Consolidated Financial Statements

Fortune Minerals Limited

Unaudited

March 31, 2009

Fortune Minerals Limited
Incorporated under the laws of Ontario

CONSOLIDATED BALANCE SHEETS

As at	Unaudited	
	March 31, 2009	December 31, 2008
	$	$
ASSETS		
Current assets		
Cash and cash equivalents *[note 10[a]]*	**7,451,822**	8,935,193
Accounts receivable	**317,148**	353,335
Prepaid expenses	**40,931**	46,215
Total current assets	**7,809,901**	9,334,743
Other assets	**—**	582,907
Security deposit *[note 6[i]]*	**476,997**	477,015
Reclamation bonds *[note 6[iii]]*	**605,156**	601,867
Capital assets, net *[note 5]*	**129,475**	139,182
Mining properties *[note 6]*	**95,190,363**	88,150,492
	104,211,892	99,286,206
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**5,053,106**	2,809,354
Interest payable	**22,500**	—
Income taxes payable	**39,648**	33,148
Total current liabilities	**5,115,254**	2,842,502
Long-term debt *[note 8]*	**2,811,723**	—
Future income taxes *[note 9]*	**8,875,000**	8,310,000
Total liabilities	**16,801,977**	11,152,502
SHAREHOLDERS' EQUITY		
Share capital *[note 7]*	**84,807,921**	85,339,171
Contributed surplus	**4,261,320**	4,261,320
Deficit	**(1,659,326)**	(1,466,787)
Total shareholders' equity	**87,409,915**	88,133,704
	104,211,892	99,286,206

See accompanying notes

Fortune Minerals Limited

CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT

For the three month periods ended March 31

	Unaudited	
	2009	2008
	$	$
REVENUE		
Interest and other income	**19,486**	196,453
EXPENSES		
Administrative	**184,977**	183,185
Investor relations	**54,888**	92,733
Stock-based compensation	**—**	150,000
Interest expense	**27,283**	—
Amortization	**4,877**	4,958
	272,025	430,876
Loss before other items	**(252,539)**	(234,423)
Loss before income taxes	**(252,539)**	(234,423)
Recovery of future income taxes	**60,000**	62,500
Net loss for the period	**(192,539)**	(171,923)
Deficit, beginning of period	**(1,466,787)**	(87,994)
Deficit, end of period	**(1,659,326)**	(259,917)
Basic and diluted loss per share *[note 7[b]]*	—	—

See accompanying notes

Fortune Minerals Limited

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three month periods ended March 31

	Unaudited	
	2009	2008
	$	$
OPERATING ACTIVITIES		
Net loss for the period	**(192,539)**	(171,923)
Add (deduct) items not involving cash		
Stock-based compensation expense	**—**	150,000
Amortization	**4,877**	4,958
Non-cash portion of interest expense	**4,783**	—
Future income taxes	**(60,000)**	(62,500)
	(242,879)	(79,465)
Changes in non-cash working capital balances related to operations		
Accounts receivable	**36,187**	16,501
Prepaid expenses	**5,284**	21,837
Accounts payable and accrued liabilities	**2,243,752**	449,766
Interest payable	**22,500**	—
Income taxes payable	**6,500**	—
Cash provided by operating activities	**2,071,344**	408,639
INVESTING ACTIVITIES		
Increase in security deposit	**18**	15
Decrease in other assets	**582,907**	—
Purchase of plant and equipment and capital assets	**(4,213,749)**	(1,058,523)
Posting of security for reclamation bonds	**(3,289)**	(7,238)
Increase in exploration and development expenditures	**(2,821,292)**	(2,240,830)
Cash used in investing activities	**(6,455,405)**	(3,306,576)
FINANCING ACTIVITY		
Proceeds on issuance of debt, net	**2,900,690**	—
Proceeds on issuance of shares, net	**—**	415,275
Cash provided by financing activities	**2,900,690**	415,275
Net decrease in cash and cash equivalents	**(1,483,371)**	(2,482,662)
Cash and cash equivalents, beginning of period	**8,935,193**	23,218,869
Cash and cash equivalents, end of period *[Note 10[a]]*	**7,451,822**	20,736,207

See accompanying notes

Fortune Minerals Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
[unaudited]

March 31, 2009

1. BASIS OF PRESENTATION

Fortune Minerals Limited [the "Company"] is a natural resource company with mineral deposits and exploration projects in Canada. The Company is focused on the exploration and the assembly and development of natural resource projects. The recoverability of amounts shown for mineral properties and related deferred exploration expenditures is dependent upon the economic viability of recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

The accompanying unaudited interim consolidated financial statements have been prepared by the Company 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, 2008.

