes per day.

During the year ended December 31, 2023, the Company incurred resource property expenditures of $90,289 on the Goldfields Project (year ended December 31, 2022 - $1,260,169) primarily related to technical reviews, compilations, and assessments aimed at advancing it through a suitable transaction, as outlined in the Company's News Release dated August 8, 2023.

Mineral Resources

An updated Mineral Resource Estimate ("MRE") was completed as part of the Preliminary Economic Assessment ("PEA") with an effective date of September 1, 2022. The mineral resources have been estimated by SRK Consulting (Canada) Inc. in accordance with the CIM "Estimation of Mineral Resource and Mineral Reserves Best Practices" guidelines (November 2019) and National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").

Goldfields Mineral Resource Statement, effective date September 1, 2022.

Deposit	Category	Tonnes (Mt)	Au Grade (g/t)	Total Au (000's oz)
Box	Indicated	15.8	1.44	729.7
Athona	Indicated	7.4	1.06	250.2
	Total Indicated	**23.2**	**1.31**	**979.9**
Box	Inferred	3.3	1.08	112.8
Athona	Inferred	3.8	0.80	98.0
	Total Inferred	**7.1**	**0.92**	**210.8**

Notes:
1) Mineral resources are not mineral reserves and do not have demonstrated economic viability.
2) Mineral resources are reported at a cut-off grade of 0.3 g/t gold, constrained within a conceptual open-pit shell.
3) Mineral resources are reported using a gold price of US$1800/oz.
4) All figures are rounded to reflect the relative accuracy of the estimate.

Preliminary Economic Assessment

On November 1, 2022, the Company announced positive results from the independent PEA for Goldfields. The PEA provides a base case assessment for developing the Goldfields mineral resource by conventional open pit mining methods, and gold recovery with a standard free milling flowsheet, incorporating gravity and leaching of the gravity tails.

The economic analysis was performed assuming a 5% discount rate and a gold price of US$1,650 per ounce based on long-term consensus pricing. On a pre-tax basis, the NPV5% is C$401 million, the IRR is 45.5% and the payback period is 1.4 years. On an after-tax basis, the NPV5% is C$285 million, the IRR is 35.2% and the payback period is 1.7 years. The economic model supports an operation with low capital cost and high rate of return over an 8.3 year mine life, with average annual production of 101,000 ounces of gold.

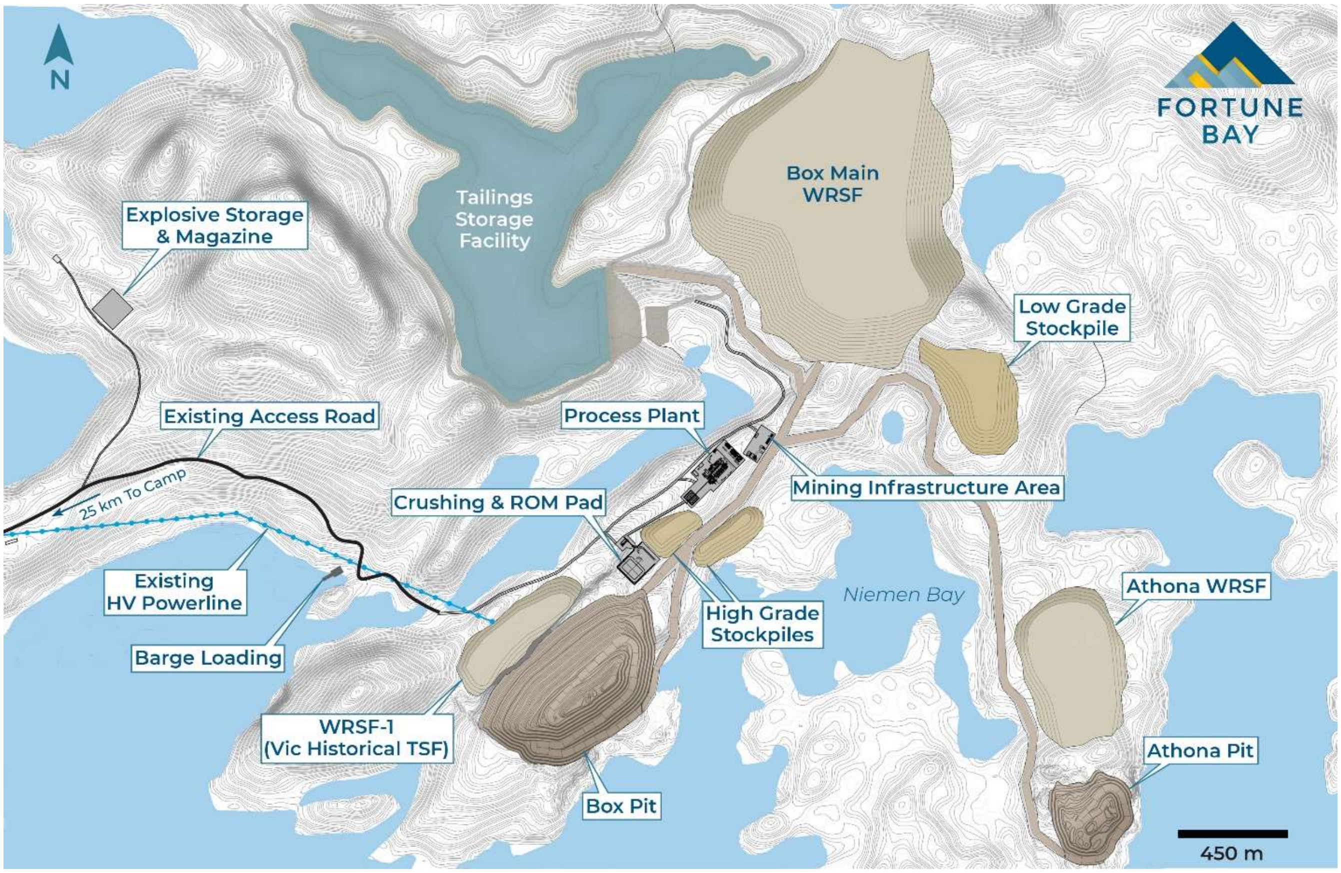
Summary of PEA Project Economics

	Units	LOM Total / Avg.
General		
Gold Price	US$/oz	$1,650
Exchange Rate	US$:C$	0.77
Mine Life	years	8.3
Total Waste Tonnes Mined	kt	69,139
Total Mill Feed Tonnes	kt	22,708
Strip Ratio	Waste : Resource	3.0 : 1
Production		
Mill Head Grade	g/t	1.20
Mill Recovery Rate	%	95.3%
Total Mill Ounces Recovered	koz	835
Total Average Annual Production	koz	101
Operating Costs		
Mining Cost	C$/t Mined	$3.90
Mining Cost	C$/t Milled	$15.27
Processing Cost	C$/t Milled	$15.02
G&A Cost	C$/t Milled	$5.07
Total Operating Costs	C$/t Milled	$35.36
Refining & Transport Cost	C$/oz	$5.00
Royalty NSR	%	2.0%
Cash Costs	US$/oz Au	$778
AISC	US$/oz Au	$889
Capital Costs		
Initial Capital	C$M	$234
Sustaining Capital	C$M	$129
Closure Costs	C$M	$9
Salvage Costs	C$M	$18
Financials Pre-Tax		
NPV (5%)	C$M	$401
IRR	%	45.5%
Payback	Years	1.4
Financials Post-Tax		
NPV (5%)	C$M	$285
IRR	%	35.2%
Payback	Years	1.7

Notes:
Cash costs consist of mining costs, processing costs, mine-level G&A and refining charges and royalties.
AISC includes cash costs plus sustaining capital, closure costs, and salvage value.
Payback is defined as achieving cumulative positive free cashflow after all cash costs and capital costs, including sustaining capital costs and is calculated from the start of production.

Cautionary Statement: The reader is advised that the PEA summarized in this MD&A is intended to provide only an initial, high-level review of the Project potential and design options. The PEA mine plan and economic model include numerous assumptions and the use of both indicated and inferred mineral resources. Inferred mineral resources are considered to be too speculative to be used in an economic analysis except as allowed for by NI 43-101 in PEA studies. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

The PEA is based upon a subset of the mineral resources which incorporates 98.6% of indicated mineral resources and 1.4% of inferred mineral resources.



