Fortune Bay Corp.
Three-month period ended March 31, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") provides a review of the performance of Fortune Bay Corp. ("Fortune Bay" or the "Company") and should be read in conjunction with the unaudited Condensed Interim Consolidated Financial Statements for Fortune Bay (the "Interim Financial Statements") for the three-month period ended March 31, 2014, the audited Financial Statements of Fortune Bay for the period ended December 31, 2013, and the audited Consolidated Carve-out Financial Statements of the Brigus Exploration Properties as at December 31, 2013, which have been prepared in accordance with International Financial Reporting Standards("IFRS").

The information presented in this MD&A is as of May 12, 2014. The reporting currency for the Company is the Canadian dollar. All of the financial information presented herein is expressed in Canadian dollars ("Cdn dollars" or "Cdn"), unless otherwise stated. United States dollars are indicated by the symbol "US$". This MD&A contains "forward-looking statements" that are subject to risk factors set out in a cautionary note contained herein. The reader is cautioned not to place undue reliance on forward-looking statements.

COMPANY OVERVIEW

Fortune Bay was incorporated on December 12, 2013 under the laws of the Canada Business Corporations Act as part of a Plan of Arrangement to reorganize Brigus Gold Corp. ("Brigus"), which was completed on March 5, 2014 (the "Arrangement"). Fortune Bay began trading as a new public company on March 17, 2014 under the symbol FOR (TSX). 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 stage. The Company is incorporated and domiciled in Canada, and its head office is located at 1969 Upper Water Street, Suite 2001, Halifax, Nova Scotia, Canada.

On March 5, 2014, Brigus, Primero Mining Corp ("Primero") and Fortune Bay completed the Arrangement, pursuant to which Primero acquired all of the issued and outstanding shares of Brigus by way of a court approved Plan of Arrangement which involved Brigus spinning out certain assets into Fortune Bay by way of an internal reorganization (the "Master Reorganization").

Pursuant to the Arrangement, Primero acquired Brigus' Black Fox mine and surrounding properties in Ontario, Canada. Assets spun out to Fortune Bay as part of the Master Reorganization primarily consisted of the Goldfields Project in Saskatchewan, Canada, the Ixhuatán Project in Chiapas, Mexico and several properties in the Dominican Republic (together the "Brigus Exploration Properties"). As at December 31, 2013, the Dominican Republic properties were included in assets held for sale. The sale of the Dominican Republic properties was completed on March 19, 2014. The Master Reorganization was completed on March 4, 2014.

The consideration received by the shareholders of Brigus consisted of 0.175 of a common share of Primero, a nominal cash payment of $0.000001, and 0.1 of a common share of Fortune Bay for each common share of Brigus held. Brigus' outstanding options were exchanged for Primero options and were adjusted in accordance with their terms such that the number of Primero shares received upon exercise and the respective exercise prices reflect the exchange ratio described above. Brigus' outstanding warrants were not redeemed or exchanged as part of the Arrangement and continued to be governed by and subject to the applicable Brigus Warrant Indentures. The Brigus warrants were adjusted such that the number of Primero and Fortune Bay shares received upon exercise reflect the exchange ratio described above.

Pursuant to the Arrangement, Brigus subscribed for an additional 9.9% interest in Fortune Bay in consideration for a cash payment equal to $10 million, with the amount, if any, by which the cash subscription proceeds exceeded the fair market value of the Fortune Bay shares so issued being recorded as a contribution to the capital of Fortune Bay.

As the shareholders of Brigus continued to hold their respective interests in Fortune Bay, there was no resulting change of control in either the Company or the business acquired. The Master Reorganization has thus been determined to be a common control transaction (capital reorganization), and is excluded from the scope of IFRS 3 (R), "Business Combinations".

Under the continuity of interest accounting, the assets and liabilities transferred are recorded at their pre-transaction carrying values without fair value uplift. The unaudited condensed interim consolidated statements of operations and comprehensive income include the allocated income and expenses from the acquired business. The income and expenses, where possible, have been allocated directly from Brigus, and all remaining income and expenses have been allocated on a pro-rata basis based on the level of exploration and evaluation activities for the period up to March 4, 2014, which was the basis for allocation in the carve-out financial statements of the carve-out entity. The carve-out entity, the Brigus Exploration Properties, did not operate as a separate legal entity and as such, the financial statements may not be indicative of the financial performance of the carved-out entity on a stand-alone basis and do not necessarily reflect what its results of operations, financial position and cash flows would have been had the carve-out entity operated as an independent entity during the periods prior to March 4, 2014.