2. ADOPTION OF NEW ACCOUNTING STANDARDS

Effective January 1, 2011, the accounting framework under which financial statements are prepared in Canada for all publicly accountable enterprises is scheduled to change to International Financial Reporting Standards ("IFRS"). Generally accepted accounting principles ("GAAP") in Canada will cease to apply and will be replaced by IFRS. The Accounting Standards Board plans to implement changes to Canadian generally accepted accounting principles between now and the implementation date to smooth the transition; however, it is expected that IFRS implementation will significantly impact current financial statement presentation and disclosure. An IFRS convergence strategy is being developed with disclosure of more detailed plans throughout 2009. Commencing in fiscal 2010, the Company will need to prepare accounts in accordance with Canadian GAAP and IFRS in order to have comparative financial statements on full implementation of IFRS in 2011. The impact of this transition on the Company's consolidated financial statements has not yet been determined.

3. FINANCIAL INSTRUMENTS

The Company has designated cash and cash equivalents, short-term investments, and reclamation bonds as assets held for trading. Accounts receivable are designated as receivables, long-term debt is classified as loans, and accounts payable and accrued liabilities are designated as other liabilities. These financial instruments are initially measured at fair value. Receivables, accounts payable, accrued liabilities and long-term debt are subsequently measured on the basis of amortized cost using the effective interest rate method. Assets held for trading are revalued on the reporting date based on relevant market information about the financial instrument. These valuations are estimates and changes in assumptions could significantly affect the estimate.

[a] Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Cash and cash equivalents, short-term investments and reclamation bonds are composed of financial instruments issued by large Canadian financial institutions with high investment-grade ratings maturing over various dates. Further, the Company limits its credit risk to any individual counterparty. The Company's receivables consist primarily of Goods and Services Tax ("GST") due from the Federal Government of Canada.

[b] Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices and is comprised of three types of risk: interest rate risk; currency risk; and other price risk.

i. Interest rate risk arises because of changes in market interest rates. The Company's cash and cash equivalents, short-term investments and reclamation bonds are subject to minimal risk of changes in value, have an original maturity of 90 days or less from the date of purchase and are readily convertible into cash.

ii. Currency risk arises because of changes in foreign exchange rates. Nearly all of the Company's current activities are priced in Canadian dollars. However, the Company expects certain of its future capital and operating costs as well as its future revenue streams will be priced in United States dollars.

iii. Other price risk arises because of changes in market prices other than those due to interest rates and currency changes. The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is the potential adverse impact on the Company's ability to raise new capital and generate earnings due to movement in the Company's equity price or general movement in the level of the stock market. Commodity price risk is the potential adverse impact on earning and economic value due to commodity price movements and volatilities. The Company monitors commodity prices of anthracite coal, cobalt, gold and bismuth in addition to other metal markets, individual equity movements and the stock market to determine appropriate courses of action to be taken by the Company.

[c] Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities as they come due. The Company's investment policy is to invest its excess cash in high-grade investment securities with varying terms to maturity, selected with regard to the expected timing of expenditures for continuing operations. Accounts payable and accrued liabilities are all current. The Company's letters of credit are fully secured by deposits that conform to the Company's investment policy. The Company's long-term debt is in good standing and does not require any principal repayments until March 2012.

4. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are: (i) to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and provide returns for shareholders, and (ii) to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk.

The Company includes the components of shareholders' equity, long-term debt, cash and cash equivalents and short-term investments, if any, in the management of capital.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents and short-term investments.

To facilitate the management of its capital requirements, the Company prepares forecasts or expenditure budgets for its activities that are used to monitor performance. Variances to plan will result in adjustments to capital deployment subject to various factors and industry conditions. The Company's activities and the associated forecasts or budgets are approved by the Board of Directors.

The Company is not subject to any externally imposed capital requirements limiting or restricting the use of its capital. In order to maximize ongoing development efforts, the Company does not pay out dividends at this time.

The Company's investment policy is to invest its cash in highly liquid, short-term, interest-bearing investments with maturities of less than a year from the original date of acquisition, selected with regards to the expected timing of expenditure from operations.