Goldfields PEA Site Layout

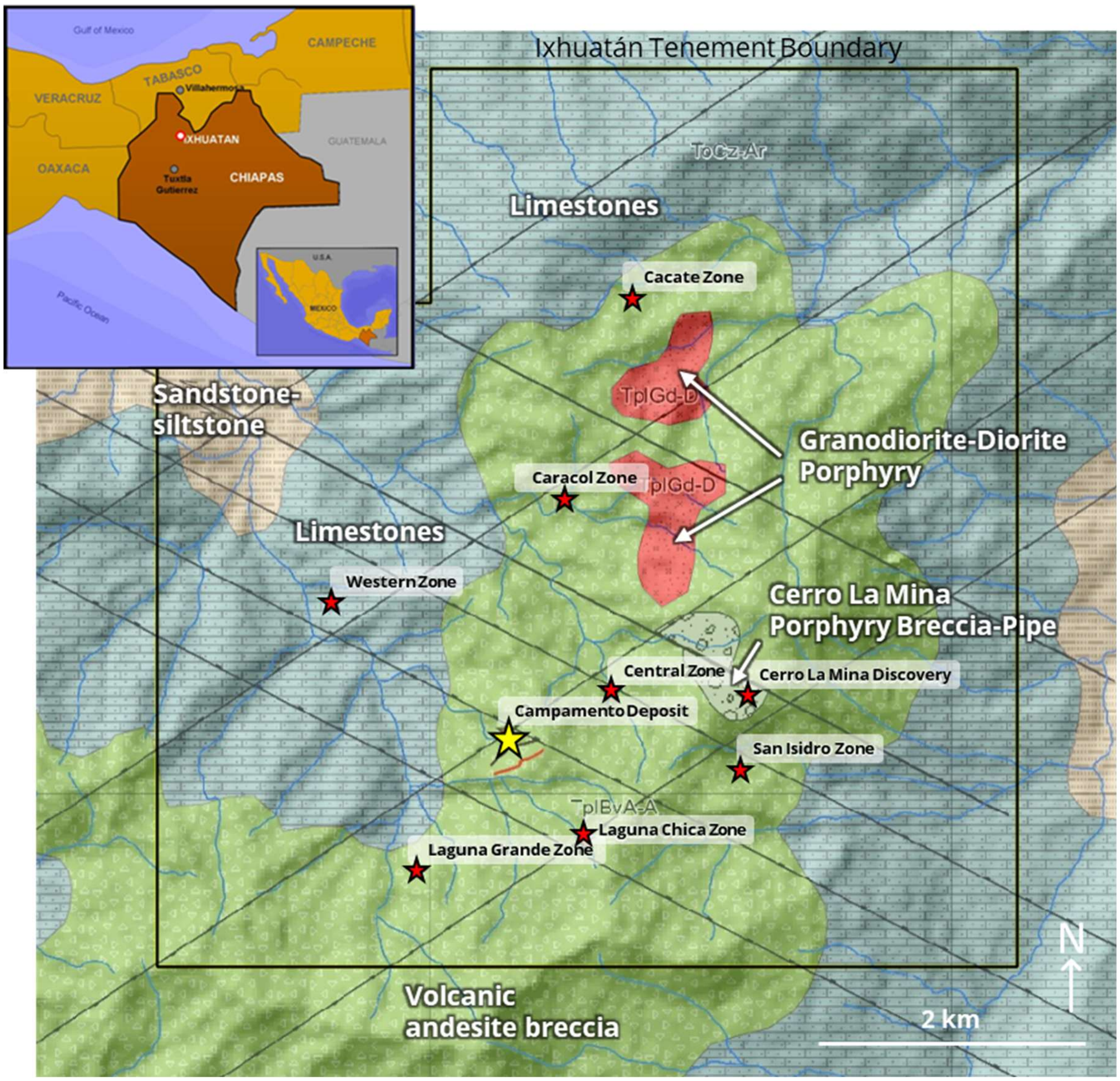
The PEA was prepared in accordance with NI 43-101 by Ausenco Engineering Canada Inc., in collaboration with Moose Mountain Technical Services for the mine design, and SRK Consulting (Canada) Inc. for the updated MRE and Environmental, Permitting and Social aspects of the Goldfields Project plan. The PEA NI-43-101 Technical Report is available on SEDAR+ (www.sedarplus.ca) and Fortune Bay's website.

For further PEA details and important technical & financial disclosures refer to the Company's news release dated November 1, 2022. An NI 43-101 2022 PEA Technical Report was filed on SEDAR+ (www.sedarplus.ca) on November 25, 2022 and is available on the Company's website.

On August 8, 2023, the Company announced plans to actively explore and evaluate opportunities to further advance Goldfields. Such opportunities may include finding a suitable partner or investment to advance the project, sale of the asset, or other strategic transaction, with the objectives of realizing value for the asset, safeguarding capital, and minimizing shareholder dilution. The Company engaged Natural Resources Global ("NRG") Capital Partners, an independent advisory firm, to provide financial advice and related assistance. There can be no assurance that the exploration and evaluation of such opportunities will result in a transaction, and the Company does not intend to provide announcements or updates unless or until it determines that further disclosure is appropriate or necessary.

Ixhuatán Project, Mexico

Fortune Bay has a 100% ownership interest in the Ixhuatán Project ("Ixhuatán"), which consists of the 4,176 hectare Rio Negro concession in northern Chiapas State, Mexico. The Rio Negro concession is valid until May 10, 2051. The Ixhuatán Project is located immediately southwest of the historical Santa Fe mine and is accessible by roads running five kilometres east of the town of Rayon. Rayon is situated 120 kilometres south of Villahermosa, Tabasco State.



Ixhuatán Location Map

Ixhuatán is an advanced exploration project which hosts the Campamento gold-silver deposit, the Cerro La Mina gold-copper-silver prospect, and numerous other exploration targets. Mineralization discovered to date is a result of gold-focused exploration programs. All the significant mineralization drilled on the property to date demonstrates an early porphyry-related potassic alteration overprinted by a later stage epithermal gold mineralizing event. This is consistent with the upper portion of a large Cu-Au-Ag-Mo district-scale mineralizing system.

Ixhuatán offers multiple exploration and development opportunities, including:

- Resource expansion and development of the epithermal gold-silver Campamento deposit, which includes a historical gold resource of 1,041,000 ounces in the Measured and Indicated categories (17.6 million tonnes at an average grade of 1.84 g/t gold) and 703,000 ounces of gold in the Inferred category (21.8 million tonnes at an average grade of 1.01 g/t gold).
- Numerous additional epithermal gold-silver zones, including historical drill intersections of mineralization, that warrant further exploration.
- Untested copper-gold potential associated the large porphyry system that spans the entire concession, both in outcrop and beneath thin cover rocks. Historical exploration focused on near-surface epithermal gold in the cover rocks. A precedent for a copper-gold mineralizing system is evident, including a historical drill hole (IXCM08-51) within the Cerro La Mina porphyry-related breccia pipe that intersected 601.4 metres at an average grade of 0.3% copper, 0.7 g/t gold and 2.7 g/t silver (0.8% copper equivalent) starting from surface and ending in mineralization, in addition to historical copper-gold mining immediately to the north of Ixhuatán at Santa Fe.

Please refer to the Cautionary Note Regarding Historical Results and Historical Mineral Resource Estimates provided toward the end of the MD&A.

Prior to any future field work, it is necessary to reach respectful agreements with the communities to provide access to private or common use lands. Fortune Bay recently completed initial site visits to the project area that included positive informal meetings with various stakeholders from the communities and region. Following these meetings, the Company is planning continued respectful dialogue with communities over the coming months with the aim of establishing access agreements that are mutually beneficial. In the interim, the Company intends to evaluate and prioritize exploration targets, based on desk-top analysis and drill core review, and develop plans for future field work.

The Company incurred $211,274 of expenditures on this property during the year ended December 31, 2023 (year ended December 31, 2022 - $135,467) related to title renewals, ongoing maintenance and site visits completed in May and September 2023.

Murmac Uranium Project, Canada

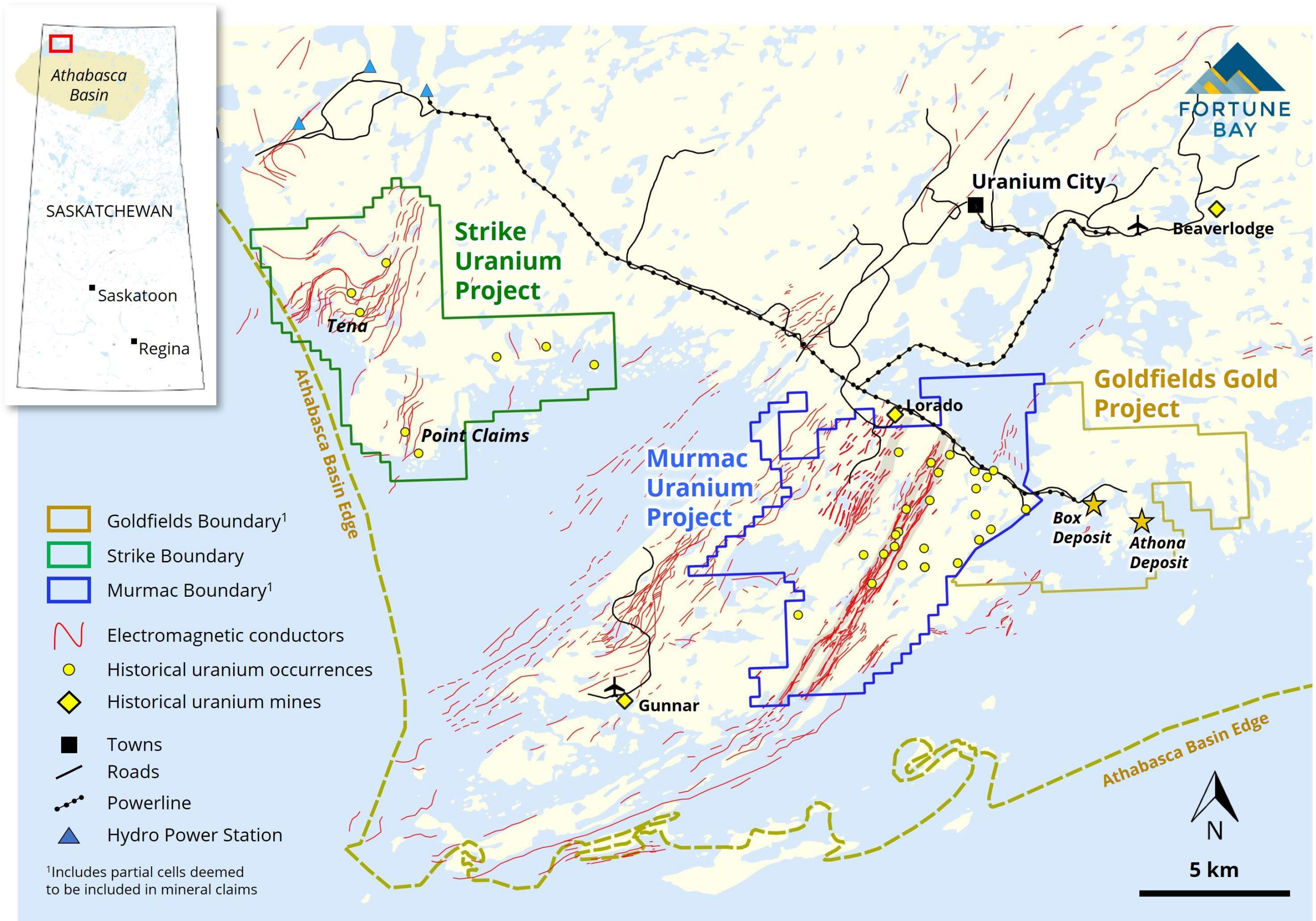
Overview

The 100% owned Murmac Uranium Project ("Murmac") comprises the western block of claims that originally formed part of the Company's Goldfields Project in northern Saskatchewan, which have been identified to have potential for high-grade unconformity-related, basement-hosted uranium deposits. Murmac currently comprises 17 mineral dispositions covering an area of 10,131 hectares, which includes additions from successful staking in 2022 and 2023. The mineral dispositions are in good standing and protected from expiry until at least 2025. Work completed during 2022 will be filed for assessment to extend the expiry dates.

The northern portion of the Murmac project area has established infrastructure including a road and powerline. Nearby facilities and an airport are available in Uranium City located approximately 10 kilometres away by road.

