FORTRESS

MINERALS CORP.

SEPTEMBER 30, 2014

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of Fortress Minerals Corp. ("Fortress") and its subsidiary companies (collectively, the "Company") for the three and nine months ended September 30, 2014 provides a detailed analysis of the Company's business, and compares its financial results with those of the same period from the previous year.

This MD&A is dated as of November 20, 2014 and should be read in conjunction with the Company's condensed consolidated interim financial statements and related notes thereto for the three and nine months ended September 30, 2014 and the Company's audited annual consolidated financial statements and related notes thereto and the MD&A for the fiscal year ended December 31, 2013. References to the "2014 period" and "2013 period" relate to the nine months ended September 30, 2014 and September 30, 2013, respectively.

Other continuous disclosure documents, including the Company's press releases and quarterly and annual reports, are available through its filings with the securities regulatory authorities in Canada at www.sedar.com.

OVERVIEW

Fortress was originally incorporated in British Columbia and continued under the Canada Business Corporations Act in 2002. Effective October 17, 2012, the common shares of Fortress are listed for trading on the NEX under the trading symbol "FST.H". The Company has made an application to list its common shares on the TSX upon completion of the Acquisition, as defined below, subject to meeting all listing requirements of the TSX. The Company has also made an application for its common shares to be admitted to a secondary listing on Nasdaq Stockholm.

On October 21, 2014, the Company entered into a definitive share purchase agreement to purchase a 100% interest in the Fruta del Norte gold project located in Ecuador from Kinross Gold Corporation for total consideration of US$240 million. Concurrently, the Company announced a brokered private placement to raise approximately $250 million in subscription receipts. The closing of these transactions are subject to certain conditions which are outlined below.

As at September 30, 2014, the Company had cash on hand of $20.0 million and 14,831,758 common shares issued and outstanding.

THE FRUTA DEL NORTE PROJECT

The Fruta del Norte Gold Project (the "Fruta del Norte Project") consists of 36 mining concessions covering an area of approximately 86,000 hectares located in Southeast Ecuador, approximately 80 kilometres east of the city of Loja, the fourth largest city in Ecuador.

The Fruta del Norte Project is among the largest and highest grade undeveloped gold projects in the world. A resource estimate was completed in October 2014 in accordance with the requirements of NI 43-101. The resource estimate reported an Indicated Mineral Resource of 23.5 million tonnes at an average grade of 9.59 g/t Au containing 7.26 million ounces of gold and an Inferred Mineral Resource of 14.5 million tonnes at an average grade of 5.46 g/t Au containing 2.55 million ounces of gold.

Based on historical work and expenditures, the Company expects that the Fruta del Norte Project can move quickly into feasibility and a construction decision. To date, approximately US$279 million has been spent on exploration and development of the Fruta del Norte Project, including over 150 km of drilling, construction of a 250-person camp, a decline into the orebody currently at 600 metres, environmental permitting, test work and numerous engineering studies. The previous work completed on the Fruta del Norte Project indicates the deposit can potentially support a large scale, low cost underground mining operation.

In addition to the currently identified Mineral Resource, the Company believes that there is significant exploration potential at the Fruta del Norte Project and in the greater than 80,000 ha of surrounding concessions.

Ecuador is a largely underexplored mining country with mining laws that are currently in early stages. The Company views this prospective region to have significant opportunity. Over the past year, the Government of Ecuador has expressed the potential for mining policy reforms in order to improve investment in the country's mining sector.

THE ACQUISITION OF THE FRUTA DEL NORTE PROJECT

On October 21, 2014, the Company entered into a definitive share purchase agreement (the "SPA") to purchase a 100% interest in the Fruta del Norte Project from Kinross Gold Corporation ("Kinross") for total consideration of US$240 million (the "Acquisition"). Concurrently, the Company announced a brokered private placement to raise approximately $250 million in subscription receipts (the "Offering"). Each subscription receipt issued in connection of the Offering will convert into one common share of the Company, subject to adjustment, upon satisfaction of certain escrow conditions (the "Subscription Receipts"), including completion of the Acquisition.