The carrying value of the net assets contributed pursuant to the Master Reorganization consisted of the following:

Assets	$
Cash	108,047
Accounts receivable	22,147
Prepaid expenses and deposits	20,057
Investments	840,000
Assets held for sale	700,000
Reclamation deposit	37,210
Property and equipment	225,564
Exploration and evaluation assets	13,729,241
Total Assets	**15,682,266**
Liabilities	
Accounts payable and accrued liabilities	61,996
Deferred tax liability	115,440
Total Liabilities	**177,436**
Carrying Value	**15,504,830**

An adjustment of $(4,724,594) was made through accumulated deficit to reconcile i) the allocated Brigus retained earnings, income and expenses, and other comprehensive income, which cumulatively amounted to $15,504,830 up to the close of the Master Reorganization; and ii) the carrying values of the net assets contributed and recorded under the continuity of interest accounting, to the common shares issued in connection with the closing of the Master Reorganization on March 4, 2014.

As a result of the Master Reorganization and the Arrangement, Fortune Bay issued a total of 26,218,614 common shares, which were assigned a total value of $5,243,723. Share issuance costs associated with the Agreement were $22,852 and have been recorded as a reduction of equity.

Subsequent to March 31, 2014, the Company completed a non-brokered flow-through financing for aggregate gross proceeds of $450,000. The Company issued 1,607,144 units at an issue price of $0.28 per unit, with each unit consisting of one flow-through common share of the Company and one half of one warrant. Each whole warrant will be exercisable into a common share of the Company at an exercise price of $0.30 per share for a period of three years. Insiders of the Company subscribed for all 1,607,144 units issued pursuant to the financing. All securities issued pursuant to the flow-through financing are subject to a statutory four-month holding period in accordance with Canadian securities legislation. The Company intends to use the proceeds of the financing to advance its Goldfields Project.

OVERVIEW OF THE PROPERTIES

Goldfields, Canada

The Goldfields Project ("Goldfields"), located in northern Saskatchewan, Canada, is Fortune Bay's material property. Fortune Bay's primary focus will be the advancement of the Goldfields Project. The Company has approximately $10 million in cash available to fund the development of the Goldfields Project and will finance future exploration and development with these funds as well as through equity financing, debt, or any other means deemed appropriate by management.

The Goldfields Project is situated approximately 60 kilometres ("km") south of the Saskatchewan and Northwest Territory boundary and approximately 75 km east of the Saskatchewan and Alberta boundary. The property forms a rough triangle approximately 23.3 km southwest, 17.6 km northeast and 23.3 km southeast of Uranium City, Saskatchewan. The Goldfields Project consists of 31 contiguous mining claims plus five mining leases, covering 25,685 hectares in the Beaverlodge Lake area in the Northern Mining District of Saskatchewan. The Goldfields Project consists of two deposits, the Box and Athona deposits.

Both the Box and Athona deposits are envisioned as large tonnage, open pit mining operations, using a central 5,000 tonnes per day ("tpd") mill processing facility. The deposits are approximately two kilometres apart. The Box deposit is located on a peninsula west of Neiman Bay on Lake Athabasca. The Athona deposit is located approximately 0.6 km southeast of Neiman Bay.

The Goldfields Project includes 22,333,045 tonnes of ore at an average gold grade of 1.420 grams per tonne ("gpt") for a total of 1,020,000 ounces of gold. Total waste rock moved from the Goldfields Project is 81,651,910 tonnes over the 13-year life of mine ("LOM"), resulting in a strip ratio of 4.56 at Box and 1.10 at Athona.

Franco-Nevada Corporation has a 2% net smelter royalty ("NSR") for the Box and Athona deposits. The royalty covers an area of interest of 16 km extending inward from the external property boundaries of the Box property, Athona property, Fish Hook Bay property, and the Nicholson Bay property. The Box area is also subject to a 1.5% NSR on all production beneath 50 metres below the mean sea level on the original Cominco mining claims. This royalty does not apply to the current Box mine plan since it is above the minus 50 metres below sea level elevation.