Previous work (until the 1980's) identified numerous high-grade (>1% U_3O_8) uranium occurrences primarily through prospecting, trenching and drilling. Nearby significant past uranium producers include the Lorado, Gunnar and Beaverlodge (Eldorado) mines. The historical mining and prospecting was focused on Beaver-lodge style uranium mineralization and Murmac is significantly underexplored for high-grade unconformity-related uranium deposits associated with the Athabasca Basin.

During the year ended December 31, 2023, the Company incurred resource property expenditures, net of recoveries, of $58,026 on the Murmac Project (year ended December 31, 2022 - $1,954,319) primarily related to technical reviews, compilations and assessments aimed at advancing the Murmac Project through a suitable transaction, as outlined in the Company's News Release dated August 8, 2023.



Murmac and Strike Uranium Projects

Initial Exploration Drilling

A total of 15 drill holes (3,168 metres) were completed at Murmac between June 16 and August 7, 2022 to test regional targets along the Pitchvein, Armbruster and Howland Corridors. Drill holes targeted compelling geophysical features selected from VTEM^{TM} (electromagnetic and magnetic) and ground gravity datasets, often associated with favourable structural settings and historical exploration results of interest.

Laboratory uranium assay and geochemical results were reported in the Company's news release dated December 13, 2022. These results have been combined with structural analysis of drill core and detailed surface mapping, and follow-up drill targets have been defined in addition to numerous other untested drill targets at Murmac.

Strike Uranium Project, Canada

Overview

The 100% owned Strike Uranium Project ("Strike") is located in northern Saskatchewan, approximately 25 kilometres west of Uranium City and the Company's flagship Goldfields Project. Strike comprises four mineral dispositions covering an area of 9,746 hectares. The mineral dispositions are in good standing until at least 2032.

Clean-energy hydro power is available within 10 kilometres of Strike to the north, and regional airports are available at Uranium City and Camsell Portage. Operations are based out of Uranium City where the Company has existing operational capabilities, including vehicles, field equipment, storage buildings and core logging and sampling facilities.

Previous work (from the 1950's to 2008) and historical datasets support Strike's potential for high-grade unconformity-related, basement-hosted uranium deposits in accordance with current exploration models for these types of deposits.

During the year ended December 31, 2023, the Company incurred resource property expenditures, net of recoveries, of $28,700 on the Strike Uranium Project (year ended December 31, 2022 - $1,424,434) primarily related to technical reviews, compilations, and assessments aimed at advancing the Strike Project through a suitable transaction, as outlined in the Company's News Release dated August 8, 2023.

Initial Exploration Drilling

During the second quarter of 2022, the initial exploration drilling program was completed comprising nine drill holes totalling 2,064 metres. This was the first drill program, historically or by the Company, to test regional targets on the project. Seven drill holes targeted discrete gravity lows located along prominent EM conductor corridors (named "J", "K" and "L") proximal to favourable geochemistry results and structural features. The other two holes were drilled at the Tena target, a historical prospect where over 1,000 tonnes of uranium ore were mined in the 1950's with reported grades of 0.6% to 3.5% U_3O_8.

Laboratory uranium assay and geochemical results were reported in the Company's news release dated December 7, 2022. These results have been combined with structural analysis of drill core and detailed surface mapping, and follow-up drill targets have been defined in addition to numerous other untested drill targets at Strike.

Murmac and Strike Option Agreement

On December 18, 2023 Fortune Bay announced that it had entered into an Option Agreement whereby 1443904 B.C. Ltd., an arms-length private company, was granted the right to acquire up to a 70% interest in the Murmac and Strike Uranium Projects over a three-and-a-half-year period by funding $6.0 million in exploration expenditures, making cash payments totalling $1.35 million, and issuing $2.15 million in common shares following completion of a going public transaction. On February 8, 2024, Aero Energy Limited (TSXV: AERO) (OTC Pink: AAUGF) (FSE: 13L0) ("Aero") completed the acquisition of 1443904 B.C. Ltd. pursuant to the terms of a share purchase agreement, thereby completing the going public transaction.

Planning is ongoing for drilling programs to commence at Murmac and Strike during 2024 on numerous high-priority targets that have been identified with the potential for a high-grade basement-hosted uranium discovery.

Key Terms of the Option Agreement:

	Cash (C$)	Consideration Shares (C$)	Exploration Expenditures (C$)	Interest Earned
Signing of the Agreement (the "**Execution Date**")	$200,000(1)	$200,000(2)	Nil	
12 month anniversary of Execution Date	$200,000	$200,000(3)	$1,000,000	
24 month anniversary of Execution Date	$250,000	$250,000(3)	$2,000,000	
Total (First Option)	***$650,000***	***$650,000***	***$3,000,000***	***51%***
36 month anniversary of Execution Date	$300,000	$300,000(3)	$3,000,000	
Total (Second Option)	***$300,000***	***$300,000***	***$3,000,000***	***60%***
42 month anniversary of Execution Date	$400,000	$1,200,000(3)	Nil	
Total (Third Option)	***$400,000***	***$1,200,000***	***Nil***	***70%***
Grand Total	**$1,350,000**	**$2,150,000**	**$6,000,000**	

Notes:
(1) Paid to the Company.
(2) Issued to the Company at the Transaction Price of $0.15 per share.
(3) Issuable to the Company at the Transaction Price of $0.15 per share.

The Company will act as the operator during the option period and will be entitled to charge a management fee of 10% of expenditures incurred on the Projects.

A participating Joint Venture ("JV") will be formed at the end of the option period, consistent with customary JV Terms, as defined in the Agreement, with mutual intent to negotiate and execute a definitive JV agreement. The JV will allow for dilution and should the Company's interest fall below 10% the Company will be granted (i) a 1% net smelter returns ("NSR") royalty on the Murmac Property (the "1% Royalty"), and (ii) a 2% NSR royalty on the Strike Property. One-half (0.5%) percent of the 1% Royalty may be repurchased at any time prior to commercial production for a cash payment of $1.5 million.

During the year ended December 31, 2023, the cash payment of $200,000 due upon signing of the Agreement was received by the Company and was recorded as a recovery against costs incurred on the Murmac and Strike Projects.

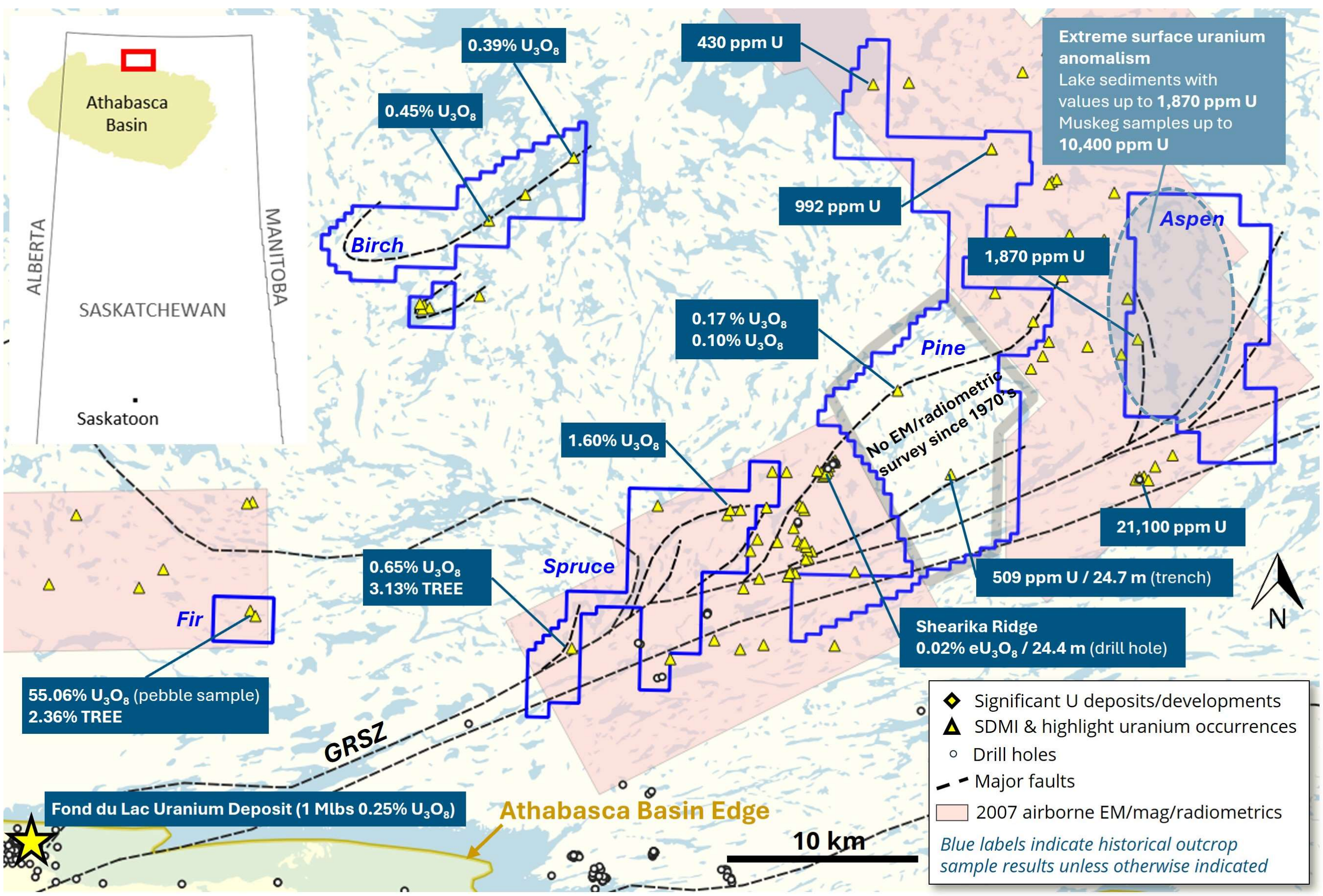
The Woods Uranium Projects, Canada

The 100% owned Woods Uranium Projects (including the Spruce, Pine, Aspen, Birch and Fir Projects) are early-stage Athabasca Basin exploration projects with potential for both high-grade, basement-hosted uranium deposits. The projects collectively cover an area of 40,958 hectares located approximately 40 kilometers northwest of Stony Rapids (connected to the regional Saskatchewan road network) and approximately 25 kilometres north of an active SaskPower hydro-electricity power line.

