



FORTUNE
MINERALS LIMITED

ANNUAL INFORMATION FORM

Fiscal year ended December 31, 2008

March 24, 2009

TABLE OF CONTENTS

CORPORATE STRUCTURE	2
Name, Address and Incorporation.....	2
Intercorporate Relationships.....	2
GENERAL DEVELOPMENT OF THE BUSINESS.....	3
Three Year History.....	3
Year Ended December 31, 2006.....	3
Year Ended December 31, 2007.....	5
Year Ended December 31, 2008.....	6
Significant Acquisitions and Significant Dispositions.....	7
DESCRIPTION OF THE BUSINESS.....	8
General.....	8
Risk Factors.....	8
Mineral Projects	11
<i>Mount Klappan Anthracite Coal Project</i>	11
<i>NICO Gold-Cobalt-Bismuth Deposit</i>	19
<i>Other Northwest Territories Properties</i>	26
DIVIDENDS	27
DESCRIPTION OF CAPITAL STRUCTURE	27
MARKET FOR SECURITIES	27
Trading Price and Volume	27
Prior Sales	28
ESCROWED SECURITIES.....	28
DIRECTORS AND OFFICERS.....	29
Name, Occupation and Security Holding.....	29
Cease Trade Orders, Bankruptcies, Penalties or Sanctions	31
Conflicts of Interest.....	32
LEGAL PROCEEDINGS.....	32
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS.....	32
TRANSFER AGENTS AND REGISTRARS	33
MATERIAL CONTRACTS.....	33
INTERESTS OF EXPERTS.....	33
AUDIT COMMITTEE.....	33
Relevant Education and Experience.....	33
Pre-Approval Policies and Procedures	34
External Auditor Service Fees.....	34
Audit Fees.....	34
Audit-Related Fees	34
Tax Fees.....	34
All Other Fees.....	34
ADDITIONAL INFORMATION	34
SCHEDULE "A" - AUDIT COMMITTEE CHARTER	A - 1
SCHEDULE "B" - GLOSSARY OF MINING TERMS.....	B - 1

In this Annual Information Form, unless otherwise specified, all dollar amounts are expressed in Canadian dollars.

This document 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. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Inferred mineral resources are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that mineral resources will be converted into mineral reserves. 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. The forward-looking information contained herein is made as of the date hereof and the Company assumes no responsibility to update them or revise it to reflect new events or circumstances, except as required by law.

CORPORATE STRUCTURE

Name, Address and Incorporation

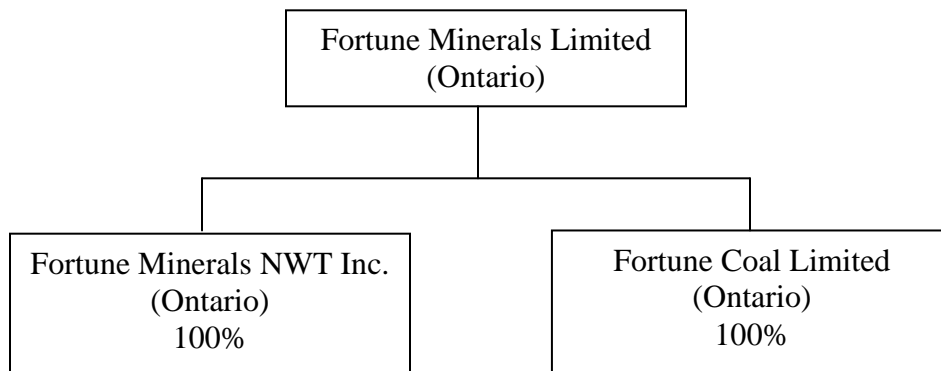
Fortune Minerals Limited ("Fortune" or the "Company") was incorporated by certificate of incorporation under the laws of the Province of Ontario dated August 2, 1988. By certificate and articles of amendment dated March 2, 1989, the Company amended its articles to remove the private company restrictions from its articles. By certificate and articles of amendment dated July 28, 1997, the Company amended its articles to subdivide the common shares on a three-for-one basis.

The Company has two subsidiaries, Fortune Minerals NWT Inc. and Fortune Coal Limited ("Fortune Coal"), both of which are wholly-owned by the Company. Both companies were incorporated under the laws of the Province of Ontario. Unless the context otherwise requires, the terms "Fortune" and "the Company" were used herein refer to Fortune Minerals Limited, Fortune Minerals NWT Inc. and Fortune Coal on a consolidated basis.

Fortune's head office is located at Suite 1902, 140 Fullarton Street, London, Ontario, N6A 5P2. The Company's telephone number is (519) 858-8188 and its fax number is (519) 858-8155. The Company is a reporting issuer in Ontario, Quebec, British Columbia and Alberta.

Intercorporate Relationships

The following diagram sets forth the organizational structure of Fortune and its material affiliates and associates:



GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

Fortune is a resource company involved in the exploration for and development of coal, specialty metals, base metals and precious metals, primarily in the Northwest Territories and British Columbia. The Company's most significant projects are the NICO gold-cobalt-bismuth-copper deposit ("NICO") and the Sue-Dianne copper-silver deposit ("Sue-Dianne"), both in the Northwest Territories, and the Mount Klappan anthracite coal deposits ("Klappan") in British Columbia, all of which are at advanced stages of exploration and development.

Year Ended December 31, 2006

During 2006, exploration expenditures on Fortune's properties by the Company and its joint venture and earn-in partners were \$18,519,186. These expenditures were focused on NICO and Klappan.