Under the terms of the SPA, the Company will acquire 100% of Aurelian Resources Inc. for total consideration of US$240 million (the "Purchase Price"), payable with a minimum of US$100 million and up to a maximum of US$190 million in cash, depending on the net proceeds from the Offering. The balance of the Purchase Price will be paid in common shares of the Company. The common shares of the Company will be issued at a price equal to the subscription price under the Offering.

Kinross and Fortress, and certain of their wholly-owned subsidiaries, have initialled bilateral agreements with the Government of Ecuador. These agreements are subject to the approval of the Ecuadorian Attorney General and signing of the agreements is a condition precedent to the completion of the Acquisition. Completion of the Acquisition is also subject to the granting by the Ecuadorian Government of an 18-month extension period from transaction closing to provide time for Fortress to carry out additional engineering studies and field work to complete a feasibility study. Other conditions include approval of Fortress shareholders at a special meeting that is expected to be held in mid-December 2014, as well as other customary stock exchange and regulatory conditions for a transaction of this nature.

The Acquisition is anticipated to close in mid-December 2014. The Company has made an application to list its common shares on the TSX upon completion of the Acquisition, subject to meeting all listing requirements of the TSX. The Company has also made an application for its common shares to be admitted to a secondary listing on Nasdaq Stockholm.

On November 6, 2014, the Company announced that the marketing for the Offering had been completed. It is anticipated that a total of approximately $230 million (with an option to increase to up to $250 million) will be raised through a brokered private placement of Subscription Receipts and a non-brokered private placement of non-interest bearing convertible loan notes.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2014, the Company had cash of $20.0 million and a working capital surplus of $19.8 million as compared to cash of $22.7 million and a working capital surplus of $22.6 million at December 31, 2013. The decrease in the cash balance of $2.7 million was mainly due to the net loss during the period of $3.5 million which included payment of a break fee of US$1.0 million on another project the Company had evaluated in January 2014, and project evaluation costs relating to the acquisition of the Fruta del Norte Project offset by changes in non-cash working capital items.

It is anticipated that a total of approximately $230 million (with an option to increase to up to $250 million) will be raised through a brokered private placement of Subscription Receipts at a price of $4.00 per Subscription Receipt (the "Subscription Price") and a non-brokered private placement of non-interest bearing convertible loan notes. The non-interest bearing convertible loan notes will be convertible into common shares of the Company at a conversion price equal to the Subscription Price. The private placement of convertible loan notes is subject to the completion of the Acquisition, the negotiation of definitive documentation, and the receipt of requisite regulatory approvals. The net proceeds from the Offering will be used to fund the Acquisition, for advanced engineering studies and field work to bring the project through to a feasibility study, exploration drilling and general working capital. The Offering is expected to close on or about November 25, 2014 and remains subject to approval by the TSX Venture Exchange.

OUTSTANDING SHARE DATA

As at the date of this MD&A, there were 14,831,758 common shares issued and outstanding and stock options outstanding to purchase a total of 757,000 common shares for a total of 15,588,758 common shares outstanding on a fully-diluted basis.

(Expressed in Canadian Dollars, Unless Otherwise Noted)

SUMMARY OF QUARTERLY FINANCIAL RESULTS

	2014 Q3	2014 Q2	2014 Q1	2013 Q4
Net loss for the period	$ 889,112	$ 1,226,195	$ 1,377,166	$ 95,146
Basic and diluted loss per share	$ 0.06	$ 0.08	$ 0.09	$ 0.01
Weighted-average number of common shares outstanding	14,831,758	14,831,758	14,831,758	14,831,758
Total assets	$ 20,360,641	$ 21,196,048	$ 21,330,905	$ 22,722,236
Working capital surplus	$ 19,832,088	$ 20,447,075	$ 21,270,666	$ 22,647,832