The Woods Projects were acquired through staking between August 2023 and January 2024, apart from a single claim of 595 hectares, forming part of the Aspen Project, that was acquired from a third-party, arms-length vendor for a small cash payment and a 2% Net Smelter Returns ("NSR") royalty. One-half of the NSR royalty can be purchased from the vendor at any time for C$500,000.

Located on the under-explored northern margin of the Athabasca Basin, the Woods Projects are focussed on the crustal-scale Grease River Shear Zone ("GRSZ"), a major fault zone up to 7 kilometres wide, with abundant historical uranium showings, including the Fond du Lac uranium deposit. The Projects host prospective geology and structure, including an approximate 25 kilometre strike length of the GRSZ. Unlike other major structural corridors (that host the majority of the Athabasca basement-hosted uranium deposits), the GRSZ has seen limited exploration, with fewer than 20 drill holes to date across the entire GRSZ northeast of Fond du Lac.

Despite identifying numerous uranium occurrences, historical exploration was focussed on Beaverlodge-type mineralization, and the type of work carried is ineffective for targeting basement-hosted mineralization, which is associated with graphitic rocks (electromagnetic or "EM" conductors) and major structures. Outside of the present-day extents of the Athabasca Basin, these EM conductors are typically covered by till, sediment and small shallow lakes, and modern, deeper-penetrating, high-resolution airborne EM survey is required to properly explore these prospective, unexplored targets. The projects also show potential for Rössing-style uranium deposits and Rare Earth Element deposits associated with abundant, historically recognized leucogranites and pegmatites, providing additional exploration optionality.



The Woods Uranium Projects

Other

The Huizopa Project is located in the Sierra Madres in Chihuahua, Mexico. The Company has a 2% NSR over future production from the Huizopa Project. The Company also has the right to a production bonus of US$4.0 million payable over two years from the date commercial production commences at Huizopa, as well as the right to 20% of the proceeds of disposal of Huizopa if it is disposed of prior to reaching commercial production. All consideration is contingent on the future development of the property. The Company considers the fair value of this consideration to be $nil. There is no value assigned to the NSR in the financial statements of the Company.

The Company also holds an NSR on exploration properties in the Dominican Republic: the Ampliación Pueblo Viejo, Ponton and La Cueva properties. These properties were sold by the Company to an unrelated third party in 2014. The NSR is equal to 1.0% when the price of gold is less than US$1,000 per ounce, 1.5% when the price of gold is between US$1,000 and USD$1,400 per ounce, and 2% when the price of gold is above US$1,400 per ounce. The Company has assigned a value of $nil to the NSR.

In connection with the sale of these properties in the Dominican Republic, the Company also received a promissory note equal to the greater of $5.0 million or 1 million common shares of the purchaser. The promissory note is subject to the completion of a NI 43-101 compliant measured and indicated resource estimate on these concessions of a minimum of one million ounces of gold equivalent (at an average grade of 2.5 g/t or higher for Ampliación Pueblo Viejo and 1.5 g/t or higher for Ponton and La Cueva) or actual gold production from these concessions plus a NI 43-101 compliant measured and indicated resource estimate on these concessions (at an average grade of 2.5 g/t gold equivalent for Ampliación Pueblo Viejo and 1.5 g/t gold equivalent or higher for Ponton and La Cueva) exceeding one million ounces of gold equivalent. The Company has assigned a value of $nil to the promissory note.

RECENT ANNOUNCEMENTS

On January 24, 2022, the Company announced the commencement of its Goldfields Gold Project Phase 2 exploration drilling program, and a ground gravity survey at the Strike Uranium Project.

On March 7, 2022, the Company announced gold assay results for the remaining four step-out drill holes completed at the Box gold deposit, located on the Company's Goldfields Project. The drill holes are part of the Phase 1 resource expansion program completed in 2021.

On April 11, 2022, the Company announced the commencement of the PEA for its Goldfields Gold Project, as further described above. The PEA is expected to be completed in Q4 2022.

On April 26, 2022, the Company announced the initial drill target areas and 2022 drilling plans for its 100%-owned Strike project. Nine (9) initial drill target areas were identified following ground gravity surveying completed in March 2022.

On May 24, 2022, the Company announced commencement of maiden exploration drilling on its 100% owned Strike Uranium Project.

On June 16, 2022, the Company announced initial drill targets for its 100%-owned Murmac Project, including the identification of 19 initial drill targets following completion of airborne electromagnetic and ground gravity surveying.

On June 27, 2022, the Company announced its qualification to trade on the OTCQX Best Market under the symbol "FTBYF". The Company subsequently changed it's listing to the OTCQB.

On June 28, 2022, the Company announced the intersection of elevated radioactivity in its maiden drill program at the Strike Uranium Project. Results included shallow intersections of elevated radioactivity within favorable geological settings for high-grade, basement hosted deposits typical of the Athabasca Basin.

On August 23, 2022, the Company announced the intersection of near-surface elevated radioactivity in multiple drill holes at the Murmac Uranium Project. The maiden drilling program, which tested regional targets across the Project, identified elevated radioactivity in multiple drill holes within favorable geological settings.

On November 1, 2022, the Company announced positive results from the independent PEA for its 100% owned Goldfields Project. Project economics included an after-tax net present value ("NPV") (discount rate 5%) of C$285M, internal rate of return ("IRR") of 35.2% and payback of 1.7 years estimated with gold price of US$1,650 per ounce. The economic model supports an operation with low capital cost and high rate of return over an 8.3 year mine life, with an average annual production of 101,000 ounces of gold. On November 25, 2022, the Company announced the filing of the PEA.

On November 29, 2022, the Company announced an Exploration Agreement that formalizes the Company's relationship with Ya' thi Néné Lands and Resources, Hatchet Lake Denesułiné First Nation, Black Lake Denesułiné First Nation, Fond du Lac Denesułiné First Nation and the Northern Hamlet of Stony Rapids, the Northern Settlement of Uranium City, the Northern Settlement of Wollaston Lake and the Northern Settlement of Camsell Portage, collectively the "Basin Communities". The Exploration Agreement confirms the Basin Communities' consent and support for the Company's exploration and evaluation activities in northern Saskatchewan, subject to the Company's performance of its obligations under the Exploration Agreement.

On December 7, 2022, the Company announced analytical results from the 2022 drilling program on the Strike Project. Analytical results confirmed anomalous uranium in three of the nine drill holes completed, up to a maximum individual assay result of 0.43% U_3O_8.

On December 13, 2022, the Company announced analytical results from the maiden exploration drilling program on the Murmac Uranium Project. Shallow, highly elevated concentrations of uranium were confirmed in six (6) of the fifteen (15) drill holes, including 0.18% U_3O_8 and 0.17% U_3O_8 from individual assay samples.

On January 23, 2023, the Company announced further analytical results from the prospecting program completed on the Murmac Project.

On January 27, 2023, the Company announced that 1,100,000 stock options were granted to directors, officers, contractors, and employees of Fortune Bay. Directors and officers were awarded 800,000 of the options granted. The options are exercisable at a price of $0.325 per share, expire on January 25, 2028 and vest over a three-year period.

On August 8, 2023, the Company provided a corporate update, indicating future plans for its exploration and development projects.

On September 26, 2023, the Company announced the expansion of the Murmac Project through staking efforts, bringing the Murmac Project area to 10,363 hectares, a 95% increase from 2022.

On October 13, 2023, the Company announced its intention to complete a non-brokered private placement for aggregate gross proceeds of up to $700,000. On October 30, 2023, the Company announced that the private placement had been closed. The Company issued 3,043,481 units at an issue price of $0.23 per unit, with each unit comprised on one common share and one common share purchase warrant. Each warrant is exercisable into one common share of Fortune Bay at an exercise price of $0.30 per share for a period of two years.

On December 18, 2023, the Company announced it had entered into a definitive option agreement with 1443904 B.C. Ltd. (the "Optionee"), pursuant to which the Optionee will be granted the right to acquire up to a 70% interest in Fortune Bay's Murmac and Strike Projects in Saskatchewan, Canada.

On January 10, 2024, the Company announced the acquisition of the Spruce Uranium Project through staking. The Spruce Uranium Project is located within the north-central margin of the Athabasca Basin, near the community of Fond du Lac, and comprises four mineral claims covering 6,855 hectares.

On January 22, 2024, the Company announced the acquisition of the Pine Uranium Project through staking. The Pine Uranium Project is located within the north-central margin of the Athabasca Basin, proximal to the Spruce Uranium Project.

On January 26, 2024, the Company announced the granting of 1,230,000 stock options to directors, officers, contractors, and employees. Directors and officers were awarded 1,010,000 of the options granted. The options are exercisable at $0.23 per share, expire on January 25, 2029 and vest over a three-year period.

On February 5, 2024, the Company announced the acquisition of the Aspen Uranium Project. The Aspen Uranium Project is located within the north-central margin of the Athabasca Basin, proximal to the Spruce Uranium Project and the Pine Uranium Project.

On February 21, 2024, the Company announced the acquisition of two additional uranium projects, named the Birch and Fir projects, through staking on the north-central margin of the Athabasca Basin, in proximity to the Spruce, Pine and Aspen Uranium Projects. In addition, the Company reported on progress for its Murmac and Strike Uranium Projects under the Option Agreement with Aero Energy Limited.

SELECTED ANNUAL INFORMATION

Expressed in thousands of Canadian dollars and prepared in accordance with IFRS Accounting Standards:

	2023	**2022**	**2021**
	$	**$**	**$**
Net loss and comprehensive loss for the year	(1,387)	(1,371)	(1,828)
Total assets	24,105	23,734	24,805
Total liabilities	1,574	850	1,052
Cash dividends per common share	N/A	N/A	N/A

The Company expects to record losses until such time as an economic mineral resource is developed and exploited on one or more of the Company's exploration properties. The Company's net loss could be significantly affected by any impairment, reversal of impairment or abandonment of any resource property.