In the prior year, the Company received a completed a full bankable feasibility study assessing the Lost Fox deposit at Klappan (the "2005 FS"). The 2005 FS evaluated the economic viability of an open pit mine producing 1.5 or 3 million tonnes ("Mt") of clean coal products in a wash plant constructed at the site. The 2005 FS assessed two transportation alternatives, including construction of a new short-cut road for truck haulage of product to the port of Stewart, and extension of the railway for haulage of product by unit train to the port of Prince Rupert. Results of the 2005 FS indicated attractive internal rates of return ("IRR") and positive net present values ("NPV") using a 10% discount rate for the project over a variety of different coal price sensitivities.

The Company's 2006 fieldwork at Klappan focussed primarily on environmental baseline studies for the proposed 100km access road to be built for truck haulage of coal products to the port of Stewart. The work included detailed soil and vegetation mapping, rock geochemistry and acid rock drainage assessment, wildlife and bird inventories and habitat assessment, hydrogeology, hydrology and fisheries assessment (including more than 600 water crossings for the proposed access road), wetlands assessment, meteorology and air quality, archaeology, First Nations traditional use, and socio-economic studies. Rescan Environmental Services Limited ("RESL") and Rescan Tahltan Environmental Consultants ("RTEC") commenced the compilation of reports for submission in support of the environmental assessment ("EA").

Fortune engaged Allnorth Consultants Limited ("Allnorth") to redesign the 100km access road shortcut between Highway 37 and the mine site. Originally designed for a previous owner of Klappan, this road would reduce the truck haulage from Klappan to Stewart from 375km to 250km, significantly reducing transportation costs for the mine. The engineering program consisted of a topographic re-alignment of the road, surveying and flagging of the road corridor, hydrology and general arrangement designs for approximately 120 engineered structures, terrain hazard mapping and terrain stability field assessment to be used in the EA.

The British Columbia Environmental Assessment Office ("BC EAO") issued an Order under Section 11 of the *Environmental Assessment Act* (British Columbia) defining the scope, procedures and methods required for the EA of Klappan. Pursuant to the Order, the draft Terms of Reference document (the "ToR") is subject to revision based on the public comment received. Once the tasks described in the final ToR have been completed, Fortune will be able to file its EA application for its environmental certificate. (An electronic copy of the draft ToR, and information regarding the EA process are available at www.eao.gov.bc.ca.)

Fortune reviewed a number of additional concepts to enhance the economics of Klappan. Fortune engaged Marston Canada Ltd. ("Marston") to conduct a pre-feasibility level engineering and economic assessment of a mine to supply fuel for a mine mouth, coal-fired power plant at Klappan. In addition to province-wide demand for power in British Columbia, there is potential for several large new mine developments and a smelter expansion in the northwest part of the province that will create significant new regional demand for power. Consequently, the British Columbia government is considering extension of the power grid into this area to facilitate these developments. Fortune believes there is an opportunity for an approximately 300MW power plant near Klappan that would address this regional demand and also reduce operating costs for the proposed Lost Fox mine development. Fortune contracted Marston to evaluate two scenarios for supplying fuel to a mine-mouth power plant, including one focussed on a mine producing combined power plant fuel and export metallurgical coal products, and a smaller mine supplying only power plant fuels as a start-up project for the development. The pre-feasibility study (the "Marston 2007 Study") was completed in January 2007. Richard Marston, P.E. was the Qualified Person responsible for the

Marston 2007 Study for the purposes of National Instrument 43-101 (“NI 43-101”). See “Mineral Projects - Mount Klappan Anthracite Coal Project”. Subsequently, the British Columbia Government altered its policy related to power generation and has included the requirement for net zero carbon dioxide emissions. This has resulted in a deterrence to pursue coal fired power plants until the commercialization of existing coal gasification/liquefaction technology is more advanced.

The governments of Alaska and Yukon Territory commissioned a feasibility study to assess connecting Alaska to the rest of North America by rail. Several possible routes were evaluated, including the Dease Lake rail line through Klappan and the Yukon. The governments of Canada and British Columbia participated in an advisory capacity for this study, which includes an assessment of a rail connection from Prince Rupert through resource-rich areas of British Columbia, the Yukon and Alaska. If built, such a rail line would eliminate most of the costs associated with construction of transportation infrastructure for Klappan and materially reduce haulage rates to the port of Prince Rupert. Fortune provided technical and market information for this study.

During 2006, the mandate for Micon International Limited (“Micon”) and Met-Chem Canada Inc. (“Met-Chem”) changed significantly in order to complete the NICO feasibility study. Based on the inclusion of the acquisition by Fortune pursuant to an agreement entered into in late 2005 of the mill and other buildings, major process equipment and inventory from the Golden Giant Mine at Hemlo, Ontario, owned by Newmont Canada Limited (collectively the “Hemlo Mill”) and ongoing analysis, estimates of projected operating costs were lower than what had initially been forecast, resulting in an increase in the available resource. This increase would significantly extend the projected life of the mine at the previously contemplated 3,000 tonnes per day (“tpd”) production rate and would be an inefficient use of capital. The original production rate had been determined by the capacity of an autoclave and ancillary process equipment that the Company proposed to purchase from a third-party supplier that had recently closed their mine. The crushing and grinding circuits of the Hemlo Mill can accommodate a production rate of approximately 4,000 tpd or 1.4 million tonnes per annum (“Mtpa”), which would produce a more efficient mine life for the available resource. The feasibility study mandate was modified accordingly, resulting in a delay in the completion of the study. This change in scope for the study resulted in establishing mine scheduling and mine equipment for the 4,000 tpd scenario, re-sizing equipment, securing quotes and assessing the design changes for the process plant. The feasibility study was completed in January 2007 (the “Micon 2007 Study”). Micon’s project manager responsible for the Micon 2007 Study was Ian Ward, P.Eng. a Qualified Person for the purposes of NI 43-101. See “Mineral Projects - NICO Gold-Cobalt-Bismuth Deposit”.