The Technical Report on the Goldfields Project prepared by March Consulting Associates Inc. with an effective date of October 6, 2011 identified several actions required to advance the Goldfields Project, including:

- continuation of the exploration drilling in relevant areas of both deposits to enhance the resource estimate;
- performance of project-specific process test work and optimization of the process recovery;
- completion of the geotechnical assessment and updating the ore reserve models to reflect the potential revised pit design; and
- advancement of the project planning and design to minimize potential execution risks.

The cost of completing these procedures is estimated to be approximately $1.8 million, which will be funded by the Company's existing cash reserves and the proceeds of the flow-through placement completed on April 1, 2014. During the current quarter, the Company incurred resource property expenditures of $20,166 on the Goldfields Project, primarily related to geological expenditures and maintenance of the properties.

Ixhuatán, Mexico

Fortune Bay has a 100% ownership interest in the Ixhuatán property (the "Ixhuatán Project"), which consists of the Rio Negro concession that covers 4,176 hectares in northern Chiapas State, Mexico. The Ixhuatán Project is located immediately southwest of the Santa Fe mine and is accessible by roads running five km east of the town of Rayon, Chiapas. Rayon is situated two hours south of Villahermosa, Tabasco. Ixhuatán is an early stage exploration project. The Company did not incur any resource property expenditures on this property for the period ending March 31 2014. The Company is currently evaluating its alternatives for the development and advancement of the Ixhuatán Project.

SELECTED ANNUAL INFORMATION

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

	2013	**2012**	**2011**
Net loss for the year	(39,889)	(6,758)	(331)
Comprehensive loss for the year	(40,039)	(6,578)	(354)
Total Assets	15,183	64,400	85,468
Total Liabilities	277	10,209	25,544
Cash dividends per common share	N/A	N/A	N/A

The Company has accounted for the acquisition of the Brigus Exploration Properties as a capital reorganization rather than a business combination, and therefore has reported the results of the operations of the Brigus Exploration Properties as if Fortune Bay had always operated these assets. The amounts reported for 2013, 2012 and 2011 represent the results of the operations of the Brigus Exploration Properties taken from the accounting records of these entities, on a carve-out basis.

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

RESULTS OF OPERATIONS

The comparative results shown for the quarter ended March 31, 2013 are taken from the carve-out statements of the Brigus Exploration Properties, which have been prepared on a carve-out basis. The comparative results are based on the direct costs associated with the Brigus Exploration Properties as well as an allocation of expenses from Brigus to reflect additional costs of managing and maintaining these properties. The comparative information may not be indicative of the current, or future, results of Fortune Bay, as the Brigus Exploration Properties were not a stand-alone operation and therefore required fewer resources than will be required by Fortune Bay. Additionally, the current period results of Fortune Bay reflect only costs and expenses incurred from the date of the completion of the Arrangement, March 5, 2014, and therefore do not reflect costs that would be incurred had Fortune Bay been operating as a public entity for the full quarter. Therefore, current period results may not be indicative of results in future periods.

During the three-month period ended March 31, 2014, the Company recorded a net loss before income taxes of $12,982, compared to a net loss of $118,842 during the three-month period ended March 31, 2013. The decrease relates to a gain of $119,848 recorded on the disposal of the assets held for sale in Q1 2014, for which there is no comparative balance in 2013. For the three-month period ended March 31, 2014, operating expenses totalled $129,766 compared to $112,191 for the same period in Q1 2013. The increase in operating costs relates primarily to certain costs of Fortune Bay, such as regulatory fees and share-based compensation, which were not applicable to the Brigus Exploration Properties.

During the three-month period ended March 31, 2014, Fortune Bay incurred regulatory costs of $9,680, compared to $nil for the same period in 2013. There were no comparable balances for the three month period ending March 31, 2013 as the Brigus Exploration Properties were not a separate reporting entity and therefore did not have any public reporting requirements.

During the three-month period ended March 31, 2014, the Company incurred $16,500 in non-cash share-based compensation expense, attributable to the estimated fair value of stock options earned during the period. There were no comparable amounts in 2013, as the Brigus Exploration Properties did not have a share-based compensation program.