	2013 Q3	2013 Q2	2013 Q1	2012 Q4
Net loss for the period	$ 91,012	$ 34,214	$ 46,801	$ 96,734
Basic and diluted loss per share	$ 0.01	$ 0.00	$ 0.01	$ 0.01
Weighted-average number of common shares outstanding	14,831,758	14,831,758	14,831,758	14,831,758
Total assets	$ 22,761,958	$ 22,829,007	$ 22,848,988	$ 22,890,538
Working capital surplus	$ 22,737,169	$ 22,818,638	$ 22,834,083	$ 22,857,613

The Company historically has only operated in the evaluation and exploration phase and therefore, has never generated any production revenue. The only income generated by the Company is interest income on its cash deposits.

The current quarter's net loss is higher compared to the third quarter of 2013 as a result of project evaluation expenditures of $0.5 million, additional office and general expenditures of $0.2 million and additional stock-based compensation expense of $0.2 million. The Company's results during the third quarter of 2014 included expenditures incurred which resulted in the signing of the SPA with Kinross on October 21, 2014 to acquire the Fruta del Norte Project.

The Company's net loss for the nine months ended September 30, 2014 was $3.5 million compared to $0.2 million for 2013. The increase in net loss of $3.3 million is mainly due to project evaluation expenditures of $2.6 million which includes payment of a US$1.0 million break fee and costs incurred to conduct due diligence on the Fruta del Norte Project. In addition, the Company incurred stock-based compensation expense of $0.7 million as a result of stock options granted during the nine months ended September 30, 2014.

DESCRIPTION OF MINERAL PROPERTIES

At September 30, 2014, the Company had no mineral property interests.

OUTLOOK

On October 21, 2014, the Company entered into the SPA with Kinross to acquire a 100% interest in the Fruta del Norte Project in Ecuador. The Acquisition is anticipated to close in mid-December 2014. In addition, subject to shareholder approval, upon closing of the Acquisition, the Company will change its name to Lundin Gold Inc. with the Fruta del Norte Project being the flagship asset upon which it will build its gold business.

During an 18 month period subsequent to the closing of the Acquisition, the Company plans to conduct advanced engineering studies and general permitting at the Fruta del Norte Project in an effort to complete a feasibility study and reach a production decision by mid-2016.

TRANSACTIONS WITH RELATED PARTIES

During the 2014 period, the Company paid $234,000 (2013 - $234,000) to Namdo Management Services Ltd. ("Namdo"), a private corporation associated with the current President. The Company occupies office space in the Namdo offices for the Company's management, certain directors, investor relations personnel and support staff. Namdo charges a service fee and recovers out of pocket expenses related to the Company.

During the 2014 period, the Company also paid $nil (2013 - $23,833) to Lucara Diamond Corp. ("Lucara"), a company in which the current President is a director. In addition, the Company paid $36,212 (2013 - $1,500) to NGEx Resources Inc. ("NGEx"), a company in which the current President is a director and the current CFO is an officer. The Company also paid $67,000 (2013 - $nil) to Denison Mines Corp. ("Denison"), a company in which the Chairman is an officer. The charges relate to support services provided by the employees of Lucara, NGEx, and Denison to the Company. As at September 30, 2014, $45,922 (2013 - $nil) was due to these companies.

During the 2014 period, the Company incurred charges of $336,654 (2013 - $nil) to Mile High Holdings Ltd. ("Mile High"), a private corporation associated with the current President. Mile High provides the Company with air charter services on an as needed basis.

OFF-BALANCE SHEET ARRANGEMENTS

During the nine months ended September 30, 2014 and the year ended December 31, 2013 there were no off-balance sheet transactions. The Company has not entered into any specialized financial arrangements to minimize its currency risk.

CRITICAL ACCOUNTING ESTIMATES

The adoption of certain accounting policies requires the Company to make estimates that affect both the amount and timing of the recording of assets, liabilities, revenues and expenses. Some of these estimates require judgments about matters that are inherently uncertain. For a complete discussion of accounting estimates deemed most crucial by the Company, refer to the Company's annual 2013 Management's Discussion and Analysis.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables and accounts payable and accrued liabilities. The fair value of these financial instruments other than cash approximates their carrying values due to the short-term nature of these instruments.