A bulk sampling program was carried out at NICO between March and October 2006. The program began with mobilizing equipment, fuel and supplies over a government winter road to the site, 80 kilometres north of the highway between Yellowknife and Edmonton, Alberta. Mining consisted of establishing an underground access portal and driving 750 metres (“m”) of 5 by 5 m ramp development at a minus 15% gradient toward the sampling site 145 m beneath the surface as well as re-muck and safety bays. Approximately 57,000 tonnes of waste rock was mined from the ramp and is being used as clean aggregate for site work and improving access roads. An additional 100 m of lateral development was driven through the Lower Gold Zone of the NICO deposit to extract the mineralized material for the composite bulk sample. Mining and environmental conditions were assessed and determined to be excellent for large scale mining operations. KeTe Whii – Procon, a joint venture between the Tlicheo, Yellowknife and Lutsel K’e Dene First Nations and Procon Mining and Tunnelling Ltd. of Burnaby, British Columbia (“KeTe Whii – Procon”) was contracted to conduct the program.

The deposit’s Lower Gold Zone was intersected over 50.5 m in width, 5 m greater than had been predicted. Mining terminated in mineralized material indicating the width of the zone is likely larger. A total of 3000 tonnes of mineralized material was mined and brought to surface for preparation of the bulk sample. A composite sample of 250 tonnes of mineralized material from the above material was bagged and is awaiting shipment in early 2007 to SGS Mineral Services (“SGS”) for large-scale pilot plant testing. Bench scale and small-scale pilot plant testing has already been completed at SGS to determine and verify the metallurgical flow sheet and metal recoveries. Samples of gold bullion, cobalt cathode and bismuth concentrate will also be produced in the pilot plant for product testing by future customers. Fortune is also considering ways to upgrade the bismuth concentrate to metal and production of other value added products.

Garett Macdonald, M.B.A., P.Eng., and Robin Goad, M.Sc., P.Geo., were the Qualified Persons responsible for the 2006 NICO bulk sample.

The last of three infill holes drilled in the spring to confirm what the Company believes is good potential to extend the gold-rich areas of the deposit was logged and samples were sent to ALS Chemex labs in North Vancouver for assay. Additional geotechnical holes were also drilled to assess ground conditions for construction of the tailings dams and process plant foundations. That drilling confirmed that ground conditions are excellent and will not present any adverse conditions for mine construction. Robin Goad is the Qualified Person responsible for the drilling program.

Golder Associates Limited (“Golder”) conducted environmental and geotechnical studies at NICO for use in the EA and mine permitting processes. Additional hydrology, meteorology, air and water quality, wildlife and vegetation surveys were recently carried out and will be used with existing data to establish baseline conditions in order to assess any impacts from mine development.

The Company closed the transaction to purchase the Hemlo Mill on August 31, 2006. Portions of the Hemlo Mill will be relocated to the NICO site to mitigate the effects on project capital of increasing steel and equipment costs. Under the terms of the purchase agreement, Fortune originally had three years to remove the assets from the Golden Giant Mine site and is not required to rehabilitate the site. Fortune has reached an agreement in principle with the owner of the Golden Giant Mine site to extend the deadline for removal of the assets from the site until April 1, 2011.

At December 31, 2006, Fortune had working capital of \$12,524,245 and assets of \$60,236,785.

Year Ended December 31, 2007

During 2007, exploration expenditures by the Company on its properties were \$15,898,963. Again, these expenditures were focused on NICO and Klappan.

The Company’s 2007 focus at Klappan was primarily on identifying and completing additional environmental baseline studies for the proposed mine site and 100km access road to be built for truck haulage of coal products to the port of Stewart, compiling reports for submission in support of the EA, additional engineering related to access road and the undertaking of a slurry pipeline transportation study. RESL and RTEC carried out the environmental related work including a pump test to model the volumes and quality of water that would be encountered in the proposed mine during operation and ongoing fisheries, hydrology, wetland, meteorology, rock geochemistry and visual assessment studies to assess and reduce environmental impacts and design mitigation strategies. Allnorth carried out additional engineering work and updated cost estimates related to access road. Marston was retained to undertake a preliminary economic assessment for the transportation of coal products from Klappan using a buried slurry pipeline as opposed to the rail and truck haulage options that were assessed in the 2005 FS. Three alternative route options were considered to access the two ports, Stewart and Prince Rupert, available to the project. Based on the preliminary assessment, the Company commissioned a more detailed assessment for completion in 2008.

The ToR was not completed in 2007 due to possible revisions to the project description as a result of the transportation studies and engineering work that is underway. The ToR remains in draft form due to the activities undertaken during 2008 as described below. Fortune plans to prepare and file its EA application for its environmental certificate upon finalizing the ToR. (An electronic copy of the draft ToR, and information regarding the EA process are available at www.eao.gov.bc.ca.)

During 2007, the governments of Alaska and Yukon Territory reported the results of its feasibility study to assess connecting Alaska to the rest of North America by rail. The study recommends a connection that would run from the Alaska Railroad at Delta Junction, extend southeast through the Yukon and British Columbia along the existing rail right of way to the Little Klappan River near Klappan and then connect with the Canadian National Railway at New Hazelton. This study noted the merits of a staged build from British Columbia and/or Alaska. The Company will continue to follow the updates and activities related to this study.

During 2007, the Company carried out an additional phase of bulk sampling at NICO between March and October. The program began with dewatering of the mine workings from the 2006 program followed by the deepening and extending of the ramp an additional 325 m to a depth of 200 m below surface where 300 m of lateral development work was conducted to intersect a second level in the lower ore zone. Also an “Alimak” raise was driven to surface to provide ventilation for the underground part of the mine and emergency access. Approximately 3,600 tonnes of ore were mined from the lower ore zone during the 2007 program as well as approximately 33,000 tonnes of waste

rock to be used for construction and road aggregate. The 2007 underground test mining program was carried out by KeTe Whii – Procon.

