

Consolidated Financial Statements

Fortune Minerals Limited

Unaudited

September 30, 2006

Notice to Reader

Management has compiled unaudited interim financial information of Fortune Minerals Limited consisting of the interim consolidated statements of income (loss) and deficit and cash flows for the nine months ended September 30, 2006. All amounts are stated in Canadian dollars. An accounting firm has not reviewed or audited this interim financial information.

Fortune Minerals Limited
 Incorporated under the laws of Ontario

CONSOLIDATED BALANCE SHEETS

As at	Unaudited	
	September 30, 2006	December 31, 2005
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	11,037,768	23,199,434
Short-term investments	268,594	267,872
Accounts receivable <i>[note 8[d]]</i>	1,781,100	844,463
Prepaid expenses	54,923	21,669
	13,142,385	24,333,438
Reclamation bonds <i>[note 2]</i>	559,368	478,093
Other deferred or prepaid expenses <i>[note 3]</i>	-	99,686
Investment in and advances to affiliated company	329,412	331,462
Capital assets, net <i>[note 3]</i>	4,801,158	306,725
Interests in mining properties	3,153,280	3,153,280
Deferred exploration expenditures <i>[note 4]</i>	35,796,467	19,149,212
	57,782,070	47,851,896
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	3,128,235	691,709
Taxes payable	24,333	24,333
Total current liabilities	3,152,568	716,042
Future income taxes <i>[note 6]</i>	5,380,000	4,880,000
Total liabilities	8,532,568	5,596,042
SHAREHOLDERS' EQUITY		
Share capital <i>[note 5]</i>	48,929,879	42,549,139
Contributed surplus <i>[note 5[b] and [c]]</i>	2,618,059	1,947,090
Deficit	(2,298,436)	(2,240,375)
	49,249,502	42,255,854
	57,782,070	47,851,896

See accompanying notes

Fortune Minerals Limited
 Incorporated under the laws of Ontario

**CONSOLIDATED STATEMENTS OF INCOME (LOSS)
 AND DEFICIT**

Unaudited

	Three months ended September 30,		Nine months ended September 30,	
	2006 \$	2005 \$	2006 \$	2005 \$
REVENUE				
Interest and other income	256,385	132,275	524,680	423,842
EXPENSES				
Administrative expenses	81,137	69,129	260,965	318,714
Public relations	15,559	12,761	97,716	133,981
Stock-based compensation expense [note 5[c]]	-	36,000	248,000	176,325
Amortization	1,411	13,282	7,163	16,121
Income (loss) before other items	158,278	1,103	(89,164)	(221,299)
Share in income (loss) of equity investee	84	-	(526)	-
Gain on disposal of capital asset	31,629	-	31,629	-
Net income (loss) for the period	189,991	1,103	(58,061)	(221,299)
Deficit, beginning of period	(2,488,427)	(2,060,059)	(2,240,375)	(1,837,657)
Deficit, end of period	(2,298,436)	(2,058,956)	(2,298,436)	(2,058,956)
Basic and diluted loss per share [note 5[d]]	-	-	-	(0.01)

See accompanying notes

Fortune Minerals Limited
 Incorporated under the laws of Ontario

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Unaudited			
	Three months ended September 30,		Nine months ended September 30,	
	2006	2005	2006	2005
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net income (loss) for the period	189,991	1,103	(58,061)	(221,299)
Add items not involving cash				
Amortization	1,411	13,282	7,163	16,121
Stock-based compensation	-	36,000	248,000	176,325
Share in loss (income) of equity investee	(84)	-	526	-
Gain on disposal of capital asset	(31,629)	-	(31,629)	-
	159,689	50,385	165,999	(28,853)
Changes in non-cash working capital balances related to operations				
Accounts receivable	(999,501)	(214,315)	(936,637)	(280,948)
Prepaid expenses	(31,866)	13,001	(33,254)	(16,805)
Accounts payable and accrued liabilities	963,368	(90,190)	2,436,526	480,348
Cash provided by (used in) operating activities	91,690	(241,119)	1,632,634	153,742
INVESTING ACTIVITIES				
Payments from (advances to) affiliated company	610	(18,863)	1,524	(29,225)
Net decrease (increase) in short-term investments	(508)	2,012,835	(722)	571
Purchase of capital assets	(2,926,580)	(178,386)	(4,653,944)	(384,525)
Proceeds on disposal of capital asset	86,250	-	86,250	-
Posting of security for reclamation bonds	(929)	(25,000)	(81,275)	(222,100)
Increase in deferred exploration expenditures	(7,452,920)	(2,549,374)	(16,449,842)	(4,917,516)
Cash used in investing activities	(10,294,077)	(758,788)	(21,098,009)	(5,552,795)
FINANCING ACTIVITY				
Proceeds on issuance of shares, net	(1,429)	-	7,303,709	4,014,437
Decrease in cash and cash equivalents	(10,203,816)	(999,907)	(12,161,666)	(1,384,616)
Cash and cash equivalents, beginning of period	21,241,584	24,258,065	23,199,434	24,642,774
Cash and cash equivalents, end of period [note 7[a]]	11,037,768	23,258,158	11,037,768	23,258,158