For the three-month period ended March 31, 2014, general and administrative costs, excluding management services, totalled $14,827, compared to $28,187 for the same period in 2013, a decrease of $13,360. During the three-month period ending March 31, 2014, salaries and benefits totalled $40,996, compared to $60,885 in Q1 2013, a decrease of $19,889. The decrease in general and administrative costs and salaries expense is due to the use of a private company for certain management and administrative services in the current period, which has reduced the headcount within the Company and the overhead expense included within general and administrative costs. During the three-month period ended March 31, 2014, the Company paid fees totalling $24,000 for management services. There were no such fees in 2013, as these services were performed by the staff within the Brigus Exploration Properties.

During the three-month period ended March 31, 2014, the Company recorded non-cash amortization expense of $3,767, compared to $9,467 in the same period in 2013. Amortization expense has decreased due to a reduction in the net book value of the assets subject to depreciation in Q1 2014 compared to Q1 2013. Additionally, the Company wrote-off certain capital assets which were no longer in use, resulting in a loss on disposal of $5,852 for the three-month period ended March 31, 2014.

For the three-month period ended March 31, 2014, the Company recorded a gain on sale of assets held for sale of $119,848 in the unaudited condensed interim consolidated statement of operations. The sale of the Dominican Republic properties was completed on March 19, 2014. Upon completion of the sale, the Company recorded a balance of $798,000 on the statement of financial position in relation to the fair value of the common shares of Everton received as consideration, which the Company has classified as an available-for-sale investment. For the three-month period ending March 31, 2014, the Company has recorded an unrealized loss of $105,000 through other comprehensive income relating to the change in the fair value of the Everton common shares.

A foreign exchange gain of $1,461 was recorded for the quarter, compared to a foreign exchange loss of $2,545 during the same quarter in 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 Mexican peso relative to the Canadian dollar.

SUMMARY OF QUARTERLY RESULTS

Expressed in thousands of dollars, except per share amounts:

	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Net income (loss) for the period	$ 102	$(36,833)	$(2,715)	$ (222)	$ (119)
Basic & diluted net loss per share	$ 0.00	$ (1.56)	$ (0.11)	$ (0.01)	$ (0.01)
Total assets	$ 25,617	$ 15,183	$ 62,388	$64,112	$65,822
Total liabilities	$ 107	$ 277	$ 9,417	$ 9,982	$ 9,982
Cash dividends per common share	N/A	N/A	N/A	N/A	N/A

The 2013 quarterly results have been prepared on a carve-out basis for the purposes of providing comparative results to the interim financial statements for fiscal 2014. The Company has not disclosed quarterly information prior to the first quarter of 2013 as this preceded the date that the Company became a reporting issuer and therefore financial statements for those quarters have not been prepared.

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 March 31, 2014, the Company had cash and cash equivalents on-hand totalling $10 million. The Company does not have any long-term debt. The Company expects to have sufficient available funds to meet current and foreseeable liabilities. During the three-month period ended March 31, 2014, the Company used cash of $0.1 million to fund operating activities and cash of approximately $20,000 on resource property expenditures relating to the Goldfields Project. Fortune Bay also incurred share issuance costs of approximately $23,000 related to the issuance of shares as part of the Arrangement.

On April 1, 2014, the Company completed a non-brokered flow-through financing for aggregate gross proceeds of $450,000. The Company issued 1,607,144 units at an issue price of $0.28 per unit, with each unit consisting of one flow-through common share of the Company and one half of one warrant. Each whole warrant will be exercisable into a common share of the Company at an exercise price of $0.30 per share for a period of three years.

The Company has sufficient financial resources to undertake its planned activities for 2014. However, the Company does not presently have sufficient financial resources to undertake the complete development of its properties without further inputs of financial resources. Development of the properties will depend therefore 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.

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 March 31, 2014				
	Within 1 year	2-3 years	4-5 years	Over 5 years	Total
Accounts payable and accrued liabilities	$ 107,387	$ -	$ -	$ -	$ 107,387
Operating lease obligations	115,989	235,515	209,184	-	560,688
Contractual commitments	15,557,038	-	-	-	15,557,038
	$15,780,414	$235,515	$209,184	$ -	$16,225,113

OFF-BALANCE SHEET ARRANGEMENTS

At March 31, 2014, 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 March 31, 2014 and May 12, 2014, the Company had 26,218,614 common shares outstanding.