From the approximately 6,000 tonnes of ore from two levels of the deposit, two composite samples were produced from the ore in order to simulate average operation condition for the mine. The first sample of 140 tonnes had grades representing a blend of the underground and open pit ores indicative of the first two years of production from the mine and the second 40 tonne sample consisted of grades representative of the average open pit ore indicative of the grades that will be produced in years 3 to 15 of the mine. Within these two composite samples, a number of sub-composites were prepared to represent the variability of ore grades expected during mine operations. These samples were shipped to SGS for pilot plant testing which commenced in November 2007 and will continue through much of 2008. Fortune retained Aker Metals, a division of Aker Solutions Canada Inc. (“Aker”) to prepare a Metsim® model for the processing of NICO ores based on the flow sheet published in the 2007 feasibility study and the potential modifications identified from test work completed by SGS demonstrating the ability to produce an upgraded bismuth bullion (metal) product from concentrate at the project site. The model is being used to predict, compare and monitor design and operation parameters in the pilot plant. The pilot plant test results will also be used to help produce products for environmental characterization of the waste streams that will come from the NICO process plant. This data was used in support of the applications for mine permits submitted to the Wek’ èzhi’i Land and Water Board in early 2008. Samples of gold bullion, cobalt cathode and bismuth cement or metal will be produced in the pilot plant for product testing by future customers.

Fortune has an experienced team of metallurgists and engineers that has been working on the metallurgical treatment of NICO ores for many years. The pilot plant and process engineering for the NICO plant is being supervised by Michael Samuels, B.Eng., Fortune’s Director of Technical Services. Fortune also has an owner’s team of independent consultants that has been assembled in support of the pilot plant study with Klaus Konigsmann, P.Eng. supervising flotation components, and Al Hayden, P.Eng. and Joe Ferron, Ph.D. overseeing hydrometallurgical processing. In addition, the SGS team is being led by Alex Mezei, P.Eng. (the Qualified Person for NI 43-101), Dan Imeson, M.Sc., and Ron Molnar, Ph.D.

Additional environmental surveys were also undertaken at the proposed mine site and access and power corridors.

In 2007 the Company moved ahead with preparation for the relocation to NICO of the Hemlo Mill including the hiring of employees to move important equipment for reconditioning and to facilitate dismantling of the building commencing in 2008.

Fortune also purchased the minority interest in the NICO project held by Candou Industries Inc. (“Candou”), a company controlled by Fortune’s Chairman. Pursuant to the agreement, the Company issued to Candou 1,000,000 common shares of Fortune and 100,000 common share purchase warrants. In addition, Fortune transferred its 30% interest in Formosa and the Company’s receivable from Formosa to Candou.

At December 31, 2007, Fortune had working capital of \$22,679,084 and assets of \$90,353,718.

Year Ended December 31, 2008

During 2008, exploration expenditures by the Company on its properties were \$14,239,744. Again, these expenditures were focused primarily on NICO and Klappan.

The Company’s 2008 activities at Klappan included finalizing environmental baseline studies for the proposed mine site and 100km access road and compiling reports for submission in support of the EA, completion of the preliminary economic assessment for the transportation of coal products from Klappan using a buried slurry pipeline as opposed to the rail and truck haulage options that were assessed in the 2005 FS and an update to the 2005 FS (the “Marston 2008 Study”). This update was initially conducted using a Canadian dollar to United States dollar exchange rate of C\$1.03 = US\$1.00, but this exchange rate materially changed over the next few months and the economics were re-stated again using an exchange rate of C\$1.20 = US\$1.00. Highlights from the Marston 2008 Study with the lower Canadian dollar adjustment in brackets where applicable are as follows: confirmation of in-situ reserves of 102 Mt for a minimum 20-year mine life at the planned production rate of 3 Mtpa; capital costs of \$617.2 million (\$655 million) to be incurred over the first 3 years; cash costs FOB loading vessel average US\$103.59 (US\$91.03)/tonne of premium PCI coal; base case pre-tax IRR of 28.9% (40.9%), and 8% discounted NPV of \$702.7 million (\$1,280 million) at a coal price of US\$175/product tonne of premium PCI in years 1-5,

dropping to US\$150/product tonne for the remainder of the mine life; coal price sensitivities with pre-tax IRR up to 86.6% (101.9%) and 8% discounted NPV of \$3.8 billion (\$4.9 billion) at a coal price of US\$300/product tonne of premium PCI (the price at the time the report was issued) and lower coal price sensitivities indicating robust economics at lower coal prices; significant opportunities for improvement of project economics through alternative transportation options, infrastructure initiatives and conducting work to upgrade resources and expand the production rate. Richard Marston P.E. was the Qualified Person responsible for the Marston 2008 Study.

Fortune also retained CIBC World Markets Inc. to act as the Company's financial advisor in assessing and pursuing strategic alternatives for the advancement of Klappan.

During 2008, Fortune engaged Micon to update the Micon 2007 Study (the "Micon 2008 Study") as a result of the materially improved flotation recoveries that were proven in the pilot plant test of NICO ores that was conducted at SGS. The capital and operating costs were not updated as part of this exercise and the Micon 2007 Study numbers were used with no provision for inflation or capital cost escalations. The Micon 2008 Study did, however use updated metal price and currency exchange rate assumptions including, US\$20/pound ("lb") for cobalt ("Co"), US\$750/ounces ("oz") for gold ("Au") and US\$10/lb for bismuth ("Bi") as well as a Canadian dollar to United States dollar exchange rate of C\$1.03 – US\$1.00. These assumptions indicated a base case pre-tax IRR of 32.3% and an 8% discounted NPV of \$360.7 million for the NICO deposit development. Using the same currency exchange rate and the metal prices at the time the study was completed (US\$50/lb for Co, US\$925/oz for Au and US\$16/lb for Bi) indicated a 97.2% pre-tax IRR and 8% discounted NPV of \$1.5 billion. The operating and capital costs are to be re-assessed after completion of the hydrometallurgical part of the pilot plant nearing completion at SGS, and the front-end engineering work for the development currently being conducted by Aker. Ian Ward, P.Eng. was the Qualified Person responsible for the Micon 2008 Study.