See accompanying notes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Unaudited
 September 30, 2006

1. BASIS OF PRESENTATION

The accompanying unaudited interim consolidated financial statements have been prepared by Fortune Mineral Limited [the "Company" or "Fortune"] in accordance with Canadian generally accepted accounting principles. These unaudited condensed notes to the interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes included in the Company's Annual Report for the fiscal year ended December 31, 2005.

2. RECLAMATION BONDS

During the nine-month period ended September 30, 2006, the Company increased its reclamation bond with the Mackenzie Valley Land and Water Board with respect to NICO by \$70,000. The Company's reclamation bonds are in the form of letters of credit. The Company has \$224,010 and \$335,358 recorded at cost, held in various investments as security for the letters of credit, for NICO and Mount Klappan, respectively.

3. CAPITAL ASSETS

Capital assets consist of the following:

	<u>September 30, 2006</u>		<u>December 31, 2005</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
	\$	\$	\$	\$
Surface facilities	4,092,720	89,637	—	—
Camp structures	610,915	55,081	112,775	16,097
Mobile equipment	291,001	102,548	225,524	63,769
Computer equipment	27,145	13,517	24,071	6,157
Site furniture and equipment	25,764	5,013	—	—
Furniture and fixtures	23,351	12,020	28,572	10,259
Leasehold improvements	9,281	3,678	9,351	1,246
Software	4,752	2,277	4,752	792
Organization costs	1,109	1,109	1,109	1,109
	5,086,038	284,880	406,154	99,429
Less accumulated amortization	284,880		99,429	
Net book value	4,801,158		306,725	

On December 2, 2005, the Company entered into an agreement with a third party to acquire certain mill, related surface facilities and processing equipment for future use at the NICO project. Payments of \$100,000 upon signing of the agreement, \$990,000 upon completing due diligence and \$2,210,000 upon closing of the transaction were required under the agreement. Closing occurred on August 31, 2006. By December 31, 2005, Fortune had made the initial payment and incurred other costs related to the acquisition of the assets totalling \$122,933. Fortune's 81% share of these costs totalling \$99,686 was deferred. Fortune's joint venture partner was responsible for its share of the costs. As a result, \$23,247 was included in accounts receivable. This amount was paid during 2006. Upon closing of the transaction, the costs to purchase the assets together with

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Unaudited
 September 30, 2006

other related expenditures, previously deferred amounts, and amortization of other capital assets were recorded as work-in-process in surface facilities in capital assets.

Pursuant to this agreement, the Company has an obligation to the vendor to dismantle and remove the assets from the site by August 31, 2009. As the Company is currently in the process of finalizing a third party feasibility study, the course of action with reference to using the assets is still not known, therefore, no accrual has been made at September 30, 2006 relating to the dismantling of the assets.

In addition, the Company is required to post a maximum of \$1 million in financial assurance or a performance bond in favour of the vendor. The posting of this financial assurance is required upon removal of assets in amounts equal to the appraised market value of assets being removed. Assets not required at the NICO site will be sold or disposed of to fulfill the Company's obligation. Upon completion of the Company's obligation to remove the assets from the site, the financial assurance will be released to the Company.

The net cost of the deconstruction, removal, and reconstruction of the assets will be accumulated as work-in-process until the construction of the NICO mine and related infrastructure is completed and available for use.