Cash is measured at fair value using priority Level 1 inputs.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and commodity price risk.

i. Currency risk

   The Company is a Canadian company and its capital is raised in Canadian dollars, with no ongoing foreign operations. At September 30, 2014, the Company held a significant amount of U.S. dollar cash. Based on this exposure, a 10% change in the U.S. dollar/Canadian dollar exchange rate would give rise to an increase/decrease of approximately $0.6 million in net loss for the period.

ii. Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations.

The Company's cash is held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company's receivables are made up of interest recoverable from large Canadian financial institutions and goods and services tax recoverable from the provincial government of British Columbia, Canada.

iii. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There is a very limited interest rate risk as the Company holds no interest bearing financial obligations or assets.

iv. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company manages its liquidity risk by anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

CONTINGENCIES

The Company recorded a provision of $88,656 related to an expected Canadian tax assessment.

RISKS AND UNCERTAINTIES

Acquisition, exploration and development of mineral properties involves a high degree of financial risk, which even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of an ore body may result in substantial rewards, few exploration properties are ultimately developed into producing mines. Major expenditures may be required to establish reserves by drilling, constructing mining and process facilities at a site, developing metallurgical processes and extracting base and precious metals from ore.

The risk factors which should be taken into account in assessing the Company's activities, include, but are not necessarily limited to, those set out in the Management's Discussion and Analysis for the year ended December 31, 2013. In addition, as a result of the Acquisition and the Offering, the Company has identified additional risk factors as set out in the "*Notice of Special Meeting of Shareholders and Management Information Circular*" filed on SEDAR www.sedar.com on November 14, 2014.

QUALIFIED PERSONS

The technical information relating to the Fruta del Norte Project contained in this MD&A has been reviewed and approved by Ron Hochstein P. Eng. Mr. Hochstein is the Company's Chairman and a Qualified Person ("QP") under NI 43-101.

The Mineral Resource estimate for the Fruta del Norte Project has an effective date of October 21, 2014 and was prepared by Luke Evans, P. Eng., David Ross, P. Geo. and Brenna Scholey, P. Eng. of RPA Inc. ("RPA") each of whom are "qualified persons" and independent in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Project ("NI 43-101"). To put the Fruta del Norte resource into its full context the reader is encouraged to read the Technical Report dated October 21, 2014 titled "*Technical Report on the Mineral Resource Estimate, Fruta del Norte Project, Ecuador*". This report describing the details of the resource estimate is available under the Company's profile on SEDAR www.sedar.com. It should be noted that the Mineral Resource estimate presented here is not a Mineral Reserve, and does not have demonstrated economic viability. While the Company strongly believes that the Mineral Resource warrants additional study to determine the development potential, there can be no guarantee that any or all of the Mineral Resource will ultimately be determined to be economically viable.

FORWARD-LOOKING STATEMENTS

Certain of the information and statements in this MD&A are considered "forward-looking information" or "forward-looking statements" as those terms are defined in applicable securities laws (collectively referred to as "forward-looking statements"). Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as "believes", "anticipates", "expects", "is expected", "scheduled", "estimates", "pending", "intends", "plans", "forecasts", "targets", or "hopes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "will", "should" "might", "will be taken", or "occur" and similar expressions) are not statements of historical fact and may be forward-looking statements

By their nature, forward-looking statements and information involve assumptions, inherent risks and uncertainties, many of which are difficult to predict, and are usually beyond the control of management, that could cause actual results to be materially different from those expressed by these forward-looking statements and information. Risks and uncertainties include, but are not limited to, risk with respect to general economic conditions, regulations and taxes, corporate restructuring and reorganization and related costs, capital and operating expenses, pricing and availability of financing and currency exchange rate fluctuations. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements.