The Company selected Tri-Venture FE&C Limited ("TV FE&C") as the primary contractor to conduct the dismantling of Hemlo Mill. By year-end, substantial progress had been made towards salvaging the equipment and buildings to be used at NICO and demolishing the balance of the facilities.

The Company also received a new resource estimate for the Sue-Dianne deposit from Micon and P&E Mining Consultants Inc. ("P&E"). Sue-Dianne is located in the Northwest Territories, approximately 24km north of NICO. At a 0.4% copper cut-off, the mineral resource includes Indicated Resources of 8,444,000 tonnes, grading 0.8% copper ("Cu"), 3.2 grams per tonne ("g/t") silver ("Ag") and 0.07 g/t Au ("Au"), plus an inferred resource of 1,620,000 tonnes, grading 0.79% Cu, 2.4 g/t Ag and 0.07 g/t Au. Mr. B. Terrence Hennessey, P.Geo. and Mr. Eugene Puritch, P.Eng. were the Qualified Persons responsible for the mineral resource estimate in accordance with NI 43-101.

At December 31, 2008, Fortune had working capital of \$6,492,241 and assets of \$99,286,206.

Significant Acquisitions and Significant Dispositions

Fortune did not make any significant acquisitions or dispositions during the year ended December 31, 2008.

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DESCRIPTION OF THE BUSINESS

General

Fortune is a diversified natural resources company. Its common shares are listed on The Toronto Stock Exchange (“TSX”) under the symbol “FT”. Fortune is involved in the exploration and development of coal, specialty metals, base metals and precious metals, primarily in the Northwest Territories and British Columbia. Projects at advanced stages of exploration and development include the NICO and Sue-Dianne projects in the Northwest Territories as well as the Klappan project in British Columbia.

Risk Factors

The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing, exploration and development of mining properties. The risks below are not the only ones facing the Company. Additional risks not currently known to the Company, or that the Company currently deems immaterial, may also impair the Company’s operations. If any of the following risks actually occur, the Company’s business, financial condition and operating results could be adversely affected.

Nature of Mineral Exploration and Mining

At the present time the Company does not hold any interest in a mining property in production. The Company’s viability and potential success is based on its ability to develop, exploit and generate revenue from mineral deposits. The exploration and development of mineral deposits involve significant financial risk over a significant period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of a mine may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that the current or proposed exploration and development programs on the properties in which the Company has an interest will result in a profitable commercial mining operation.

The operations of the Company are subject to all of the hazards and risks normally incident to exploration and development of mineral properties, any of which could result in damage to life and property, the environment and possible legal liability for any and all damage. The activities of the Company may be subject to prolonged disruptions due to weather conditions depending on the location of the operations in which the Company has interests. Hazards, such as unusual or unexpected geological structures, rock bursts, pressure, cave-ins, flooding or other conditions may be encountered in the drilling and removal of material. While the Company may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks are such that liabilities could exceed policy limits or could be excluded from coverage. There are also risks against which the Company cannot insure or against which it may elect not to insure. The potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage or associated with compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings and competitive position of the Company and, potentially, its financial position.

Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size and grade, proximity to infrastructure, financing costs and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Limited Financial Resources

The existing financial resources of the Company are not sufficient to bring any of its properties into commercial production. The Company will need to obtain additional financing from external sources and/or find suitable joint venture partners in order to fund the development of the Klappan and NICO properties. There is no assurance that the Company will be able to obtain such financing or joint venture partners on favourable terms, or at all. Failure to obtain financing or joint venture partners could result in delay or indefinite postponement of further exploration and development of the Company’s properties.

Dependence on Key Personnel and Limited Management Team

Fortune is dependent on the services of its senior management, including Robin Goad, its President and Chief Executive Officer, and a small number of skilled and experienced employees and consultants. The loss of any such individuals could have a material adverse effect on Fortune's operations. In addition, Fortune may need to supplement its existing management team in order to bring any of its projects into production.

Fluctuating Prices

Factors beyond the control of the Company may affect the marketability of coal, cobalt, bismuth, gold or any other minerals discovered. Commodity prices have fluctuated widely and are affected by numerous factors beyond the Company's control. The effect of these factors cannot accurately be predicted.

Permits and Licenses

The operations of the Company require licenses and permits from various governmental authorities. The Company believes that it presently holds all necessary licenses and permits required to carry out the activities which it is currently conducting under applicable laws and regulations and the Company believes it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in regulations and in various operating circumstances. The Company has submitted requisite applications for land use and water licenses in order to construct and operate a mine at its NICO project. As a result, an environmental assessment of the project has been triggered and the applications are subject to review or approval by certain regulatory bodies and First Nations. In addition, the Company is navigating the environmental assessment process related to its Klappan project. Subject to receiving an environmental certificate from this process, the Company is still required to apply and obtain mining permits in order to build and operate a mine. There can be no assurance that the Company will be able to obtain all necessary licenses and permits required to carry out future exploration, development and mining operations at its projects.