4. DEFERRED EXPLORATION EXPENDITURES

Deferred exploration expenditures are as follows:

	Balance December 31, 2005 \$	2006		Balance September 30, 2006 \$
		Expenditures \$	Write-offs \$	
NICO	10,401,079	11,827,114	—	22,228,193
Mount Klappan	6,709,639	4,780,514	—	11,490,153
Sue-Dianne	1,965,513	15,447	—	1,980,960
Other	72,981	24,180	—	97,161
	19,149,212	16,647,255	—	35,796,467

Included in the deferred exploration expenditures for the nine-month period ended September 30, 2006 was amortization of capital assets of \$197,435.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Unaudited
 September 30, 2006

5. SHARE CAPITAL

[a] Issued and outstanding common shares:

	<u>September 30, 2006</u>		<u>December 31, 2005</u>	
	#	\$	#	\$
Common shares				
Beginning of period	34,870,907	41,932,787	32,161,573	35,153,507
Issued as a result of:				
Public offering of shares	—	—	470,600	2,000,050
Private placement of shares	2,095,000	7,227,750	833,334	3,000,002
Exercise of warrants	30,800	121,660	1,405,400	2,599,091
Exercise of options	553,700	561,376	—	—
Share issuance costs, net of tax	—	(413,694)	—	(189,863)
Future tax impact of renunciation of development costs expended [note 6]	—	(500,000)	—	(630,000)
End of period	37,550,407	48,929,879	34,870,907	41,932,787
Warrants				
Beginning of period	341,396	616,352	1,718,560	1,026,321
Issued in lieu of fees	—	—	28,236	54,072
Exercised	(30,800)	(21,560)	(1,405,400)	(464,041)
Expired	(310,596)	(594,792)	—	—
End of period	—	—	341,396	616,352
		48,929,879		42,549,139

[b] On June 23, 2006, all remaining warrants expired. The recorded value of the warrants of \$594,792 was eliminated from share capital and recorded as contributed surplus.

[c] Stock compensation expense of \$248,000 has been recorded for the estimated fair value of 200,000 options granted and vested during the nine-month period ended September 30, 2006. Contributed surplus was increased by \$248,000, representing the fair value compensation recorded. During the same period, 553,700 options were exercised with \$561,376 recorded in share capital. Included in this amount were total cash proceeds of \$389,553 and \$171,823 representing the fair value compensation previously recorded in contributed surplus.

The options granted during 2006 were granted on two separate dates. The fair value of the options granted were estimated at the dates of grant using the Black-Scholes option pricing model with the following assumptions: risk free interest rate of 3.75% and 4.25%, expected dividend yield of 0%, expected volatility of 0.63 and 0.49 and expected option life of five and two years, respectively. The weighted-average fair value of the options granted during the period is \$1.60 and \$0.88, respectively.

The Black-Scholes model, used by the Company to calculate option values, as well as other accepted option valuation models, was developed to estimate fair value of freely tradable, fully transferable options, which significantly differ from the Company's stock option awards. These models also require four highly subjective assumptions, including future stock price volatility and expected time until exercise, which greatly affect the calculated values. Accordingly, management believes that these models do not necessarily provide a reliable single measure of the fair value of the Company's stock option awards.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Unaudited
 September 30, 2006

A summary of the status of the Company's stock option plan as at September 30, 2006 and December 31, 2005, and changes during the periods ended on those dates is presented below:

	<u>September 30, 2006</u>		<u>December 31, 2005</u>	
	Number of shares	Weighted-average exercise price (\$)	Number of shares	Weighted-average exercise price (\$)
Options outstanding, beginning of period	1,932,400	2.07	1,607,400	1.55
Granted	200,000	2.87	325,000	4.62
Exercised	(553,700)	0.70	—	—
Options outstanding, end of period	1,578,700	2.65	1,932,400	2.07

The following summarizes information about the options outstanding at September 30, 2006:

Exercise prices	Options outstanding and exercisable	
	Number outstanding	Weighted-average remaining contractual life [years]
\$0.75	553,700	1.3
\$2.84	100,000	4.5
\$2.90	100,000	1.5
\$3.30	200,000	3.0
\$3.45	300,000	2.5
\$3.86	100,000	4.0
\$4.95	225,000	3.5
	1,578,700	

[d] For the nine months ended September 30, 2006, the weighted average number of common shares outstanding was 35,988,823.