The Company expects its current capital resources will be sufficient to carry out its exploration and development plans and operations into 2010 and meet its commitments (Refer to note 12). However, significant additional capital will be required to complete the development of the Company's NICO and Mount Klappan projects.

5. CAPITAL ASSETS

Capital assets consist of the following:

	March 31, 2009		December 31, 2008	
	Cost	**Accumulated amortization**	Cost	Accumulated amortization
	$	$	$	$
Computer equipment	**115,278**	**57,893**	115,278	53,240
Furniture and fixtures	**71,092**	**26,448**	71,092	24,098
Leasehold improvements	**9,602**	**8,069**	9,602	7,850
Software	**33,906**	**7,993**	33,906	5,508
	229,878	**100,403**	229,878	90,696
Less accumulated amortization	**100,403**		90,696	
Net book value	**129,475**		139,182	

6. MINING PROPERTIES

Interests in mining properties consist of the following:

	March 31, 2009			
	Plant and equipment $	**Property costs $**	**Exploration and development expenditures $**	**Total - mining properties $**
NICO Project *[i]*	**17,754,614**	**3,593,049**	**51,455,712**	**72,803,375**
Mount Klappan Project *[ii]*	**4,524**	**3,144,116**	**17,007,613**	**20,156,253**
Sue-Dianne Project	**—**	**9,164**	**2,028,675**	**2,037,839**
Other properties	**—**	**—**	**192,896**	**192,896**
	17,759,138	**6,746,329**	**70,684,896**	**95,190,363**

	December 31, 2008			
	Plant and equipment $	Property costs $	Exploration and development expenditures $	Total - mining properties $
NICO Project *[i]*	13,608,076	3,593,049	48,760,637	65,961,762
Mount Klappan Project *[ii]*	9,674	3,144,116	16,820,801	19,974,591
Sue-Dianne Project	—	9,164	2,028,555	2,037,719
Other properties	—	—	176,420	176,420
	13,617,750	6,746,329	67,786,413	88,150,492

During the three-month period ended March 31, 2009, $90,855 of administrative expenses, $77,191 of amortization and $nil of stock-based compensation were charged to exploration and development expenditures within mining properties.

Plant and equipment consist of the following:

	March 31, 2009		December 31, 2008	
	Cost $	**Accumulated amortization** $	Cost $	Accumulated amortization $
Surface facilities under construction	**16,169,218**	—	11,954,312	—
Surface facilities	**1,450,972**	**496,924**	1,427,008	450,998
Camp structures	**600,124**	**411,006**	600,124	395,672
Mobile equipment	**798,616**	**367,522**	798,616	332,569
Site furniture and equipment	**32,531**	**16,872**	32,531	15,602
	19,051,461	**1,292,324**	14,812,591	1,194,841
Less accumulated amortization	**1,292,324**		1,194,841	
Net book value	**17,759,137**		13,617,750	

During the three-month period ended March 31, 2009, $138,989 of administrative expenses, $25,120 of amortization and $nil of stock-based compensation was charged to surface facilities under construction.

i. NICO Project, Northwest Territories

The NICO Project and the related claims in the Mazenod Lake Area, Northwest Territories are wholly owned by the Company.

On August 31, 2006, the Company acquired certain mill, related surface facilities and processing equipment for future use at the NICO project. All costs of purchase, including previously deferred amounts and ongoing maintenance, security and other related costs, have been capitalized. No amortization has been charged against these assets as they are recorded as surface facilities under construction and are not available for use.

Pursuant to the purchase agreement of these facilities, the Company has an obligation to the vendor to dismantle and remove the assets from the site by August 31, 2009. The Company entered into additional agreements with the land owner, whereby certain assets need not be dismantled until April 2011 and removal of assets to be used at NICO is not required until April 2011. To meet its obligations under these agreements, the Company has undertaken a program designed to dismantle and remove these assets (refer to note 12). The Company has received a third party feasibility study and has commenced detailed engineering and planning related to the use of these assets at NICO but a construction decision has not been taken.