RESULTS OF OPERATIONS

Year ended December 31, 2023

The Company recorded a net loss before income tax of $1,343,244 during the year ended December 31, 2023, a decrease of $221,856 over the year ended December 31, 2022. Salaries and benefits decreased by $35,220 due to no director fees incurred in the current year, offset by lower salary costs being allocated to the active exploration programs in Saskatchewan during the current year and by inflation-related salary increases. In addition, marketing and investor relations expenses decreased $129,509 as the Company decreased certain marketing and investor relations programs and events in 2023. Professional fees increased $73,878 due to higher legal costs and consulting fees in the current year. Office and travel expenses decreased $62,796 due to less frequent travel in 2023. Share-based compensation during the current year was $383,108 compared to the prior year amount of $447,346, a decrease of $64,238 based on stock options earned during the years and share-based compensation that has been capitalized to resource properties. The Company also incurred property investigation costs of $16,016 during the year ended December 31, 2023, compared to $59,502 in 2022. Property investigation expenses relate to costs incurred as the Company assesses new property exploration opportunities.

Finance fees and interest were $44,377 during the year ended December 31, 2023, which related primarily to the loan agreement as described in note 8 of the audited consolidated financial statements. During the year ended December 31, 2023, the Company drew $499,200 on the loan, including a lender fee of $19,200, and recorded interest of $24,379 (2022 - $nil). In addition, during the year ended December 31, 2023, the Company recorded a gain on the sale of property and equipment of $3,351, compared to a gain on the sale of property and equipment of $21,917 during the year ended December 31, 2022.

During the year ended December 31, 2023, the Company recorded a deferred income tax expense of $43,498, compared to a deferred income tax recovery of $193,769 during the year ended December 31, 2022. Deferred income taxes relate to the difference between the book value and the tax value of the Company's exploration and development properties in Mexico and Canada.

A foreign exchange gain of $750 was recorded for the current year, compared to a foreign exchange gain of $28 during the prior year. The Company expects to continue incurring foreign exchange gains and losses arising from fluctuations in the value of the United States dollar and the Mexican peso relative to the Canadian dollar.

SUMMARY OF QUARTERLY RESULTS

Expressed in thousands of dollars, except per share amounts:

	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
	$	$	$	$	$	$	$	$
Net loss for the period	(212)	(366)	(351)	(414)	(653)	(274)	(186)	(258)
Basic & diluted net loss per share	0.00	0.01	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)	(0.01)
Total assets	24,105	23,717	23,567	23,582	23,734	24,292	25,180	24,837
Total liabilities	1,574	1,672	1,233	1,004	850	879	1,621	805
Cash dividends per common share	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Quarterly results are not cyclical or seasonal, with fluctuations in net loss related primarily to changes in professional fees, salaries or administrative costs, as well as foreign exchange.

LIQUIDITY AND CAPITAL RESOURCES

The Company's liquidity depends on existing cash reserves, supplemented as necessary by asset dispositions, equity and/or debt financings. As of December 31, 2023, the Company had cash and cash equivalents on-hand of $585,157, compared to $531,837 as at December 31, 2022.

During the year ended December 31, 2023, the Company used cash of $714,348 to fund operating activities and $390,920 to fund exploration and evaluation asset expenditures, net of recoveries of $200,000 pursuant to the Option Agreement with 1443904 B.C. Ltd. During the year ended December 31, 2022, the Company used cash of $1,155,786 to fund operating activities and $4,701,604 to fund exploration and evaluation asset expenditures. In addition, sales of property and equipment during the year ended December 31, 2023 resulted in proceeds of $3,572 (2022 – proceeds of $21,917). Property and equipment were also purchased for cash of $145,160 during the year ended December 31, 2022.

On October 30, 2023, the Company completed a non-brokered private placement financing for aggregate gross proceeds of $700,000. The Company issued 3,043,481 units at an issue price of $0.23 per unit, with each unit comprised of one common share and one common share purchase warrant. Each warrant is exercisable into one common share of the Company at an exercise price of $0.30 per share for a period of two years. Directors and officers, or companies in which they have ownership interest in, subscribed for 956,523 units under the financing. A cash finder's fee of $36,000 and 156,522 non-transferable finder's warrants were issued to a company that a director and officer has ownership interest in. Each finder's warrant has an exercise price of $0.30 per share and entitles the finder to purchase one common share at $0.30 per share for a period of two years. In addition to the finder's fees and finder's warrants, other costs associated with the private placement, consisting of professional and regulatory fees, were $8,184. All securities issued pursuant to the private placement are subject to a hold period of four months and one day.

During the year ended December 31, 2023, 7,330,954 warrants valued at $1,436,552 with a weighted-average exercise price of $0.63 and 510,000 stock options with a weighted-average exercise price of $0.54 expired unexercised. No warrants or stock options were exercised during the year ended December 31, 2023.

During the year ended December 31, 2023, the Company signed a loan agreement with a company that is jointly controlled by an officer and director of the Company. The loan was for funds of up to $250,000, which was amended to increase the total amount of borrowing available to $500,000. The loan can be drawn in tranches as needed to fund operations. The loan carries an interest rate of 12% annually based on the amount drawn on the loan. In addition, a loan fee of 4% is paid as amounts are down on the loan. The term is six months and can be extended for an additional six months at the option of the Company. The Company is using the loan to fund ongoing operations and to maintain its exploration and evaluation assets. During the year ended December 31, 2023, the Company drew $499,200 on the loan, including a lender fee of $19,200, and recorded interest of $24,379. As at December 31, 2023, the balance of the loan payable, including interest, was $518,587 (December 31, 2022 - $nil).

The Company does not have sufficient financial resources to undertake the complete development of its exploration properties without further inputs of financial resources. Development of the exploration properties will therefore depend on the Company's existing cash on-hand and its ability to obtain additional financing through means such as joint ventures, debt financings, equity financings, or other means. The reader should refer to the "Going Concern" disclosure under the Risk Factors section of this MD&A and Note 1 of the audited consolidated financial statements for the years ended December 31, 2023 and 2022.

COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the remaining contractual maturities of the Company's financial liabilities. The amounts included in this table may not result in an actual obligation of the Company, as the requirement to settle certain of these amounts is contingent on the occurrence of certain events that may or may not transpire:

	Payments due by period as of December 31, 2023				
	Within 1 year	2-3 years	4-5 years	Over 5 years	Total
	$	$	$	$	$
Accounts payable and accrued liabilities	379,810	-	-	-	379,810
Loan payable	499,200	-	-	-	499,200
Total	879,010	-	-	-	879,010

As at December 31, 2023, the Company has a services agreement with Numus Financial Inc. ("Numus") for the provision of controller services, rent and other offices costs at a fee of $32,400 per year, continuing until both parties mutually agree to terminate the agreement or either party provide at least six months notice.

The Company has employment arrangements with the Chief Executive Officer and Chief Financial Officer of the Company which provide that, should a change in control event occur, the Chief Executive Officer will receive a lump sum payment equal to between 18 and 36 months of his then current base salary and the Chief Financial Officer will receive a lump sum payment equal to 12 months of her then current base salary. In the event of a change of control, the Executive Chairman will receive a lump sum payment of 72 months of his original base compensation.

OFF-BALANCE SHEET ARRANGEMENTS

At December 31, 2023, the Company had no off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market, or credit risk to the Company.

OUTSTANDING SHARE INFORMATION

The Company has authorized an unlimited number of common shares without par value. As of December 31, 2023 and April 18, 2024, the Company had 45,957,250 common shares outstanding.

As of December 31, 2023, the Company had 2,915,000 stock options outstanding, exercisable into common shares of the Company at a weighted-average exercise price of $0.61 with varying expiry dates. The Company has 250,000 stock options expiring on October 11, 2024, 500,000 expiring on June 15, 2025, 20,000 expiring on September 18, 2025, 325,000 expiring on March 4, 2026, 860,000 expiring on December 17, 2026, and 960,000 expiring on January 25, 2028. As at April 18, 2024, the Company had 4,145,000 stock options outstanding, as 1,230,000 options were granted subsequent to the year ended December 31, 2023. The options granted are exercisable at a price of $0.23 per share, expiry on January 25, 2029 and vest over a three-year period.

As at December 31, 2023 and April 18, 2024, the Company had 3,200,003 warrants outstanding, with an exercise price of $0.30, expiring October 30, 2025.

As at December 31, 2023 and April 18, 2024, the Company had 1,319,442 deferred share units ("DSU") outstanding, of which 440,302 had vested. The DSUs vest over three years from the date of grant.

RELATED PARTY TRANSACTIONS

Amounts payable to officers, directors and companies owned thereby were $747,610 as at December 31, 2023 (2022 – $21,082), including a loan and interest payable to a related party of $518,587 as at December 31, 2023. During the year ended December 31, 2023, the Company incurred costs for controller services from a company that a director and officer of the Company has ownership interest in, Numus, in the amount of $12,000, incurred rent and office costs in the amount of $42,958 and incurred digital marketing costs of $46,975. During the year ended December 31, 2022, the Company incurred costs for controller services from Numus of $12,000, incurred rent and office costs in the amount of $47,674 and incurred digital marketing costs of $72,848. As at December 31, 2023, the net amount payable by the Company to Numus was $96,847 (2022 – $21,082).

During the year ended December 31, 2023, the Company completed a non-brokered private placement financing of $700,000, with 3,043,481 units issued at a price of $0.23 per unit. Directors and officers of the Company, or companies in which they have an ownership interest in, subscribed for an aggregate of 956,523 units. In addition, a cash finder's fee of $36,000 was paid and 156,522 non-transferable finder's warrants were issued to a company that a director and officer has ownership interest in. Each finder's warrant has an exercise price or $0.30 per share and entitles the finder to purchase one common share of the Company at the exercise price for a period of two years from the date of issue.

During the year ended December 31, 2023, the Company issued 1,100,000 stock options, of which 800,000 were issued to directors and officers. The options issued to directors and officers are exercisable at $0.325 per share and vest over three years from the date of grant. In addition, directors and officers were issued 430,000 DSUs during the year ended December 31, 2023 with a value of $92,050. The DSUs will vest over a period of three years from the date of grant.

During the year ended December 31, 2023, the Company entered into a loan agreement with a company that is co-owned by a director and officer of the Company. Refer to note 8 of the audited consolidated financial statements for details of the loan terms and transactions. As at December 31, 2023, the balance of the loan payable, including interest, is $518,587 (December 31, 2022 - $nil). Subsequent to year end, the Company and the lender agreed to extend the term of repayment to June 2024.