As of March 31, 2014 and May 12, 2014, the Company had 1,500,000 stock options outstanding, exercisable into common shares of the Company at an exercise price of $0.30. The options expire on March 18, 2019.

Prior to the Arrangement, two tranches of Brigus warrants were outstanding, BRD.WT.A and BRD.WT. The Brigus warrants were not redeemed as part of the Arrangement. Upon completion of the Arrangement, the Brigus warrants continued to be governed by and subject to the applicable Brigus Warrant Indentures and were listed under the symbols, P.WT.A (formerly BRD.WT.A) and P.WT.B (formerly BRD.WT). Pursuant to the Arrangement, the A Warrants have been adjusted so that for each A Warrant exercised, the holder will be entitled to receive 0.175 of a Primero Share and 0.1 of a Fortune Bay Share for a price of $2.19 (of which Fortune would receive $0.27 and Primero the balance), and the B Warrants have been adjusted so that for each B Warrant exercised, the holder will be entitled to receive 0.2395 of a Primero Share and 0.1369 of a Fortune Bay Share for a price of $3.00 (of which Fortune would receive $0.37 and Primero the balance). As at March 31, 2014, 8,764,725 P.WT.A warrants and 7,121,592 P.WT.B warrants are outstanding and exercisable. Both the A and the B warrants expire on November 19, 2014.

PROPOSED TRANSACTIONS

As at the date of this report, there are no proposed transactions.

RELATED PARTY TRANSACTIONS

There were no transactions with related parties outside the normal course of business operations during the period. Amounts payable to officers, directors and companies owned thereby were $7,500 as at March 31, 2014.

Subsequent to the end of the period, insiders of the Company subscribed for 1,607,144 units of the financing completed on April 1, 2014.

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 and accounts receivable. Cash is placed with high-credit quality financial institutions. The balance of accounts receivable owed to the Company in the ordinary course of business is not significant. The fair value of accounts receivable approximates its carrying value due to their relatively short periods to maturity. There are no material financial assets that the Company considers to be past due.

At each reporting period, 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 three-month period ended March 31, 2014.

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 mineral properties, general and administrative requirements 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 its Mexican Peso cash, accounts receivable and accounts payable and accrued liabilities, in addition to some of its operating costs. For the three-month period ended March 31, 2014, changes in the exchange rate between the aforementioned currencies and the Canadian dollar would not have impacted the Company's net income by a material amount, as the balance of funds held, receivable, or owing in these currencies was not material. The currency risk is minimal, therefore the Company does not hedge its currency risk.

RISK FACTORS

The Company's operations contain significant risk due to the nature of mining, exploration and development activities. Certain risk factors below are related to the mining industry in general, while others are specific to the Company. Included in the risk factors below are details on how management seeks to mitigate the risks wherever possible.

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 the Company 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 the Company's. Estimated mineral resources may have to be re-estimated based on changes in gold prices, further exploration or development activity 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 an ore body may result in substantial rewards, few properties which are explored are commercially mineable and ultimately developed into producing mines. There is no assurance that the Company'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: (1) costs of bringing a property into production, including exploration and development work, preparation of production feasibility studies and construction of production facilities; (2) availability and costs of financing; (3) ongoing costs of production; (4) metal prices, which are historically cyclical; (5) environmental compliance regulations and restraints (including potential environmental liabilities associated with historical exploration activities); and (6) 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 to 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 the Company

The potential profitability of mineral properties is dependent upon many factors beyond the Company'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 the Company cannot predict and are beyond the Company'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 the Company.

Regulatory Requirements

The current or future operations of Company, including 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 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 the Company may require for the 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 mining project that the Company 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 the Company and cause increases in costs or require abandonment or delays in the development of new mining properties.

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, involve multiple governmental agencies. The duration and success of such approvals are subject to many variables outside the Company's control. Any significant delays in obtaining or renewing such permits or licenses in the future could have a material adverse effect on the Company.

Environmental Risks and Hazards

All phases of the Company'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 the Company's operations. Environmental hazards may exist on the properties that are unknown to the Company 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.