In addition, pursuant to additional agreements with the land owner as noted above, the Company will only be required to post a maximum of $300,000 (a reduction from $1 million required in the original agreement with the vendor) in financial assurance or a performance bond in favour of the land owner. The posting of this financial assurance is required prior to completion of the Company’s obligations to dismantle and remove assets as contracted with the land owner. Assets not required at the NICO site will be sold or disposed by the Company. As at March 31, 2009, the Company has received $789,678 in net proceeds from the disposal of surplus assets. In accordance with the original agreement with the vendor, $476,997 was posted as financial assurance and recorded as Security deposit. 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 surface facilities under construction until such time as the physical assets are completed and available for use at which time they will be classified as appropriate.

ii. Mount Klappan Project, British Columbia

The Mount Klappan Project in northwest British Columbia and related coal licenses are wholly owned by the Company through its’ subsidiary, Fortune Coal Limited. Upon commercial production, the Company has a royalty agreement obligation entitling a third party to $1 per tonne of coal delivered to the point of usage or sale.

iii. Reclamation Bonds

The Company has provided reclamation bonds in the form of a letter of credit in favour of the Receiver General for Canada and Government of British Columbia for NICO and Mount Klappan projects, respectively. Reclamation bonds consist of the following:

	March 31, 2009		December 31, 2008	
	Bond Amount	**Security held (fair market value)**	Bond amount	Security held (fair market value)
	$	$	$	$
NICO Project	**211,000**	**243,583**	211,000	240,294
Mount Klappan Project	**307,000**	**361,573**	307,000	361,573
Net book value	**518,000**	**605,156**	518,000	601,867

7. SHARE CAPITAL

[a] Issued and outstanding common shares:

	March 31, 2009		December 31, 2008	
	#	$	#	$
Common shares				
Beginning of period	**55,550,107**	**83,353,111**	49,546,407	76,630,268
Issued as a result of:				
Private offerings	**—**	**—**	5,450,000	8,082,500
Exercise of options	**—**	**—**	553,700	642,292
Share issuance costs, net of tax	**—**	**—**	—	(501,949)
Future tax impact of renunciation of development costs expended and reduction in tax basis of mining properties acquired	**—**	**(625,000)**	—	(1,500,000)
End of period *[b]*	**55,550,107**	**82,728,111**	55,550,107	83,353,111
Warrants				
Beginning of period	**5,448,000**	**1,986,060**	**5,448,000**	**1,986,060**
In lieu of fees *[c]*	**1,875,000**	**93,750**	**—**	**—**
End of period	**7,323,000**	**2,079,810**	5,448,000	1,986,060
		84,807,921		85,339,171

[b] At March 31, 2009, the weighted average number of common shares outstanding was 55,550,107. Options to purchase 2,350,000 common shares and warrants to purchase 7,323,000 common shares were not included in the computation of diluted loss per share because the exercise prices of these options and warrants were greater than the average market price of the common shares.

[c] On March 2, 2009, the Company issued 1,875,000 warrants in connection with the loan agreement recorded in Long-term debt (refer to Note 8). The warrants have an exercise price of $0.80 per share and expire September 2, 2010. The estimated fair market value of the warrants is $93,750 and is recorded as a transaction cost of the loan agreement which is offset against the net proceeds of the loan.

The fair value of the warrants granted was estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions:

	Assumptions				
Number of warrants granted #	**Risk free interest rate** %	**Expected dividend yield** %	**Expected volatility** %	**Expected warrant life [years]** #	**Estimated fair value per warrant** $
1,875,000	1.00	—	73	1.5	0.05

The Black-Scholes model, used by the Company to calculate warrant values, as well as other accepted valuation models, was developed to estimate fair value of freely tradable, fully transferable warrants. These models 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 warrants.

[d] A summary of the status of the Company's stock option plan as at March 31, 2009 and December 31, 2008, and changes during the years ending on those dates are presented below:

	March 31, 2009		December 31, 2008	
	Number of shares #	**Weighted-average exercise price** $	Number of shares #	Weighted-average exercise price $
Options outstanding, beginning of period	**2,785,000**	**2.45**	2,308,700	2.49
Granted	—	—	1,250,000	1.59
Exercised	—	—	553,700	0.75
Expired	**360,000**	**3.33**	220,000	2.27
Options outstanding, end of period	**2,425,000**	**2.32**	2,785,000	2.45
Options exercisable, end of period	**2,350,000**	**2.39**	2,680,000	2.54

The following summarizes information about the options outstanding at December 31, 2008:

Range of Exercise prices $	**Number outstanding** #	**Number vested and outstanding** #	**Weighted average exercise price *[i]*** $	**Weighted average remaining contractual life - all options / options vested [years]**
1.00 – 1.49	180,000	105,000	1.30	3.9 / 3.5
1.50 – 1.99	895,000	895,000	1.59	4.1 / 4.1
2.00 – 2.49	675,000	675,000	2.28	2.8 / 2.8
2.50 – 2.99	175,000	175,000	2.89	2.5 / 2.5
3.00 – 3.49	300,000	300,000	3.26	0.4 / 0.4
3.50 – 3.99	50,000	50,000	3.86	1.5 / 1.5
> 4.00	150,000	150,000	4.95	1.0 / 1.0
	2,425,000	2,350,000		

[i] The weighted average exercise prices are the same for both the options outstanding and the options vested and outstanding.

8. LONG-TERM DEBT

On March 2, 2009, the Company raised net proceeds excluding transaction costs of $2,925,000 pursuant to a loan agreement with a private investor. The loan has a face value of $3,000,000, is unsecured, has a term of three years and bears interest at an annual rate of 9%. Transaction costs totalling $118,060 consist of $93,750 for warrants issued in lieu of fees (refer to Note 7 [c]) and $24,310 for listing and legal fees incurred. Transaction costs are recorded as a reduction to net proceeds of the loan on initial recognition and are amortized to interest expense using the effective interest rate method over the life of the loan. As at March 31, 2009, $4,783 of transaction costs and loan discount was amortized using the effective interest method and recorded as interest expense.

9. INCOME TAXES

The Company has non-capital loss carryforwards totalling $6,000,000 which begin to expire in 2010 and un-deducted share issuance costs of $1,800,000. In addition, the Company has Ontario corporate minimum tax credits of $34,000 which expire in 2009. The Company has completed feasibility studies for both of its principal projects and undertaken related permitting and financing activities. Management has determined it is more likely than not that the Company will achieve production and will realize the benefit of certain non-capital losses and its un-deducted share issuance costs. The benefit of these amounts has been recorded in the consolidated financial statements to the extent that the deduction for share issuance costs and operating losses expire post-2015.

Significant components of the Company's future income tax assets and liabilities are as follows:

	March 31, 2009 $	December 31, 2008 $
Future tax assets		
Net operating loss carryforwards	**1,560,000**	1,483,000
Un-deducted share issuance costs	**470,000**	528,000
Ontario corporate minimum tax	**—**	34,000
	2,030,000	2,045,000
Less valuation allowance related to operating losses, share issuance costs and corporate minimum tax	**(530,000)**	(530,000)
Future tax assets	**1,500,000**	1,515,000
Future tax liabilities		
Book value of exploration and development expenditures and capital assets in excess of tax value	**(10,375,000)**	(9,825,000)
Net future tax liabilities	**(8,875,000)**	(8,310,000)

The reconciliation of income taxes computed at the statutory income tax rates to the recovery for income taxes is as follows:

	March 31, 2009 $	**December 31, 2008** $
Combined federal and provincial income tax rate	**32.79%**	**33.29%**
Corporate income tax at statutory rate	**(70,600)**	(525,200)
Increase (decrease) in income taxes resulting from:		
Non-deductible stock compensation and other expenses	**—**	180,000
Unclaimed corporate transaction costs	**—**	28,000
Rate difference	**—**	63,000
Other	**(34,400)**	55,200
	(105,000)	**(199,000)**

10. CONSOLIDATATED STATEMENT OF CASH FLOWS

[a] Cash and cash equivalents consist of the following:

	March 31, 2009 $	December 31, 2008 $
Cash on hand and balances with banks	**5,640,046**	3,801,482
Short-term fixed income deposits	**1,811,776**	5,133,711
	7,451,822	8,935,193

[b] Supplemental cash flow information:

	March 31, 2009 $	December 31, 2008 $
Interest and investment income received	**46,339**	**520,678**

11. RELATED PARTY TRANSACTIONS

For the period ending March 31, 2009, the Company paid certain officers or directors an aggregate of $138,871 for third party consulting services on behalf of the Company, and owes $69,583 for directors' fees of which $55,250 relate to the three months ending March 31, 2009. These transactions have been recorded at their exchange amount.