The key management of the Company includes the Executive Chairman, the CEO, the CFO and the Company's Directors.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Credit Risk

Credit risk on financial instruments arises from the potential for counterparties to default on their obligations to the Company. The Company's maximum exposure to credit risk is represented by the carrying amount of the Company's cash and cash equivalents. Cash and cash equivalents are placed with high-credit quality financial institutions. There are no material financial assets that the Company considers to be past due. At each reporting date, the Company assesses whether there has been an impairment of financial assets. The Company has not recorded an impairment on any financial assets during the years ended December 31, 2023 or 2022.

Liquidity Risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they become due. The Company has a planning and budgeting process to monitor operating cash requirements, including amounts projected for the existing capital expenditure program and plans for expansion, which are adjusted as input variables change. These variables include, but are not limited to, funding requirements of exploration and evaluation assets, general and administrative requirements of the Company and the availability of capital markets. As these variables change, liquidity risks may necessitate the need for the Company to issue equity or obtain debt financing. Accounts payable and accrued liabilities are paid in the normal course of business generally according to their terms.

Currency Risk

The Company is exposed to currency risk on its United States dollar and Mexican peso cash and accounts payable and accrued liabilities, in addition to certain of its operating costs. For the years ended December 31, 2023 and 2022, changes in the exchange rate between the aforementioned currencies and the Canadian dollar would not have impacted the Company's net loss by a material amount, as the balance of funds held, receivable, or owing in these currencies was not material. The Company does not hedge its currency risk, as the currency risk is considered minimal.

Market Risk

Gold prices are affected by various forces, including global supply and demand, interest rates, exchange rates, inflation or deflation and worldwide political and economic conditions. The ability of the Company to capitalize on its current exploration and evaluation assets is impacted by the market price of gold.

RISK FACTORS

Mineral exploration companies face many and varied risks. The principal activity of the Company is mineral exploration, which is inherently risky. Exploration is also capital intensive, and the Company currently has no source of income other than interest income.

The following are the risk factors which the Company's management believes are most important in the context of the Company's business. It should be noted that this list is not exhaustive and that other risk factors may apply.

Limited Business History

Fortune Bay has a short history of operations and has no history of earnings. The likelihood of success of Fortune Bay must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. Fortune Bay has limited financial resources and there is no assurance that funding will be available to it when needed. There is also no assurance that Fortune Bay can generate revenues, operate profitably, provide a return on investment, or that it will successfully implement its plans.

Going Concern

The Company's ability to continue as a going concern is dependent upon its ability to fund its working capital and exploration requirements and eventually to generate positive cash flows, either from operations or sale of properties. The Company will actively seek financing from time to time to finance its operations, however the ability, availability and timing of such financing is not certain. The Company's financial statements do not reflect the adjustments to the carrying value of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

Unknown Environmental Risks for Past Activities

Exploration and mining operations incur risks of releases to soil, surface water and groundwater of metals, chemicals, fuels, liquids having acidic properties and other contaminants. In recent years, regulatory requirements and improved technology have significantly reduced those risks. However, those risks have not been eliminated, and the risk of environmental contamination from present and past exploration or mining activities exists for mining companies. Companies may be liable for environmental contamination and natural resource damages relating to properties that they currently own or operate or at which environmental contamination occurred while or before they owned or operated the properties. No assurance can be given that potential liabilities for such contamination or damages caused by past activities at Fortune Bay's exploration properties do not exist.

Acquisitions and Joint Ventures

Fortune Bay will evaluate from time to time opportunities to acquire or joint venture mining assets and businesses. These acquisitions and joint ventures may be significant in size, may change the scale of Fortune Bay's business and may expose it to new geographic, political, operating, financial and geological risks. Fortune Bay's success in its acquisition and joint venture activities will depend on its ability to identify suitable acquisition and joint venture candidates and partners, acquire or joint venture them on acceptable terms and integrate their operations successfully with those of Fortune Bay. Any acquisitions or joint ventures would be accompanied by risks, such as the difficulty of assimilating the operations and personnel of any acquired companies; the potential disruption of Fortune Bay's ongoing business; the inability of management to maximize the financial and strategic position of Fortune Bay through the successful incorporation of acquired assets and businesses or joint ventures; additional expenses associated with amortization of acquired intangible assets; the maintenance of uniform standards, controls, procedures and policies; the impairment of relationships with employees, customers and contractors as a result of any integration of new management personnel; dilution of Fortune Bay's present shareholders or of its interests in its subsidiaries or assets as a result of the issuance of shares to pay for acquisitions or the decision to grant earning or other interests to a joint venture partner; and the potential unknown liabilities associated with acquired assets and businesses. There can be no assurance that Fortune Bay would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions or joint ventures. There may be no right for shareholders to evaluate the merits or risks of any future acquisition or joint venture undertaken except as required by applicable laws and regulations.

Exploration Stage Risks

Exploration for mineral resources involves a high degree of risk, the cost of conducting programs may be substantial and the likelihood of success is difficult to assess. Resource exploration and development is a highly speculative business, characterized by a number of significant risks including, but not limited to, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. Few exploration projects successfully achieve development due to factors that cannot be predicted or anticipated, and even one such factor may result in the economic viability of a project being detrimentally impacted such that it is neither feasible nor practical to proceed. The Company closely monitors its activities and those factors that could negatively impact it and employs experienced consultants and key management to assist in its risk management and to make timely decisions regarding future property expenditures. Other risks associated with projects in the exploration and development stage which could cause delays or prohibit the progress of the overall project include delays in obtaining required government approvals and permits and the inability to obtain suitable or adequate machinery, equipment, road access, power or labour.

Uncertainty of Mineral Resource Estimates

Mineral resource figures are only estimates. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results, and industry practices. While Fortune Bay believes that the mineral resource estimates included are established and reflect management's best estimates, the estimating of mineral resources is a subjective process, and the accuracy of mineral resource estimates is a function of the quantity and quality of available data, the accuracy of statistical computations, and the assumptions used and judgments made in interpreting available engineering and geological information. There is significant uncertainty in any mineral resource estimate, and the actual deposits encountered and the economic viability of a deposit may differ materially from Fortune Bay's estimates. Estimated mineral resources may have to be re-estimated based on changes in gold prices, further exploration or development activity, understanding of the geology of the deposits, or actual production experience. This could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence mineral resource estimates. Mineral resources are not mineral reserves and there is no assurance that any mineral resource estimate will ultimately be reclassified as proven or probable mineral reserves. Mineral resources which are not mineral reserves do not have demonstrated economic viability.

Economics of Developing Mineral Properties

Mineral exploration and development is speculative and involves a high degree of risk. While the discovery of mineral resources may result in substantial rewards, few properties which are explored are commercially mineable and ultimately developed into producing mines. There is no assurance that Fortune Bay's gold deposits are commercially mineable.

Should any mineral resources and reserves exist, substantial expenditures will be required to confirm mineral reserves which are sufficient to commercially mine and to obtain the required environmental approvals and permitting required to commence commercial operations. The decision as to whether a property contains a commercial mineral deposit and should be brought into production will depend upon the results of exploration programs and/or feasibility studies, and the recommendations of duly qualified engineers and/or geologists, all of which involves significant expense. This decision will involve consideration and evaluation of several significant factors including, but not limited to: (a) costs of bringing a property into production, including exploration and development work, preparation of production feasibility studies and construction of production facilities; (b) availability and costs of financing; (c) ongoing costs of production; (d) gold prices, which are historically cyclical; (e) environmental compliance regulations and restraints (including potential environmental liabilities associated with historical exploration activities); and (f) political climate and/or governmental regulation and control. Development projects are also subject to the successful completion of engineering studies, issuance of necessary governmental permits, and availability of adequate financing. Development projects have no operating history upon which to base estimates of future cash flow.

The ability to sell and profit from the sale of any eventual mineral production from any property will be subject to the prevailing conditions in the minerals marketplace at the time of sale. The global minerals marketplace is subject to global economic activity and changing attitudes of consumers and other end-users' demand for mineral products. Many of these factors are beyond the control of a mining company and therefore represent a market risk which could impact the long-term viability of the Company and its operations.

Factors Beyond the Control of Fortune Bay

The potential profitability of mineral properties is dependent upon many factors beyond Fortune Bay's control. For instance, world prices of and markets for minerals are unpredictable, highly volatile, potentially subject to governmental fixing, pegging and/or controls and respond to changes in domestic, international, political, social and economic environments. Another factor is that rates of recovery of minerals from mined ore (assuming that such mineral deposits are known to exist) may vary from the rate experienced in tests and a reduction in the recovery rate will adversely affect profitability and, possibly, the economic viability of a property. Profitability also depends on the costs of operations, including costs of labour, equipment, electricity, environmental compliance or other production inputs. Such costs will fluctuate in ways Fortune Bay cannot predict and are beyond Fortune Bay's control, and such fluctuations will impact on profitability and may eliminate profitability altogether. Additionally, due to worldwide economic uncertainty, the availability and cost of funds for development and other costs have become increasingly difficult, if not impossible, to project. These changes and events may materially affect the financial performance of Fortune Bay.

Regulatory Requirements

The current or future operations of Fortune Bay, including exploration and development activities and possible commencement of production on its properties, requires permits from various federal and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in the exploration, development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with the applicable laws, regulations and permits. There can be no assurance that all permits which Fortune Bay may require for exploration, development and construction of mining facilities, and conduct of mining operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any exploration or mining project which Fortune Bay might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations.

Amendments or changes to current laws, regulations, government policies, and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on Fortune Bay and cause increases in costs or require abandonment or delays in the exploration or development of new mining properties.

Mineral exploration and the development of mines and related facilities is contingent upon governmental approvals that are complex and time consuming to obtain and which, depending upon the location of the project, may involve multiple governmental agencies. The duration and success of such approvals are subject to many variables outside Fortune Bay's control. Any significant delays in obtaining or renewing such permits or licenses in the future could have a material adverse effect on Fortune Bay.

Insurance

Fortune Bay's business is capital intensive and subject to a number of risks and hazards, including environmental pollution, accidents or spills, industrial and transportation accidents, labour disputes, changes in the regulatory environment, natural phenomena (such as inclement weather conditions, earthquakes, pit wall failures and cave-ins) and encountering unusual or unexpected geological conditions. Many of the foregoing risks and hazards could result in damage to, or destruction of: Fortune Bay's mineral properties or future processing facilities, personal injury or death, environmental damage, delays in or interruption of or cessation of their exploration or development activities, delay in or inability to receive regulatory approvals to transport their gold concentrates, or costs, monetary losses and potential legal liability and adverse governmental action. Fortune Bay may be subject to liability or sustain loss for certain risks and hazards against which they do not or cannot insure or which it may reasonably elect not to insure because of the cost. This lack of insurance coverage could result in material economic harm to Fortune Bay.