The estimates and assumptions of Fortress contained in this MD&A which may prove to be incorrect, include, but are not limited to, the various assumptions set forth in this section as well as:

- future earnings;
- Fortress completing the Acquisition upon the terms and condition set forth in the SPA;
- the effects of the successful completion of the Financing (as defined herein);
- the effects of the successful completion of the Reorganization (as defined herein);
- management's assessment of the effects of the successful completion of the Reorganization;
- the accuracy of the mineral resource estimates for the Fruta del Norte Project;
- timing and success of permitting, development, construction and operation of the Fruta del Norte Project;
- the feasibility study to be prepared for the Fruta del Norte Project;
- future debt levels;
- future sources of liquidity, cash flows and their uses;
- ultimate recoverability of assets;
- expected operating costs;
- future foreign currency exchange rates;
- future market interest rates; and
- changes in any of the foregoing.

Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made, and they are subject to a number of known and unknown risks and uncertainties and other factors which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to:

- risks and uncertainties relating to the proposed Acquisition;
- risks and uncertainties relating to the proposed financing of up to $250 million through the brokered private placement offering of Subscription Receipts and a non-brokered private placement offering of non-interest bearing convertible loan notes (the "**Financing**");
- risks and uncertainties relating to the application to list the Company's common shares, for trading on the Toronto Stock Exchange (the **TSX Listing**" and together with the Acquisition and Financing, the "**Reorganization**") and the secondary listing on the Nasdaq Stockholm;
- risks and uncertainties relating to matters ancillary to the Reorganization and contingent thereon;
- the possibility that future exploration and development results will not be consistent with the Company's expectations;
- risks and uncertainties relating to the estimated cash costs and timing of exploration and development activities, cost estimates, foreign currency fluctuations and commodity price fluctuations
- uncertain political and economic environments and the relationships with local communities and artisanal miners; and
- risks related to foreign operations and the mining, tax and regulatory regime in Ecuador.

This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors. Although we believe that the expectations conveyed by the forward-looking statements are reasonable based on information available to us on the date such forward-looking statements were made, no assurances can be given as to future results, levels of activity and achievements.

Undue reliance should not be placed on the statements contained herein, which are made as of the date hereof and, except as required by law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

FORTRESS MINERALS CORP.

Condensed Consolidated Interim Statements of Financial Position
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Note	September 30, 2014	December 31, 2013
ASSETS			
Current assets			
Cash	3	$ 20,017,342	$ 22,684,604
Receivables		15,376	27,882
Prepaid expenses and advances		3,541	9,750
Deferred charges	12	324,382	-
		$ 20,360,641	$ 22,722,236
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9	$ 439,897	$ 74,404
Contingent liability	11	88,656	-
		528,553	74,404
EQUITY			
Share capital	4	97,948,333	97,948,333
Equity-settled share-based payment reserve	6	2,964,244	2,287,515
Foreign currency translation reserve	7	6,537	6,537
Deficit		(81,087,026)	(77,594,553)
		19,832,088	22,647,832
		$ 20,360,641	$ 22,722,236

Nature and continuance of operations (Note 1)
Contingencies (Note 11)
Subsequent events (Note 12)