12. COMMITMENTS

In addition to any commitments identified elsewhere in these consolidated financial statements, the Company has entered into an agreement with a contractor for the dismantling, equipment salvage, and demolition of the assets purchased for future use at the NICO project. The Company is billed for the cost of the work plus a contractor's fee as the work is completed. The contract is anticipated to be completed by July 2009. As at March 31, 2009, the Company has incurred $9,458,269 related to this contract. In addition to the expenditures related to this contract, the Company is incurring other costs in order to meet its commitments described in Note 6(i). These amounts are recorded in Surface facilities under construction within Mining properties. The Company has estimated the total remaining net costs to meet its obligations to be approximately $1.0 million for the remainder of fiscal 2009 and 2010.

FORTUNE
MINERALS LIMITED

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

Three months ended March 31, 2009

This discussion and analysis of financial condition and results of operations of Fortune Minerals Limited is prepared as at April 27, 2009, and should be read in conjunction with the unaudited consolidated financial statements of Fortune Minerals Limited and the notes thereto for the three months ended March 31, 2009 and with the audited consolidated financial statements of Fortune Minerals Limited and the notes thereto and management's discussion and analysis ("MD&A) of financial condition and results of operations for the year ended December 31, 2008. In this discussion, unless the context otherwise dictates, a reference to Fortune or the Company refers to Fortune Minerals Limited and its subsidiaries. Additional information relating to the Company, including the Company's annual information form, is available on SEDAR at www.sedar.com. All dollar amounts are presented in Canadian dollars.

SUMMARY OF QUARTERLY RESULTS

The following table provides selected consolidated financial information that is derived from the unaudited interim consolidated financial statements and audited year-end consolidated financial statements of the Company.

	2009	**2008**				**2007**		
	Mar-31	**Dec-31**	**Sep-30**	**Jun-30**	**Mar-31**	**Dec-31**	**Sep-30**	**Jun-30**
Revenues	$19,486	$74,981	$98,461	$137,026	$196,453	$294,749	$256,385	$128,793
Net income (loss)	(192,539)	(396,749)	(692,605)	(117,516)	(171,923)	2,457,888	189,991	(102,386)
Basic and fully diluted income (loss) per common share	—	(0.01)	(0.02)	—	—	0.05	—	—

OVERVIEW

Fortune's core objective is to transform itself into a producer to unlock the inherent value of its assets. The Company's most significant assets are the Mount Klappan anthracite coal project in northwest British Columbia and the NICO cobalt-gold-bismuth-copper project in the Northwest Territories, both of which are in the advanced development phase. The advantages Fortune offers include: diversified assets; our projects are located in Canada, a mining friendly politically stable country; our development projects provide participation in commodities of critical importance in the world economy including gold, cobalt, bismuth, copper, and coal; and a near-term production plan that offers less risk than grass roots exploration companies. Fortune plans to develop its NICO project independently and is seeking a joint venture partner to develop the Mount Klappan project on a larger, more profitable scale than Fortune originally contemplated.

Key to the implementation of Fortune's 2009 business plan is our focus on the permitting of the NICO project while minimizing the expenditures required to complete its Front End Engineering and Design ("FEED") program, large scale pilot plant testing, and dismantling and deconstruction of the Hemlo Golden Giant Mine milling and process assets ("Hemlo") acquired by Fortune in 2006. The recessionary environment has affected Fortune like it has most companies in all business sectors. For many mining companies, the ability to raise new capital in this market environment is limited. This is particularly critical for junior exploration and development companies like Fortune that do not have production revenues and are dependent on public markets to finance their ongoing operations.

As the economy recovers, there will be opportunities for companies well positioned to take advantage of them. Fortune has conservatively managed its business affairs and believes it is positioned to weather the current economic storm and take advantage of such opportunities.

Exploration and development expenditures incurred by Fortune on its properties during the three month period ending March 31, 2009 and 2008 were $2,821,292 and $2,240,830, respectively.

	Three months ended March 31, 2009	**Three months ended March 31, 2008**
NICO	$ 2,618,398	$ 1,333,462
Mount Klappan	186,307	879,427
All other projects	16,587	27,941
Total cash exploration and development expenditures	2,821,292	$ 2,240,830

These amounts, although higher in 2009 than for the same period in 2008 for the NICO project, are reflective of the budgeted expenditures and are planned to decrease substantially over the balance of 2009.