Competition

The mineral exploration and mining business is competitive in all its phases. The Company competes with numerous other companies and individuals, including other resource companies with greater financial, technical and other resources than the Company, in the search for and the acquisition of attractive mineral properties, the acquisition of mining equipment and related supplies and the attraction and retention of qualified personnel. The ability of the Company to acquire properties, purchase required equipment, and hire qualified personnel in the future will depend not only on its ability to develop its present properties, but also on its ability to identify, arrange, negotiate, select or acquire suitable properties or prospects for mineral exploration, source suitable equipment and hire qualified people. Based on the feasibility studies prepared for its two principal properties, the estimated capital costs for the construction of a mine and related infrastructure at NICO exceeds \$200 million and at Klappan, depending on the production profile, exceed \$650 million. In addition, the Company would have to significantly increase its work force if either or both of its principal projects are brought into production. There is no assurance that the Company will continue to be able to compete successfully in the acquisition of building materials, sourcing equipment or hiring people.

Environmental and Climate Change Regulation

The operations of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means standards, enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The Company has carried out and completed significant environmental base line studies to position the Company to successfully complete any required environmental assessment but there is no assurance that environmental certificates can be obtained in a timely manner. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of future operations. The impacts of the Kyoto Protocol, carbon taxes and other potential climate change legislation are difficult to predict and are not yet fully understood. Such impacts may have an adverse effect on the capital and operating cost of the Company's operations or those of its future customers that may materially affect future operations.

Aboriginal Title and Rights Claims

Aboriginal title and rights may be claimed with respect to Crown properties or other types of tenure with respect to which mining rights have been conferred. The Company is not aware of any aboriginal land claims having been formally asserted or any legal actions relating to aboriginal issues having been instituted with respect to the properties other than certain treaty rights established by the Nisga'a and Tlicho for the Klappan and NICO projects, respectively. The Company is aware of certain First Nations that claim certain title and rights with respect to Crown properties related to the Company's projects that may or may not be formally asserted with the Crown in order to seek comprehensive land claim settlements. Further, in 2005, the Company's Klappan property was the subject of a blockade by a group of individuals, most being aboriginals, which required the Company to obtain a court injunction to remove the blockade. There can be no assurance that similar events will not occur or that additional title and rights claims will not be asserted in the future in respect of the Company's properties. The Company is aware of the mutual benefits afforded by co-operative relationships with indigenous people in conducting exploration and development activity and is supportive of measures established to achieve such cooperation including preferential hiring practices, local business development activities, involvement in environmental stewardship and other forms of accommodation. It will also be necessary for the Company to negotiate and enter into appropriate impacts and benefits agreements with relevant First Nations in order to bring its projects into production and there is no assurance that the Company will be able to negotiate such agreements on favourable terms or at all. In addition, other parties may dispute the Company's title to the properties and the properties may be subject to prior unregistered agreements or transfers or land claims by aboriginal peoples, and title may be affected by undetected encumbrances or defects or government actions.

Estimates of Mineral Reserves and Resources May Not be Realized

The mineral reserve and resource estimates published from time to time by the Company with respect to its properties are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations, inaccurate or incorrect geological, metallurgical or engineering work, and work interruptions, among other things. Short-term factors, such as the need for orderly development of deposits or the processing of new or different grades, may have an adverse effect on mining operations or the results of operations. There can be no assurance that minerals recovered in small-scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in resources, grades, stripping ratios or recovery rates may affect the economic viability of projects. The estimated resources described herein should not be interpreted as assurances of mine life or of the profitability of future operations.

The Company has engaged expert independent technical consultants to advise it with respect to mineral reserves and resources and project engineering, among other things. The Company believes that those experts are competent and that they have carried out their work in accordance with all internationally recognized industry standards. However, if the work conducted by those experts is ultimately found to be incorrect or inadequate in any material respect, the Company may experience delays and increased costs in developing its properties.

Health and Safety Matters

The Company's development and exploration projects are affected by various laws and regulations, including those which cover health and safety matters. Existing legislation and regulations are subject to change, the impacts of which are difficult to measure. It is the policy of the Company to maintain safe working conditions at all its work sites, comply with health and safety legislation, maintain equipment and premises in safe condition and ensure that all employees are trained and comply with safety procedures.

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Mineral Projects

The following table provides information on the Company's current properties:

Property and Location	Commodity Sought ⁽¹⁾	Hectares	Fortune Interest
NICO (NWT)	Co, Au, Bi, Cu	5,140	100%
Klappan (BC)	Anthracite coal	16,411	100% ⁽²⁾
Great Slave (NWT)	Cu, Au	2,069	100%
Sue-Dianne (NWT)	Cu, Ag, Au	451	100% ⁽²⁾
Salkeld Lake (NWT)	Cu, Zn, Pb, Au, Ag	116	100% ⁽²⁾
Camsell River (NWT)	Ag	78	100% ⁽²⁾

⁽¹⁾ Co = cobalt, Au = gold, Bi = bismuth, Cu = copper, Ag = silver, Zn = zinc, Pb = lead, Ca = calcium, Cr = chromium, Pt = platinum, Pd = palladium.

⁽²⁾ Subject to third party royalties.

Mount Klappan Anthracite Coal Project

SUMMARY OF TECHNICAL REPORT ON THE LOST FOX MINE FEASIBILITY STUDY

The disclosure set forth herein is principally derived from a technical report entitled "*Technical Report on the Lost Fox Area Thermal Coal Supply Pre-feasibility Study*" dated March 2007 (the "2007 Report"). The 2007 Report was prepared in support of the Marston 2007 Study which assessed a thermal coal-fired power plant development alternative to the anthracite production model reflected in the feasibility study, completed by Marston, of producing anthracite from the Lost-Fox Area of the Project (the "2005 Study"). Both the report entitled "*Technical Report of the Lost Fox Mine Feasibility Study*" dated November 2005 ("2005 FS"), prepared in support of the 2005 Study, and the 2007 Report (collectively the "Marston Reports") were prepared by Marston in compliance with NI 43-101, with Richard R. Marston as the Qualified Person. The Marston Reports have been filed on SEDAR and are available at www.sedar.com. The following information is of a summary nature only and reference is made to the detailed disclosure contained in the 2007 Report, which is incorporated herein by reference.