Environmental Risks and Hazards

All phases of Fortune Bay's operations are subject to environmental regulation in the jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the general, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Fortune Bay's operations. Environmental hazards may exist on the properties which are unknown to Fortune Bay at present and which have been caused by previous or existing owners or operators of the properties. Reclamation costs are uncertain and planned expenditures estimated by management may differ from the actual expenditures required.
Fortune Bay is not insured against most environmental risks. Insurance against environmental risks (including potential liability for pollution and other hazards as a result of the disposal of waste products occurring from exploration and production) has not been generally available to companies within the industry. Fortune Bay will periodically evaluate the cost and coverage of the insurance against certain environmental risks that is available to determine if it would be appropriate to obtain such insurance.

Without such insurance, and if Fortune Bay becomes subject to environmental liabilities, the payment of such liabilities would reduce or eliminate its available funds or could exceed the funds Fortune Bay has to pay such liabilities and result in bankruptcy. Should Fortune Bay be unable to fund fully the remedial cost of an environmental problem, Fortune Bay might be required to enter into interim compliance measures pending completion of the required remedy.

Costs of Land Reclamation Risk

It is difficult to determine the exact amounts which will be required to complete all land reclamation activities in connection with the properties in which Fortune Bay holds an interest. Reclamation bonds and other forms of financial assurance represent only a portion of the total amount of money that will be spent on reclamation activities over the life of a mine. Accordingly, it may be necessary to revise planned expenditures and operating plans in order to fund reclamation activities. Such costs may have a material adverse impact upon the financial condition and results of operations of Fortune Bay.

No Assurance of Title to Property

There may be challenges to title to the mineral properties in which Fortune Bay holds a material interest. If there are title defects with respect to any properties, Fortune Bay might be required to compensate other persons or perhaps reduce its interest in the affected property. Also, in any such case, the investigation and resolution of title issues would divert management's time from ongoing exploration and development programs.

Risk of Amendments to Laws

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on Fortune Bay and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Commodity Prices

The price of the Company's shares, Fortune Bay's financial results and exploration, development and mining activities may in the future be significantly adversely affected by declines in the price of gold or other minerals. The price of gold or other minerals fluctuates widely and is affected by numerous factors beyond Fortune Bay's control, such as the sale or purchase of commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and other foreign currencies, global and regional supply and demand, the political and economic conditions of major mineral-producing countries throughout the world, and the cost of substitutes, inventory levels and carrying charges. Future serious price declines in the market value of gold or other minerals could cause continued development of and commercial production from Fortune Bay's properties to be impracticable. Depending on the price of gold and other minerals, cash flow from mining operations may not be sufficient and Fortune Bay could be forced to discontinue production and may lose its interest in, or may be forced to sell, some of its properties. Economic viability of future production from Fortune Bay's mining properties, if any, is dependent upon the prices of gold and other minerals.

In addition to adversely affecting any reserve estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Foreign Countries and Regulatory Requirements

Fortune Bay has investments in properties and projects located in foreign countries, including Mexico. The carrying values of these properties and Fortune Bay's ability to advance development plans or bring the projects to production may be adversely affected by whatever political instability and legal and economic uncertainty might exist in such countries. These risks may limit or disrupt Fortune Bay's projects, restrict the movement of funds or result in the deprivation of contractual rights or the taking of property by nationalization, expropriation or other means without fair compensation.

There can be no assurance that industries which are deemed of national or strategic importance in countries in which Fortune Bay has operations or assets, including mineral exploration, production and development, will not be nationalized. The risk exists that further government limitations, restrictions or requirements, not presently foreseen, will be implemented. Changes in policy that alter laws regulating the mining industry could have a material adverse effect on Fortune Bay. There can be no assurance that Fortune Bay's assets in these countries will not be subject to nationalization, requisition or confiscation, whether legitimate or not, by an authority or body.

In addition, in the event of a dispute arising from foreign operations, Fortune Bay may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada. Fortune Bay also may be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. It is not possible for Fortune Bay to accurately predict such developments or changes in laws or policy or to the extent to which any such developments or changes may have a material adverse effect on Fortune Bay's operations.

Acquisitions and Integration

From time to time, it can be expected that Fortune Bay will examine opportunities to acquire additional exploration and/or mining assets and/or businesses. Any acquisition that Fortune Bay may choose to complete may be of a significant size, may change the scale of Fortune Bay's business and operations, and may expose Fortune Bay to new geographic, political, operating, financial and geological risks. Fortune Bay's success in its acquisition activities depends upon its ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition, and integrate the acquired operations successfully with those of Fortune Bay. Any acquisitions would be accompanied by risks. In the event that Fortune Bay chooses to raise debt capital to finance any such acquisitions, Fortune Bay's leverage will be increased. If Fortune Bay chooses to use equity as consideration for such acquisitions, existing shareholders may suffer dilution. Alternatively, Fortune Bay may choose to finance any such acquisitions with its existing resources. There can be no assurance that Fortune Bay would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

Internal Controls

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

Conflicts of Interest

Some of the directors and officers of Fortune Bay are directors and officers of other companies, some of which are in the same business as Fortune Bay. Some of Fortune Bay's directors and officers will continue to pursue the acquisition, exploration and, if warranted, the development of mineral resource properties on their own behalf and on behalf of other companies, and situations may arise where they will be in direct competition with Fortune Bay. Fortune Bay's directors and officers are required by law to act in the best interests of Fortune Bay. They may have the same obligations to the other companies in respect of which they act as directors and officers. Discharge of their obligations to Fortune Bay may result in a breach of their obligations to the other companies and, in certain circumstances, this could expose Fortune Bay to liability to those companies. Similarly, discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligation to act in the best interests of Fortune Bay. Such conflicting legal obligations may expose Fortune Bay to liability to others and impair its ability to achieve its business objectives.

Influence of Third-Party Stakeholders

The lands in which Fortune Bay holds an interest, or the exploration equipment and roads or other means of access which Fortune Bay intends to utilize in carrying out its work programs or general business mandates, may be subject to interests or claims by third party individuals, groups or companies. In the event that such third parties assert any claims, Fortune Bay's work programs may be delayed even if such claims are not meritorious. Such delays may result in significant financial loss and loss of opportunity for Fortune Bay.

Fluctuation in Market Value of Common Shares

The market price of the common shares can be affected by many variables not directly related to the corporate performance of Fortune Bay, including the market in which it is traded, the strength of the economy generally, the availability and attractiveness of alternative investments, and the breadth of the public market for the stock. The effect of these and other factors on the market price of common shares in the future cannot be predicted. The lack of an active public market could have a material adverse effect on the price of common shares.

Cybersecurity Risks

The Company relies on information technology systems including, without limitation, its networks, equipment, hardware, software, telecommunications, and other information technology (collectively, "IT systems"), and the IT systems of its vendors and third-party service providers, to operate its business as a whole including its exploration projects. IT systems are subject to an increasing threat of continually evolving cybersecurity risks including, without limitation, computer viruses, security breaches, and cyberattacks. In addition, the Company is subject to the risk of unauthorized access to its IT systems or its information through fraud or other means. Any cybersecurity incidents or other IT systems disruption could result in operational delays, destruction or corruption of data, security breaches, financial losses from remedial actions, the theft or other compromising of confidential or otherwise protected information, fines and lawsuits, or damage to the Company's reputation. Any such occurrence could have an adverse impact on the Company's financial condition and results of operations.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

Disclosure controls and procedures (as such term is defined in Multilateral Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*) have been designed by the Company to provide reasonable assurance that:

(a) material information relating to the Company is made known to the CEO and the CFO by others, particularly during the period in which the annual filings are being prepared; and
(b) information required to be disclosed by the Company in its annual filings, interim filings or other reports that it files or submits under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and is accumulated and communicated to management, including the CEO and CFO, to allow timely decisions regarding required disclosures.

The CEO and CFO have concluded that as of the end of the period covered by this MD&A, the design and operation of the disclosure controls and procedures are effective to ensure that information required to be disclosed in reports that it files or submits to regulatory authorities is recorded, processed, summarized and reported within the time periods specified by regulation, and is accumulated and communicated to management, including our CEO and CFO, to allow timely decisions regarding required disclosures.

Internal Control over Financial Reporting

The Company's management, with the participation of its CEO and CFO, has designed, established and is maintaining a system of internal control over financial reporting. Under the supervision of the CFO, as at December 31, 2023, the Company's internal control over financial reporting is a process designed to provide reasonable assurance that the financial information prepared by the Company for external purposes is reliable and has been recorded, processed and reported in an accurate and timely manner and in accordance with IFRS Accounting Standards.

Management, with the participation of its CEO and CFO, has used the Internal Control - Integrated Framework to evaluate the effectiveness of internal control over financial reporting, which is a recognized and suitable framework issued by the Committee of Sponsoring Organizations (COSO Framework) published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The Company's controls include policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS Accounting Standards; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the annual financial statements or interim financial statements.

There have been no changes to the controls during the year that materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

Limitations of Controls and Procedures

The Company's management, including the CEO and CFO, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

CRITICAL ACCOUNTING POLICIES

The preparation of the Financial Statements in conformity with IFRS Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management routinely makes judgments and estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the future resolution of the uncertainties increase, these judgments become even more subjective and complex. The Company's significant accounting policies are disclosed in Note 2, *Summary of Material Accounting Policy Information,* to the December 31, 2023 audited consolidated financial statements.

The Company has identified certain accounting policies that the Company believes are most critical in understanding the judgments that are involved in producing the consolidated financial statements and the estimates made that could impact results of the operations, which are discussed below.

Impairment of long-lived assets

At the end of each reporting period, the Company reviews the carrying amounts of its long-lived assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

The recoverable amount of an asset is the higher of fair value less costs to dispose and value in use. Value in use is determined by discounting the estimated future cash flows to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of loss and comprehensive loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) is increased to the revised estimate of its recoverable amount, however the revised carrying amount cannot exceed the asset's (or CGU's) original cost before impairment calculated as if no impairment loss had been previously recognized.