Approved by the Board of Directors

/s/ Ron F. Hochstein	*/s/ Ian W. Gibbs*
Ron F. Hochstein	Ian W. Gibbs

FORTRESS MINERALS CORP.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Note	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
EXPENSES					
Project evaluation	8	$ 482,851	$ -	$ 2,554,814	$ -
Investor relations		4,682	228	4,907	1,426
Office and general	11	320,769	89,915	541,849	272,024
Professional fees		12,394	27,461	25,129	36,480
Regulatory and transfer agent		7,559	9,154	17,565	18,309
Salaries and benefits		-	-	-	37
Stock-based compensation	6	274,125	9,303	676,729	51,319
Loss before other items		1,102,380	136,061	3,820,993	379,595
OTHER ITEMS					
Loss (gain) on foreign exchange		(160,238)	15,969	(162,763)	(26,161)
Interest and other income		(53,030)	(61,018)	(165,757)	(181,407)
Net loss for the period		$ 889,112	$ 91,012	$ 3,492,473	$ 172,027
OTHER COMPREHENSIVE LOSS					
Currency translation adjustment	7	-	(240)	-	(264)
Comprehensive loss for the period		$ 889,112	$ 90,772	$ 3,492,473	$ 171,763
Basic and diluted loss per common share		$ 0.06	$ 0.01	$ 0.24	$ 0.01
Weighted-average number of common shares outstanding		14,831,758	14,831,758	14,831,758	14,831,758

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

FORTRESS MINERALS CORP.

Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Note	Number of Common Shares		Share Capital		Equity-settled Share-based Payment Reserve		Foreign Currency Translation Reserve		Deficit		Total
Balance January 1, 2013		14,831,758	$	97,948,333	$	2,230,113	$	6,547	$	(77,327,380)	$	22,857,613
Stock-based compensation	6	-		-		51,319		-		-		51,319
Currency translation adjustment	7	-		-		-		264		-		264
Net loss for the period		-		-		-		-		(172,027)		(172,027)
Balance September 30, 2013		14,831,758	$	97,948,333	$	2,281,432	$	6,811	$	(77,499,407)	$	22,737,169
Balance, January 1, 2014		14,831,758	$	97,948,333	$	2,287,515	$	6,537	$	(77,594,553)	$	22,647,832
Stock-based compensation	6	-		-		676,729		-		-		676,729
Net loss for the period		-		-		-		-		(3,492,473)		(3,492,473)
Balance September 30, 2014		14,831,758	$	97,948,333	$	2,964,244	$	6,537	$	(81,087,026)	$	19,832,088

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

FORTRESS MINERALS CORP.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Nine months ended September 30, 2014	2013
OPERATING ACTIVITIES		
Net loss for the period	$ (3,492,473)	$ (172,027)
Items not affecting cash:		
Stock-based compensation	676,729	51,319
	(2,815,744)	(120,708)
Changes in non-cash working capital items:		
Receivables	12,506	20,734
Prepaid expenses and advances	6,209	(3,250)
Accounts payable and other liabilities	129,767	(8,136)
Net cash used for operating activities	(2,667,262)	(111,360)
INVESTING ACTIVITIES		
Net cash provided by investing activities	-	-
FINANCING ACTIVITIES		
Net cash provided by financing activities	-	-
Effect of foreign exchange rate differences on cash	-	264
Net decrease in cash	(2,667,262)	(111,096)
Cash, beginning of period	22,684,604	22,834,935
Cash, end of period	$ 20,017,342	$ 22,723,839
Supplemental information		
Interest received	$ 170,870	$ 183,112
Changes in deferred charges relating to investing activities	(324,382)	-
Changes in accounts payable and accrued liabilities relating to investing activities	324,382	-

1. Nature and continuance of operations

Fortress Minerals Corp. ("Fortress" or the "Company") was originally incorporated in British Columbia and continued under the Canada Business Corporations Act in 2002, and has entered into a share purchase agreement with Kinross Gold Corporation to acquire a 100% interest in the Fruta del Norte gold project in Ecuador (Note 12).

Effective October 17, 2012, the Company's common shares are traded on the NEX under the symbol FST.H. The Company is located in Suite 2000, 885 W. Georgia Street, Vancouver, BC.

The Company estimates it has sufficient working capital to continue operations for the upcoming year.

2. Basis of preparation and consolidation

These unaudited condensed consolidated interim financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. As a result, they do not conform in all respects with the disclosure requirements for annual financial statements under IFRS, and should be read in conjunction with the Company's audited consolidated financial statements for the fiscal year ended December 31, 2013.

These unaudited condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

Except as noted below, in preparing these unaudited condensed consolidated interim financial statements, the Company applied the same accounting policies and key sources of estimation uncertainty as those that were applied to the Company's audited consolidated financial statements for the fiscal year ended December 31, 2013.