The Company is not insured against 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. The Company 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 the Company becomes subject to environmental liabilities, the payment of such liabilities would reduce or eliminate its available funds or could exceed the funds the Company has to pay such liabilities. Should the Company be unable to fund fully the remedial cost of an environmental problem, the Company might be required to enter into interim compliance measures pending completion of the required remedy.

No Assurance of Title to Property

There may be challenges to title to the mineral properties in which the Company holds a material interest. If there are title defects with respect to any properties, the Company 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.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

Disclosure controls and procedures have been designed by the Company to ensure that financial information disclosed by the Company in the MD&A and in the unaudited condensed interim consolidated financial statements of the Company is properly recorded, processed, summarized and reported to its Officers and the Board of Directors. The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") believe such controls and procedures as at March 31, 2014 are effective in providing reasonable assurance that material items requiring disclosure are identified and reported in a timely manner.

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 March 31, 2014, 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. 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; 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 were no changes in the Company's internal control over financial reporting during the period ended March 31, 2014 that materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

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 Interim Financial Statements in conformity with IFRS 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 3 to the March 31, 2014 unaudited condensed interim 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 Interim Financial Statements and the estimates made that could impact results of the operations, which are discussed below.

Asset Impairment Evaluations

The Company reviews the carrying values of its long-term assets when indicators of impairment exist which may indicate that the carrying values may be impaired. If an indication of impairment exists, the recoverable amount of the asset is estimated. An impairment loss is recognized when the carrying amount of the asset is in excess of its recoverable amount. The recoverable amount is the greater of the assets fair value less costs to sell and its value in use. Various estimates and assumptions are used by management in the determination of an assets fair value.

The Company assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for a long-lived asset may no longer exist or may have decreased. If any such indication exists, the Company estimates the recoverable amount of that asset. A reversal of an impairment loss is recognized up to the lesser of the recoverable amount or the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized in prior years.

Mining Interests

Mining interests represent capitalized expenditures related to the development of mining properties, related plant, property and equipment and expenditures related to exploration arising from property acquisitions. Mine development costs are capitalized after proven and probable reserves have been identified.

Mineral rights include the cost of obtaining unpatented and patented mining claims and the cost of acquisition of properties. Significant payments related to the acquisition of land and mineral rights are capitalized. If a mineable ore body is discovered, such costs are amortized when saleable minerals are produced from the ore body using the unit-of-production method based on proven and probable reserves. If no mineable ore body is discovered or such rights are otherwise determined to have no value, such costs are expensed in the period in which it is determined the property has no future economic value.

SIGNIFICANT ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the unaudited condensed interim consolidated financial statements requires that the Company's management make estimates and judgments about future events that affect the amounts reported in the unaudited condensed interim consolidated financial statements and related notes to the unaudited condensed interim 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 assets and liabilities are outlined in Note 4 to the March 31, 2014 unaudited condensed interim consolidated financial statements.

MANAGEMENT CHANGES AND OTHER INFORMATION

Effective January 14, 2014, the following directors and officers were appointed to the Company:

- Wade Dawe, Chairman and Chief Executive Officer
- Jon Legatto, Chief Financial Officer
- Derrick Gill, Director
- Michael Gross, Director
- David Peat, Director

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS AND INFORMATION

This report contains "forward-looking information", as such term is defined in applicable Canadian securities legislation, and "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements and information are 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 statements and 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 statements and information can be identified by the use of words such as "may," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "intends," "continue," or the negative of such terms, or other comparable terminology.

These statements include, but are not limited to comments regarding:

- the Company's exploration and development plans for the Goldfields and Ixhuatán projects;
- liquidity to support operations;
- completion of a Canadian National Instrument 43-101 report for any of the Company's exploration properties;
- the establishment and estimates of additional mineral reserves and resources;
- anticipated expenditures for development, exploration, and corporate overhead;
- timing and issuance of permits;
- estimates of closure costs and reclamation liabilities;
- 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 these forward-looking statements 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 statements and 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 statements inherently involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements and 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 gold prices; changes in interest and currency exchange rates; changes in operating costs; determination of reserves; costs and timing of development of new reserves; 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 report under the heading "Risk Factors;" and other risks and uncertainties set forth the periodic report filings with Canadian securities authorities.

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 report. All forward-looking statements 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. Except as required by law, the Company undertakes no obligation to update any forward-looking statement or information.