During the period, options to purchase 1,025,000 common shares were not included in the computation of diluted loss per share because the exercise prices of these options were greater than the average market price of the common shares. Also, options to purchase 553,700 common shares were not included in the computation of diluted loss per share because including them in the calculation would have been anti-dilutive.

6. INCOME TAXES

Future tax liabilities of \$500,000 were recorded related to the tax effect of certain flow through expenditures renounced in February 2006 effective December 31, 2005. Share capital was reduced by a corresponding amount.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Unaudited
 September 30, 2006

7. STATEMENT OF CASH FLOWS

- [a] Cash and cash equivalents consist of cash on hand and balances with banks, and short-term fixed income deposits with maturity dates shorter than three months.

	September 30, 2006	December 31, 2005
	\$	\$
Cash on hand and balances with banks	420,938	2,254,516
Short-term fixed income deposits	10,616,830	20,944,918
	11,037,768	23,199,434

- [b] Supplemental cash flow information

	September 30, 2006	December 31, 2005
	\$	\$
Taxes received	—	16,097
Interest received	244,136	521,593

8. RELATED PARTY TRANSACTIONS

- [a] During the nine-month period, the Company paid the managing director \$153,800 for third party geological consulting and for administrative consulting services on behalf of the Company.
- [b] During the nine-month period, the Company paid an officer \$121,720 for financial, management and administrative consulting services on behalf of the Company.
- [c] During the nine-month period, \$88,200 was paid for various legal services to the Company's law firm, of which an officer and director of the Company is a partner.
- [d] At December 31, 2005, a company controlled by a director owned an 18.91% interest in the NICO claims in the Mazenod Lake Area, Northwest Territories. At December 31, 2005, accounts receivable includes \$525,513 for expenditures incurred on behalf of this company. Subsequent to year end, the joint venture partner paid this amount and advised the Company they would not participate in the planned expenditures during 2006. As a result their interest will be diluted in accordance with the joint venture agreement. Based on the expenditures to September 30, 2006, the Company has calculated that the joint venture partner has been diluted to approximately 10%. This calculation is subject to confirmation by the partner.

Fortune Minerals Limited

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

Nine months ended September 30, 2006

This discussion and analysis of financial condition and results of operations of Fortune Minerals Limited is prepared as at October 25, 2006, and should be read in conjunction with the unaudited consolidated financial statements of Fortune Minerals Limited and the notes thereto for the nine months ended September 30, 2006 and with the audited consolidated financial statements of Fortune Minerals Limited and the notes thereto and management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2005. In this discussion, unless the context otherwise dictates, a reference to Fortune or the Company refers to Fortune Minerals Limited and its subsidiaries. The Company's financial statements are prepared in accordance with Canadian generally accepted accounting principles. Except as noted, all financial amounts are expressed in Canadian dollars. Additional information relating to the company, including the company's annual information form, is available on SEDAR at www.sedar.com.

OVERVIEW

Fortune is currently developing both of its principal projects, being the Mount Klappan coal project, which has very large resources of high rank anthracite coal used for energy and metallurgical applications, and the NICO gold-cobalt-bismuth project. Fortune's strategy and major long-term objective is to create value for shareholders through making the transition from an exploration company to a mine owner with significant interests in profitable, long-life operating mines. The Company's priority in the near term is to achieve the major development milestones of completing quality detailed feasibility studies, environmental assessments and permitting. These activities are carried out directly and indirectly through subsidiaries and through joint ventures with other companies, typically with Fortune as the operator.

Fortune earned net income of \$189,991 or \$nil per share for the three months ended September 30, 2006 compared to net income of \$1,103 or \$nil per share for the same period in the prior year. For the nine month periods ended September 30, 2006 and 2005, the Company incurred a net loss of \$58,061 or \$nil per share and \$221,299 or \$0.01 per share, respectively.

During 2006, the Company's activities have been focused on the completion of the NICO underground bulk sample program, feasibility study and environmental studies and the Mount Klappan environmental assessment. The NICO bulk sample program was completed in the third quarter and a sample has been prepared for shipment over the winter road in early 2007 for pilot plant testing at SGS Lakefield Research Limited. Environmental field work at both NICO and Mount Klappan was completed for 2006 and reports are being prepared for each projects' respective Environmental Assessment applications. Substantial engineering and technical work has been completed related to the NICO feasibility study and report drafting is in progress.