During the nine months ended September 30, 2014, the Company adopted the following new significant accounting policy:

Deferred charges

Certain costs related to potential asset acquisitions are deferred and applied toward the cost of the acquisition when completed. Such costs are expensed if the potential acquisition is no longer considered viable by management.

These unaudited condensed consolidated interim financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries, including special purpose entities). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

These financial statements were approved for issue by the Audit Committee and Board of Directors on November 20, 2014.

(Expressed in Canadian Dollars, unless otherwise noted)

3. Cash

The carrying amounts of the Company's cash is denominated in the following currencies:

Currency		September 30, 2014		December 31, 2013
Canadian dollars	$	13,687,638	$	21,903,889
US dollars		6,329,704		780,715
	$	20,017,342	$	22,684,604

4. Share capital

Authorized:

- Unlimited number of common shares without par value
- Unlimited number of preference shares without par value

5. Stock options

The Company has a rolling stock-based compensation plan (the "Plan") allowing for the reservation of a maximum 10% of the common shares issued and outstanding at any given time for issuance under the Plan. Under the Plan, all stock options are granted at the discretion of the Company's board of directors. The term of any option granted may not exceed ten years and the exercise price may not be less than the market price of the Company's common shares at the time of grant.

Current outstanding options have an expiry date of three to five years and vest over a period of 18 months.

During the nine months ended September 30, 2014, 592,000 options were granted.

A continuity summary of the stock options granted and outstanding under the Plan is presented below:

	Nine months ended September 30, 2014			Year ended December 31, 2013		
	Number of Common Shares		Weighted exercise price	Number of Common Shares		Weighted exercise price
Balance, beginning of period	227,700	$	4.34	233,700	$	4.33
Granted	592,000		3.75	-		-
Cancelled / Expired	(62,700)		5.21	(6,000)		4.01
Balance outstanding, end of period	757,000	$	3.81	227,700	$	4.34
Balance exercisable, end of period	313,000	$	3.89	227,700	$	4.34

The following table summarizes information concerning outstanding and exercisable options at September 30, 2014:

Expiry date		Exercise price	Options outstanding	Options exercisable	Remaining contractual life (years)
June 1, 2015	$	4.01	165,000	165,000	0.66
May 26, 2019	$	3.75	592,000	148,000	4.59
			757,000	313,000	

(Expressed in Canadian Dollars, unless otherwise noted)

5. Stock options (continued)

The fair value based method of accounting was applied to stock options granted to employees, including directors, and non-employees on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions:

	2014	2013
Risk-free interest rate	1.58%	-
Expected stock price volatility	63.17%	-
Expected life	5 years	-
Expected dividend yield	-	-
Weighted-average fair value per option granted	$2.02	-

6. Equity-settled share-based payment reserve

The equity-settled share-based payment reserve comprises the fair value of employee options as measured at grant date and amortized over the period during which the employees become unconditionally entitled to the options.

During the nine months ended September 30, 2014, the Company recorded stock-based compensation expense of $676,729 (2013 – $51,319) relating to the vesting of options with a corresponding increase in the equity-settled share-based payment reserve.

7. Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the net investments in foreign operations.

During the nine months ended September 30, 2014, the Company recorded a currency translation adjustment relating to foreign exchange differences on foreign operations of $nil (2013 – $264).

8. Project evaluation

During the year ended December 31, 2013, the Company submitted a non-binding indicative offer and entered into an exclusivity agreement to acquire a mineral property. In January 2014, after completion of due diligence procedures, the Company withdrew its offer. As a result, pursuant to the terms of the exclusivity agreement, the Company paid a break fee of US$1,000,000. Following this withdrawal, the Company continued to incur project evaluations expenditures to evaluate strategic alternatives in the natural resource sector. This resulted in, on October 21, 2014, the Company entering into a share purchase agreement with Kinross Gold Corporation to acquire a 100% interest in the Fruta del Norte gold project located in Ecuador (Note 12).