The Company's first quarter 2009 project-related expenditures for NICO focused on completion of the pilot plant metallurgical test work, the FEED program, environmental studies, and community consultation activities. Further, cash expenditures of $4,213,749 were incurred related to Hemlo salvage and dismantling activities at the Golden Giant Mine site. Management has taken steps to significantly reduce further expenditures at the Golden Giant Mine site in the second quarter and by the end of the third quarter of 2009 the assets selected for the NICO project will be secured, stored and ready for shipment to the project site or for refurbishment.

Although Fortune's net loss for the three months ended March 31, 2009 is comparable to the same period in 2008, the Company's interest and other income fell substantially due to lower cash balances and interest rates. This decline in revenue was primarily offset by lower stock-based compensation expenses. Further, Fortune incurred interest expense of $27,283 related to the debt financing arranged in the first quarter.

RESULTS OF OPERATIONS

Revenues

Fortune's investment income, its primary source of revenue, decreased to $19,486 in the first quarter of 2009 compared to $196,453 in the same period in 2008. The decrease is the result of lower investment income related to declining cash balances and interest rates. The Company invests its surplus cash in low risk, liquid investments, which typically have low yields but hold their value during times of market uncertainty. Management anticipates earning minimal investment income during 2009.

Expenses

Expenses decreased to $272,025 compared to $430,876 for the three months ended March 31, 2009 and 2008, respectively. The decrease is primarily attributable to lower stock-based compensation and investor relations expenses.

Cash Flow

Cash provided by operating activities in the first quarter of 2009 compared to 2008 was $2,071,344 and $408,639, respectively. However, operating activities before changes in non-cash working capital used cash of $242,879 during the first quarter of 2009 compared to $79,465 in the same period for 2008. This increase use of cash is directly related to the decline in investment income. The increase in the source of cash from the changes in working capital balances for the three months ended March 31, 2009 and 2008 primarily reflect an increase in accounts payable and accrued liabilities consistent with the timing of business activities, particularly for the Company's Hemlo project.

Cash used in investing activities increased to $6,455,405 from $3,306,576 when comparing the first quarter for 2009 and 2008. The 2009 figure primarily includes exploration and development expenditures of $2,821,292 and the purchase of capital assets of $4,213,749. The cost of capital assets includes expenditures on Hemlo net of recoveries from the sale of used equipment and the recycling of scrap steel and other metals. The 2008 figure primarily consists of exploration and development expenditures of $2,240,830 and the purchase of capital assets of $1,058,523. For both 2008 and 2009, the expenditures on capital assets consist primarily of dismantling and deconstruction of Hemlo for their future use at NICO.

The Company raised net cash proceeds of $2,900,690 pursuant to a loan agreement with a third party. The loan has a face value of $3 million, is unsecured, has a term of three years and bears interest at an annual rate of 9%**.** In connection with the loan, Fortune issued to the lender warrants to purchase up to 1,875,000 common shares of Fortune at an exercise price of $0.80 per share until September 2, 2010.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2009, Fortune had cash and cash equivalents of $7,451,822, working capital of $2,694,647 and long-term debt of $2,811,723. The Company anticipates that most of the net expenditures for 2009 at NICO, Hemlo and Mount Klappan were incurred in the first quarter. Additional activities are planned for the remainder of 2009 to advance Fortune’s principal project, however, they have a relative nominal cost. The Company anticipates that proceeds from the sale of surplus equipment, recyclable and scrap metals and the recovery of residual precious metals from the equipment and other facilities will be sufficient to offset the balance of its 2009 planned activities. Ultimately, additional financing will be required to construct the mine infrastructure and acquire additional equipment. The Company will continue evaluating its alternatives with a view to executing a financing plan suitable to fund its transformation into a producer.

OUTLOOK

The Company’s principal objective is to achieve successful commercial production at its principal projects. The Company`s activities in pursuit of this objective are subject to many risks as discussed under the heading “Risks and Uncertainties” in the Company’s MD&A for the period ended December 31, 2008 and in the Company’s annual information form for the year ended December 31, 2008, both of which are available on SEDAR at www.sedar.com. The most significant risks to meeting its objective in the targeted time frame continue to be related to permitting and financing. These risks arise primarily from external stakeholders such as government regulators, First Nations, and investors who have significant influence over the outcome of the Company`s efforts.

During 2009, Fortune will focus its efforts on permitting and financing activities. The Company will most likely raise additional financing in 2009 prior to arranging the project financing for the NICO project.