As a result of carrying out these activities, the Company has incurred and deferred cash exploration and development expenditures within reasonable and acceptable variances of budgeted costs for the three and nine months ended September 30, 2006 of \$7,452,920 and \$16,449,842, respectively. During the second quarter, pursuant to a flow-through private placement, the Company raised net cash proceeds of \$6,814,056 from the issuance of 2,095,000 common shares. This private placement together with the exercise of options and warrants resulted in Fortune raising total net cash proceeds of \$7,303,709 for the nine month period ended September 30, 2006. These results reflect Fortune's ability to operate and carry out exploration and development programs in a fiscally responsible manner.

Fortune Minerals Limited

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

Selected Financial Information

The following tables provide selected consolidated financial information that is derived from the unaudited interim consolidated financial statements and audited consolidated financial statements of the Company.

Financial and Operating Data

	2006			2005			2004	
	Sep-30	Jun-30	Mar-31	Dec-31	Sep-30	Jun-30	Mar-31	Dec-31
Revenues	\$ 256,385	\$ 128,793	\$ 139,502	\$ 155,846	\$ 132,275	\$ 177,035	\$ 114,532	\$ 13,671
Net income (loss)	189,991	(102,386)	(145,666)	(181,419)	1,103	(188,820)	(33,582)	(631,706)
Income (loss) per share ⁽¹⁾	—	—	—	—	—	(0.01)	—	(0.02)

(1) - Loss per share by quarter may not add to year-to-date loss per share due to rounding.

Balance Sheet Data

	September 30, 2006	December 31, 2005
Cumulative deferred exploration expenditures	\$35,796,467	\$19,149,212
Working capital	9,989,817	23,617,396
Total Assets	57,782,070	47,851,896

RESULTS OF OPERATIONS

Revenues

Fortune's primary source of revenue is investment income. Interest and other income was \$256,358 for the three months ended September 30, 2006 compared to \$132,275 for the corresponding period in 2005. For the nine month period ended September 30, 2006, interest and other income was \$524,680 compared to \$423,842 for the same period in the prior year. The increase in investment income is the result of higher yields earned related to increasing short-term interest rates. Income from higher yields have been partially offset by declining cash balances.

Expenses

Expenses for the three months ended September 30, 2006 were \$98,107, down from \$131,172 in the corresponding period in 2005. For the six months ended September 30, 2006 and 2005, expenses were \$613,844 and \$645,141, respectively. Administrative and public relations were marginally lower for the nine month period but generally comparable during both the three and nine month periods. During 2006, two separate stock option grants occurred. Stock-based compensation expense was recorded in the amount of \$160,000 in the first quarter and \$88,000 in the second quarter. During the nine month period ended September 30, 2005, one option grant occurred in the second quarter and the related stock-based compensation expense recorded was \$140,325.

Fortune Minerals Limited

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

Cash Flow

Cash provided by operating activities for the three and nine months ended September 30, 2006 was \$91,690 and \$1,632,634 respectively. For the same periods in 2005, cash provided by (used in) operating activities was (\$241,119) and \$153,742, respectively. The significant changes between periods are primarily the result of changes in non-cash working capital balances. Due to the higher exploration and capital related expenditures in 2006 versus 2005, accounts payable has increased substantially as the Company makes use of normal payment terms and accounts receivable has increased as GST refunds increase in size. Cash used in operating activities before non-cash working capital items is nominal reflecting cautious management of administrative and public relations expenditures.

Cash used in investing activities was \$10,294,077 and \$21,098,009 for the three and nine month periods ended September 30, 2006, respectively. This use of funds was primarily for the substantial exploration and development activities undertaken as part of the process to transform the Company into a producer.

At the NICO project, the activities included: geological and engineering activities to advance the feasibility study to completion; commencement of studies to refine and further enhance project economics; mobilization of equipment and supplies and completion of the underground bulk sample including 920 metres of underground development; drilling of three additional exploration holes in the deposit to improve exploration coverage; and conducting numerous environmental studies to prepare for filing an application for a Class 'A' Water License required for project permitting.