During the years ended December 31, 2023 and 2022, there were no other indicators of impairment or impairment reversals on the Company's long-lived assets.

Long-lived assets - *Exploration and evaluation expenditures*

Exploration and evaluation expenditures include costs such as exploratory drilling, sample testing and the costs of pre-feasibility studies. These costs are capitalized on a project-by-project basis pending determination of the technical feasibility and commercial viability of the project. The technical feasibility and commercial viability of a project is considered to be determinable when the proposed efficiency and viability of the project is assessed and the costs are expected to be recovered in full through the successful development and exploration of the identified property. All capitalized exploration and evaluation expenditures are monitored for indications of impairment, to ensure that commercial quantities of reserves exist or that exploration activities related to the property are continuing or planned for the future. If an exploration property does not prove viable, all unrecoverable costs associated with the project are expensed.

Exploration and evaluation assets are not depreciated. These amounts are reclassified from exploration and evaluation assets to mine development costs once the work completed to date supports the future development of the property and such development receives the appropriate approval. All subsequent expenditures to ready the property for production are capitalized within mine development costs, other than those costs related to the construction of property and equipment. Once production has commenced, all assets included in mine development costs are reclassified to mining properties. Exploration and evaluation expenditures incurred prior to the Company obtaining the right to explore are recorded as expense in the period in which they are incurred.

Option-out agreements are accounted for as farm-out arrangements. The Company, as the farmor, does not record any expenditures made by the optionee on its behalf, does not recognize any costs previously capitalized in relation to the whole interest as relating to the partial interest retained. Any cash or share consideration received is credited against costs previously capitalized in relation to the whole interest, with any excess accounted for by the Company as a gain on disposal.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements requires that the Company's management make estimates and judgments about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Actual results may differ from those estimates. Estimates and judgments are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates are accounted for prospectively.

The significant assumptions about the future and other major sources of estimation uncertainty as at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of the Company's assets and liabilities are outlined in Note 3, *Critical Accounting Estimates and Judgments,* to the December 31, 2023 audited consolidated financial statements of the Company.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS AND INFORMATION

This MD&A contains "forward-looking information", as such term is defined in applicable Canadian securities legislation. Forward-looking information is necessarily based on a number of estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies. All statements other than statements which are reporting results as well as statements of historical fact set forth or incorporated herein by reference, are forward looking information that may involve a number of known and unknown risks, uncertainties and other factors, many of which are beyond the Company's ability to control or predict. Forward-looking information can be identified by the use of words such as "may," "should," "expects," "plans,", "aims", "anticipates," "believes," "estimates," "predicts," "intends," "continue," or the negative of such terms, or other comparable terminology.

This information includes, but is not limited to comments regarding:

- the Company's exploration and development plans for the exploration properties;
- liquidity to support operations;
- completion of a NI 43-101 report for any of the exploration properties;
- the establishment and estimates of additional mineral resources;
- anticipated expenditures for development, exploration and corporate overhead;
- timing and issuance of any permits;
- estimates of closure costs and reclamation liabilities;
- the Company's ability to continue as a going concern;
- the Company's ability to obtain financing to fund future expenditure and capital requirements; and
- the impact of adoption of new accounting standards.

Although the Company believes that the plans, intentions and expectations reflected in this forward-looking information are reasonable, the Company cannot be certain that these plans, intentions or expectations will be achieved. Actual results, performance or achievements could differ materially from those contemplated, expressed or implied by the forward-looking information contained in this report. Disclosure of important factors that could cause actual results to differ materially from the Company's plans, intentions or expectations is included in this report under the heading "Risk Factors".

Forward-looking information inherently involves risks and uncertainties that could cause actual results to differ materially from the forward-looking information. Factors that could cause or contribute to such differences include, but are not limited to unexpected changes in business and economic conditions, including the global financial and capital markets; significant increases or decreases in commodity prices; changes in interest and currency exchange rates; changes in operating costs; results of current and future exploration and development activities; results of future feasibility studies; joint venture relationships; political or economic instability, either globally or in the countries in which the Company operates; local and community impacts and issues; timing of receipt of government approvals; accidents and labour disputes; environmental costs and risks; competitive factors, including competition for property acquisitions; availability of external financing at reasonable rates or at all; and the factors discussed in this MD&A under the heading "Risk Factors".

Many of these factors are beyond the Company's ability to control or predict. These factors are not intended to represent a complete list of the general or specific factors that may affect the Company. The Company may note additional factors elsewhere in this MD&A. All forward-looking statements and information speak only as of the date made. All subsequent written and oral forward-looking statements attributable to the Company, or persons acting on the Company's behalf, are expressly qualified in their entirety by these cautionary statements. Readers are cautioned not to put undue reliance on forward-looking information due to the inherent uncertainty therein. Fortune Bay disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise except as required by securities legislation.

CAUTIONARY NOTE REGARDING HISTORICAL RESULTS AND HISTORICAL MINERAL RESOURCE ESTIMATES

Disclosure of Historical Mineral Resource Estimates

The mineral resource estimate for the Ixhuatán project is considered historical in accordance with NI 43-101. A Qualified Person has not done sufficient work to classify the historical estimate as current mineral resources, and the Company is not treating the historical estimate as current mineral resources. While the estimate was prepared in accordance with NI 43-101, and CIM Standards on Mineral Resources and Reserves: Definitions and Guidelines in effect at the time, there is no guarantee that it would be consistent with current standards and it should not be regarded as such. Fortune Bay has not undertaken any independent verification of the data upon which the historical estimate is based. The historical estimate is considered relevant to assess the mineralization and economic potential of the Ixhuatán project.

In accordance with Section 2.4 NI 43-101, and despite section 2.2, an issuer may disclose an historical estimate, using the original terminology, if the disclosure identifies the following:

	Ixhuátan – Campamento Deposit
Source and date of the historical estimate, including any existing technical report	NI 43-101 Technical Report 2006 Resource Estimation, Campamento Gold Project on the Ixhuátan Property, Chiapas State, Mexico (the "2006 Resource Estimate Report") for Linear Gold Corp. by G. H. Giroux, MASc, PEng. with an effective date of June 22, 2006.
Relevance and reliability of the historical estimate	The 2006 Resource Estimate Report was compiled in accordance with Canadian Institute of Mining (2005) standards and best practices for Mineral Resources, adhering to the NI 43-101 Standards of Disclosure for Mineral Projects. Supporting resource data were subjected to quality control by the responsible Qualified Person.
Key assumptions, parameters, and methods used to prepare the historical estimate	Supporting resource data included 94 drill holes totalling 17,956 m with 8,372 gold assay results. Composited (5 m) gold grade (g/t) was interpolated into a block model further constrained by a 3-D model of the mineralization extent using semivariogram and search parameters that were optimized to fit known structural controls on mineralization. Resource classification (confidence) was assigned based on distance to drill coverage and interpretations of grade continuity based on semivariogram analysis.
Resource categories used	In accordance with NI 43-101 Ixhuátan historical mineral resource estimates use the terms "mineral resource", "inferred mineral resource" and "indicated mineral resource" having the same meanings ascribed to those terms by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by CIM Council, as amended.

More recent estimates or data available to the issuer	No relevant drilling or assay work has been conducted since 2006 on the Campamento Deposit.
Work that needs to be done to upgrade or verify the historical estimate as current mineral resources or mineral reserves;	An independent Qualified Person will be required to review and validate the historical data and historical estimates and compile an updated current Technical Report in accordance with NI 43-101.

Disclosure of Historical Results

Unless otherwise noted, historical results have not been verified and there is a risk that any future confirmation work and exploration may produce results that substantially differ from the historical results. The Company considers these results relevant to assess the mineralization and economic potential of the respective property.

Historical results for Ixhuatán drill hole IXCM08-51 can be referenced in the NI 43-101 2011 Summary Report, with an effective date of May 18, 2011, prepared by Philip K. Seccombe, PhD, MAIG of Equity Exploration Consultants Ltd. and Gary H. Giroux, Peng. The 2011 Summary Report is filed on SEDAR+ under Cangold's issuer profile and available on Fortune Bay's website. Copper equivalent grades (%CuEq) are for comparative purposes only. Calculations are uncut and recovery is assumed to be 100% as no metallurgical data is available. Metal prices of US$3.75/lb copper, US$1,950/oz gold and US$24/oz silver are applied using the formula: %CuEq = Cu grade + (Au price x Au grade + Ag price x Ag grade)/31.104/(Cu price x 22.046).

A description of the historical mining at Santa Fe, to the north of Ixhuatán, is referenced in the publication by Consejo de Recursos Minera ("CRM") (2000) - Geological-Mining Monograph of the State of Chiapas: Compiled and Prepared by Jesus Castro-Mora and Luis Enrique Ortiz-Hernández: ISBN 968-6710-89-2. The Santa Fe deposits are described as polymetallic sulphide deposits, with appreciable gold and silver content in both wollastonite-rich endoskarn and exoskarn zones. At Santa Fe, the mineralization is chalcopyrite, bornite and argentite with gold associated with copper minerals. At La Victoria mineralization is galena, argentite, chalcopyrite, chalcocite and sphalerite with the gold content less than at Santa Fe. The average grade for the mineralized zone, as defined by CRM is 0.6 % Cu, 2.4 g/t Au, 120 g/t Ag and 1.30 % Pb.

Further details regarding the historical Tena prospect, Strike Uranium Project, can be found within the Saskatchewan Mineral Deposit Index (SMDA #1511).

TECHNICAL INFORMATION

NI 43-101 requires, among other things, that issuers ensure that all written disclosure of a scientific or technical nature concerning a mineral project on a property material to the issuer identifies and discloses the relationship to the issuer of the qualified person who prepared or supervised the preparation of the technical report or other information that forms the basis for the written disclosure. A "qualified person" for purposes of NI 43-101 means an individual who is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation and/or mineral project assessment, has experience relevant to the subject matter of the disclosure and is a member in good standing of a specified professional association. The technical and scientific information in this MD&A has been reviewed and approved by Dale Verran, M.Sc., P.Geo., Chief Executive Officer for Fortune Bay Corp., who is a Qualified Person as defined by NI 43-101. Mr. Verran is an employee of Fortune Bay and is not independent of the Company under NI 43-101.

OTHER INFORMATION

Additional information regarding the Company is available on SEDAR+ at www.sedarplus.ca and on the Company's website at www.fortunebaycorp.com.