(Expressed in Canadian Dollars, unless otherwise noted)

9. Related party transactions

(a) Related party expenses

During the nine months ended September 30, 2014 and September 30, 2013, the Company incurred the following:

Payee	Nature	Note		September 30, 2014		September 30, 2013
Namdo	Management fees	i	$	234,000	$	234,000
Lucara	Support services	ii		-		23,833
NGEx	Support services	ii		36,212		1,500
Denison	Support services	ii		67,000		-
Mile High	Aircraft charter	iii		336,654		-

i. Namdo Management Services Ltd. (“Namdo”), a company associated with an officer and director of the Company, provides services and office facilities to the Company pursuant to an Agreement.

ii. Lucara Diamond Corp. (“Lucara”), NGEx Resources Inc. (“NGEx”), and Denison Mines Corp. (“Denison”), companies related by way of officers and directors in common, provide support services to the Company. As at September 30, 2014, $45,922 (2013 - $nil) was due to these companies.

iii. Mile High Holdings Ltd. (“Mile High”), a company associated with an officer and director of the Company, provides aircraft charter services to the Company.

(b) Key management compensation

Key management includes executive officers of the Company. The compensation paid or payable to key management for employee services is shown below.

		September 30, 2014		September 30, 2013
Stock-based compensation	$	571,562	$	37,423
	$	571,562	$	37,423

10. Financial instruments

The Company’s financial instruments consist of cash, receivables and accounts payable and accrued liabilities. The fair value of these financial instruments other than cash approximates their carrying values due to the short-term nature of these instruments.

Cash is measured at fair value using Level 1 inputs.

11. Contingencies

The Company recorded a provision of $88,656 related to an expected Canadian tax assessment.

12. Subsequent events

On October 21, 2014, the Company entered into a definitive share purchase agreement (the “SPA”) to purchase a 100% interest in the Fruta del Norte gold project located in Ecuador from Kinross Gold Corporation (“Kinross”) for total consideration of US$240 million (the “Acquisition”). Concurrently, in order to fund the Acquisition, the Company announced a brokered private placement to raise approximately $250 million in subscription receipts (the “Offering”). Each subscription receipt issued in connection of the Offering will convert into one common share of the Company, subject to adjustment, upon satisfaction of certain escrow conditions, including completion of the Acquisition.

Under the terms of the SPA, the Company will acquire 100% of Aurelian Resources Inc. for total consideration of US$240 million (the “Purchase Price”), payable with a minimum of US$100 million and up to a maximum of US$190 million in cash, depending on the net proceeds from the Offering. The balance of the Purchase Price will be paid in common shares of the Company. The common shares of the Company will be issued at a price equal to the subscription price under the Offering.

Kinross and Fortress, and certain of their wholly-owned subsidiaries, have initialled bilateral agreements with the Government of Ecuador. These agreements are subject to the approval of the Ecuadorian Attorney General and signing of the agreements is a condition precedent to the completion of the Acquisition. Completion of the Acquisition is also subject to the granting by the Ecuadorian Government of an 18-month extension period from transaction closing to provide time for Fortress to carry out additional engineering studies and field work to complete a feasibility study. Other conditions include approval of Fortress shareholders at a special meeting that is expected to be held in mid-December 2014 as well as other customary stock exchange and regulatory conditions for a transaction of this nature.

The Acquisition is anticipated to close in mid-December 2014. The Company has made an application to list its common shares on the TSX upon completion of the Acquisition, subject to meeting all listing requirements of the TSX. The Company has also made an application for its common shares to be admitted to a secondary listing on Nasdaq Stockholm.

On November 6, 2014, the Company announced that the marketing for the Offering had been completed. It is anticipated that a total of approximately $230 million (with an option to increase to up to $250 million) will be raised through a brokered private placement of Subscription Receipts and a non-brokered private placement of non-interest bearing convertible loan notes.