The Mount Klappan Anthracite Property ("Klappan Property") comprises approximately 16,000 hectares ("ha") located in northwestern British Columbia that are licensed for coal exploration and development by Fortune. Gulf Canada Resources Ltd. ("Gulf") originally licensed and explored the Klappan Property during the 1980's and commenced development of the Klappan Project ("Klappan Project") to explore for and produce anthracite from the Klappan Property. Conoco Canada Resources Ltd. ("Conoco") later acquired Gulf, and in 2002 Fortune purchased the Klappan Project from Conoco.

Geology, Mineralization and Exploration History

The anthracite deposits at the Klappan Property are part of the Klappan Coalfield at the northern end of the Bowser Basin of British Columbia. During the late Jurassic and early Cretaceous periods, the Bowser Basin was filled with sediments deposited from eroding mountains. At the northern end of the basin, the Klappan Formation was deposited in a deltaic environment that was conducive to peat-forming. Buried deeply after millions of years, the ancient peat bogs became anthracite coal. Approximately 1,100 m in thickness, the Klappan Formation contains 33 identified coal horizons of up to 11.8 m in true thickness interbedded with primarily mudstone, siltstone and sandstone. The Klappan Formation and surrounding beds were later deformed during a period of uplifting that caused compression in a northeast-southwest direction and created folds varying from relatively flat to overturned. In some areas of steep folds, reverse faulting has also occurred.

The uplifting and subsequent erosion have resulted in near-surface occurrences and anthracite outcrops at and near the Klappan Property, which Gulf grouped into five different exploration sub-areas named Lost-Fox, Hobbit-Broach, Nass, Summit and Skeena. Gulf later released its licenses over the Skeena Area and significant portions of the Nass and Summit areas.

Gulf's drilling and sampling programs to delineate resources focused primarily on the Lost-Fox Area. Between 1982 and 1988, Gulf conducted a series of summer field programs and geological studies. The field work consisted of surveys and trenching to map near-surface anthracite sub-crops; drilling and logging to locate anthracite seams at depth; and collection of core samples for analysis and driving adits to collect bulk samples from two of the thickest

seams. Also, in 1985 and 1986, Gulf excavated a test pit and mined and processed bulk samples from the I Seam for pilot plant analysis and potential customer test shipments. Gulf's major field programs ended in 1988.

Gulf's field and geological work culminated in several mining project feasibility studies of the Lost-Fox Area completed during 1987 – 1990. Gulf staff and consultants including Marston completed geological interpretation, resource estimates, open-pit mining plans, coal processing and infrastructure plans and transportation and market studies. Gulf published two major feasibility studies, in 1987 and in 1990, with numerous concept and alternative studies developed during the intervening period. Gulf continued to examine alternative development concepts for the Klappan Project through 1994.

In 2002, Fortune acquired the Klappan Project and is currently performing geological, environmental and mine planning studies to develop the Lost-Fox Area. As part of the 2002 acquisition due diligence and subsequent block modeling in early 2004 of Gulf's data and geological work, Marston verified and reported Gulf's resource estimates for the Klappan Project under Paper 88-21 of the Geological Survey of Canada, entitled "A Standardized Coal Resource/Reserve Reporting System for Canada" ("GSC 88-21") that was the standard for NI 43-101. As a result of that work, Marston determined that all exploration areas including Lost-Fox, the Klappan Project contained an estimated 231 Mt of Measured and Indicated resources, 359.5 Mt of Inferred resources and 2.2 billion tonnes of speculative resources. See Marston's "Technical Report on Coal Resource Estimates of the Mount Klappan Anthracite Project Lost-Fox Area, March 2005."

2005 Feasibility Study

In July 2004 Fortune requested Marston to prepare the 2005 Study. Part of the 2005 Study scope of work was to comprehensively review all available geological data and interpretations for the Lost-Fox Area and produce an updated geological model for use in the 2005 Study.

Mineral Resources

After a thorough review of the geological data and aerial photographs of the Lost-Fox Area, Marston concluded that large portions of the area are of a Moderate geology type as defined in GSC 88-21. However, areas of steep dips, overturned structures and significant reverse faults were characterized as Complex geology type. The Measured and Indicated resource estimates were developed, applying the different GSC 88-21 standards required for the two geology types. Therein, Marston reported, under GSC 88-21, Measured and Indicated resources of 143.3 Mt and 15.7 Mt of Inferred resources.

These resources were based on a conceptual pit design with a cutoff strip ratio of 15:1 bank cubic metres ("bcm") per tonne of product for a 50 millimetres ("mm") x 0 mm sized product with an average ash content of 12 % on an air dried basis ("adb"). The 2005 FS was based on producing a 10 % ash adb product that is standard for the PCI markets; however, the 12 % ash adb product is also likely to be marketable to some customers. Based on this assumption, the 15:1 conceptual pit developed for the March 2005 Technical Report was used to define the limits of in-situ resources.

Marston's Measured, Indicated and Inferred anthracite resource estimates in the 2005 FS report are presented on the table below. The Measured and Indicated mineral resources are inclusive of those mineral resources modified to produce mineral reserves.

Lost Fox Area Estimated Anthracite Resources

In-Situ (Mt)			
Measured	Indicated	Total	Inferred
120.6	22.7	143.3	15.7

The resource estimates are classified as Measured, Indicated and Inferred according to the *CIM Definition Standards On Mineral Resources and Mineral Reserves* ("CIMDS") prepared by the CIM Standing Committee on Reserve definitions and adopted by the CIM Council, December 11, 2005, which are incorporated by reference in NI 43-101. For coal resource estimates, the CIMDS incorporates by reference the guidelines of GSC 88-21.