TRANSACTIONS WITH RELATED PARTIES

During the three months ended March 31, 2009, the Company paid businesses owned or controlled by or related to the President and CEO, the Vice President Finance and CFO, the Corporate Secretary and Director, and a Director, in aggregate, $138,871 for various third party consulting and legal services. In addition, as at March 31, 2009, director fees of $69,583 were owing to non-executive directors. Of this amount $55,250 related to fees earned during the three months ending March 31, 2009.

NEW ACCOUNTING STANDARDS

International Financial Reporting Standards
Effective January 1, 2011, the accounting framework under which financial statements are prepared in Canada for all publicly accountable enterprises is schedule to change to International Financial Reporting Standards ("IFRS"). Generally accepted accounting principles ("GAAP") in Canada will cease to apply and will be replaced by IFRS. The Accounting Standards Board plans to implement changes to Canadian generally accepted accounting principles between now and the implementation date to smooth the transition; however, it is expected that IFRS implementation will significantly impact current financial statement presentation and disclosure.

An IFRS convergence strategy and changeover plan is currently being developed with disclosure of a more detailed plan throughout 2009. During 2008, the Company began a cursory review of the major differences between current Canadian generally accepted accounting principles and IFRS. The Company plans a more detailed impact analysis during 2009 including initial selection of accounting policies where there are new options and choices and exemption decisions to be made under IFRS 1. As such, the impact of IFRS changeover has not yet been quantified. The Company has also begun assessing current and future business processes and related internal controls considering the impact of IFRS. A current business process review was conducted and an assessment of future process needs for NICO and Mount Klappan was initiated. In addition, the Company has initiated a process to assess system needs required to support future operations under IFRS with the intent to implement any required changes prior to IFRS conversion. Fortune`s Corporate Controller and Chief Financial Officer attended training programs specific to IFRS during 2008 and the Company will continue to build IFRS knowledge through senior management and Audit Committee training.

The Company will continue to assess and monitor the impact of adopting IFRS including monitoring of changes to IFRS standards and will update its MD&A disclosure quarterly to report on progress of its IFRS changeover plan. Commencing in fiscal 2010, the Company anticipates preparing accounts in accordance with Canadian GAAP and IFRS in order to have comparative financial statements on full implementation of IFRS in 2011.

ADDITIONAL INFORMATION

Additional information relating to the Company, including its current and previous year's annual information forms are available on SEDAR at www.sedar.com.

SHARE DATA

As at the date hereof, the Company has 55,550,107 common shares issued and outstanding, options to purchase an aggregate of 2,425,000 common shares expiring at various dates between June 1, 2009 and September 5, 2013 and exercisable at various prices between $1.30 and $4.95 per share, and common share purchase warrants to purchase an aggregate of 7,323,000 common shares. Included in this amount are 4,775,000 warrants that expire on July 26, 2009 and are exercisable at $3.75 per share, 573,000 warrants that expire on July 26, 2009 and are exercisable at $3.00 per share and 100,000 warrants that expire on August 8, 2012 and are exercisable at $3.00 per share. Warrants to purchase 1,875,000 common shares have an exercise price of $0.80 and expire on September 2, 2010.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements in compliance with Canadian generally accepted accounting principles ("GAAP"). Any system of internal control over financial reporting ("ICFR"), no matter how well-designed, has inherent limitations. Therefore, even well-designed systems of internal control can provide only reasonable assurance with respect to financial statement preparation and presentation.

As at March 31, 2009 no material weaknesses in the Company's ICFR have been identified and for the period commencing on January 1, 2009 and ending March 31, 2009, there were no changes or enhancements made to the Company`s ICFR considered to have materially affected, or are reasonably likely to materially affect, its ICFR.

This discussion contains certain forward-looking information. This forward-looking information includes, or may be based upon, estimates, forecasts, and statements as to management's expectations with respect to, among other things, the size and quality of the Company's mineral resources, progress in development of mineral properties, timing and cost for placing the Company's mineral projects into production, costs of production, amount and quality of metal products recoverable from the Company's mineral resources, demand and market outlook for metals and coal and future metal and coal prices. Forward-looking information is based on the opinions and estimates of management at the date the information is given, and is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. These factors include the inherent risks involved in the exploration and development of mineral properties, uncertainties with respect to the receipt or timing of required permits and regulatory approvals, the uncertainties involved in interpreting drilling results and other geological data, fluctuating metal and coal prices, the possibility of project cost overruns or unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future, uncertainties related to metal recoveries and other factors. 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.