At the Mount Klappan project, the activities included field programs for environmental base line studies primarily for the proposed short-cut haul road from the project site to Hwy#37, engineering work required to determine the final design and layout of the road route and extensive consultation efforts with local communities and First Nations.

The Company, on August 31, 2006, closed its acquisition of the Hemlo Mill in Northern Ontario. On closing, an additional payment of \$2,210,000 was made to the vendor. Following the completion of the acquisition, Fortune began to incur certain maintenance and security costs related to these assets.

Including the expenditures relating to the Hemlo Mill purchase, the underground bulk sample, feasibility study, and environmental studies for the NICO Project and the environmental assessment and permitting activities for the Mount Klappan Project, the Company's management anticipates that the cash used in investing activities will decline substantially in the fourth quarter of 2006 from the average expenditure rate of approximately \$2.3 million per month incurred during the first nine months. In the first nine months of 2005, the average monthly expenditures were approximately \$600,000.

Fortune Minerals Limited

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

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2006, Fortune had cash and cash equivalents of \$11,037,768, short-term investments of \$268,594 and working capital of \$9,989,817, compared with \$23,199,434, \$267,872 and \$23,617,396, respectively, as at December 31, 2005. These funds are sufficient to complete the balance of the work planned for 2006 and activities currently planned for 2007 including the metallurgical test work planned at SGS Lakefield. The Company will require additional sources of financing during the next three years to fully disassemble and move the Hemlo Mill to the NICO project site, construct the mine site infrastructure and complete mine development necessary to commence production at NICO and Mount Klappan. The Company is seeking out and evaluating financing alternatives including possible joint venture partners to assist in funding these development and construction costs.

TRANSACTIONS WITH RELATED PARTIES

During the quarter ended June 30, 2006, Fortune's joint venture partner on the NICO project paid the balance owing at December 31, 2005 of \$525,513 and advised the Company of its intention not to participate in the activities planned for 2006. As a result, Fortune will fund all of the planned expenditures for 2006 and the joint venture partner's share in the project will be diluted in accordance with the joint venture agreement. Based on the expenditures to September 30, 2006, the Company has calculated that the joint venture partner has been diluted to approximately 10%. This calculation is subject to confirmation by the partner.

OUTLOOK

As the field programs at NICO and Klappan were both completed in October 2006, cash expenditures will decline significantly during the fourth quarter of 2006. The Company has sufficient funds necessary for its planned activities for the balance of 2006 and for 2007 including completion of the NICO feasibility study, completion of the NICO and Mount Klappan environmental study reports, supervision, security and insurance for the Hemlo assets, completion of the pilot plant testing of the NICO bulk sample and continuation of its community consultation efforts related to project permitting. As a result, Fortune is well positioned to complete its short-term objectives and milestones for the development of its projects. Additional development activities may be undertaken during 2007 and are currently being evaluated. These additional activities may require additional funding.

In order for the Company to pursue mine construction at its major projects, including the dismantling and moving of the Hemlo assets to NICO or to acquire additional projects the Company will require substantial additional financing.

SHARE DATA

As at the date hereof, the Company has 37,550,407 common shares issued and outstanding, as well as options to purchase an aggregate of 1,578,700 common shares expiring at various dates between January 24, 2008 and March 27, 2011 and exercisable at various prices between \$0.75 and \$4.95 per share.

Fortune Minerals Limited

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

FORWARD-LOOKING STATEMENTS

This discussion contains certain forward-looking statements relating, but not limited, to the Company's operations, anticipated financial performance, business prospects and strategies and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward looking statement include, but are not limited to: capital and operating costs varying significantly from estimates; inflation; delays in the development of the Company's projects caused by unavailability of equipment, labour or supplies, climatic conditions or otherwise; failure to raise additional funds required to finance the development of the projects and other factors. Forward-looking statements are subject to significant risks and uncertainties and other factors that could cause actual results to differ materially from expected results. Readers are cautioned to not place undue reliance on forward-looking information because it is possible that predictions, forecasts, projections and other forms of forward-looking information will not be achieved by the Company. These forward-looking statements are made as of the date hereof and the Company assumes no responsibility to update them or revise them to reflect new events or circumstances, except as required by law.