In the 2005 FS, Marston recommended that additional drilling should be performed in the Lost Fox Area to reclassify Inferred resources as Measured and Indicated resources, to confirm near-surface structures that may affect pit development and sequencing, and to collect any additional data that may be required in the environmental permitting and approvals process. Fortune commenced further exploration in a 2005 field program. A total of 2,143 m of drilling was completed through the end of November 2005. Core samples were recovered for testing related to coal quality and environmental studies. The 2005 exploration program results are generally consistent with previous work and will be incorporated in future revisions of the current geological model and resource estimates when all planned exploration drilling and analytical testwork are finished.

Mineral Reserves

CIMDS defines mineral reserves as “the economically mineable part” of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.”

In accordance with CIMDS, Marston estimated Lost-Fox anthracite reserves based on a 20-year mine plan at a rate of 3.0 Mtpa and associated economic studies. The reserves were estimated within an ultimate pit designed on the economics developed for the feasibility study. For initial pit designs, Marston used Lerchs-Grossmann (“LG”) pit optimization tools, which are a standard in the mining industry. A series of nested pits were developed based on a range of commodity prices and estimated unit costs for mining, processing and transporting coal to a port.

The LG pits were then used as a mine plan to develop the lowest cost anthracite to sustain a 20-year mine life. The resulting mining sequence and detailed annual production statistics were used to develop detailed operating and infrastructure cost estimates. For a range of assumed anthracite sales prices, annual cash flows were estimated to calculate IRR. At an estimated price of US\$100 per tonne, the 2005 FS showed attractive rates of return of 34.5 % before tax and 27.7 % after tax for the All Truck Option. The resulting ultimate pit is included as Figure 9, Lost-Fox Area 2005 Feasibility Study – Pits, Dumps and On-Site Infrastructure.

Based on the results of the 2005 FS, Lost-Fox Area anthracite reserve estimates are shown in the table below.

Lost Fox Area Anthracite Reserve Estimates

ROM Coal Reserves (Mt)		Total Reserves (Mt)	Waste (Million bcm)	ROM Coal Strip Ratio (bcm/t)
Proven	Probable			
89.5	16.8	106.3	701.2	6.6

In accordance with CIMDS, the reserve estimates include adjustments to the in situ coal resource estimates for mining losses, out-of-seam dilution and changes in moisture for run-of-mine (“ROM”) coal.

Out of the total Reserves of 106.3 Mt and at an estimated preparation plant yield of 57%, total saleable coal product at 10% ash adb amounts to 60.8 Mt.

Coal Production and Transportation Alternatives

The mineral reserves are established for 3 Mtpa of coal production assuming that all coal is transported by truck to Stewart, British Columbia. The 2005 FS included evaluations of the following three additional operating scenarios.

1. 1.5 Mtpa product coal transported by truck to Stewart.
2. 3.0 Mtpa product coal transported by rail to Prince Rupert.
3. 3.0 Mtpa product coal transported to Stewart and Prince Rupert.

For all cases, the 2005 FS includes a wash plant and supporting infrastructure to be constructed at the site. The plant would initially process ROM coal to produce a 10% ash, ultra-low volatile PCI coal product for export to overseas steel manufacturers. The plant uses standard processing methods of heavy media separation, cyclones and froth floatation equipment to produce yields averaging 60% in the 1.5 Mtpa case and 57% in the 3 Mtpa case. The plant would also be configured to produce other premium anthracite products in the future. Quality data for the 10% Ash PCI product is shown in the table below.

Clean Coal Quality
10% Ash Product (air dried basis)

Specification	Mean
Residual Moisture	0.9%
Ash	10%
Volatile Matter	6.5%
Fixed Carbon	82.6%
Sulphur	0.5%
Gross Calorific Value	31.1 GJ/t
Gross Calorific Value	7423 kcal/kg
Gross Calorific Value	13,352 Btu/lb
HGI	40-45
Size	0-50 mm

The 2005 Study assessed various truck and rail transportation alternatives to the ports of Stewart and Prince Rupert. Additional infrastructure would be required for the Stewart option, the costs for which are included in the study and assumed to be paid by Fortune. Major items include a 60,000 tonne coal storage dome and reclaimer system, a 2,000 tonne per hour ship loader, a new 100 km road between Bell II and the mine site and a company owned and operated truck fleet and supporting maintenance equipment.

The rail option to Prince Rupert involves completing and upgrading the existing Dease Lake rail line from Prince George to the mine site in order to accommodate fully loaded coal unit trains. Establishing this rail connection will allow products from Klappan to be shipped through Prince Rupert or transported by rail to other destinations in North America.

Power for the processing plant and all other facilities will be supplied with diesel generation, although there is a possibility of connecting to the BC power grid along Highway 37, which the BC government is considering extending into the area. Electrical requirements currently total 4.0 and 6.2 Megawatts for the 1.5 Mtpa and 3 Mtpa cases, respectively. Access to the BC power grid would allow for the use of lower operating cost electric-cable shovels and electric-assisted haul trucks.

The 2005 FS included economic evaluations for all cases. All cost estimates and economic analyses are based on 2005 dollars. The table below, Summary of Economic Analyses, shows the results of the three main scenarios using a US\$100 per product tonne price, 10% discount rate and \$0.80 US\$/C\$ long-term exchange rate. The 3.0 Mtpa case to Prince Rupert shown assumes that 50% of the \$217 million cost to complete and upgrade the rail line is borne by Fortune. NPV and IRR and initial capital required to achieve full production are compared for each case.

Summary of Economic Analyses

(All dollar figures are in millions except per tonne amounts)

US\$100 per tonne	1.5 Mtpa to Stewart	3.0 Mtpa to Stewart	3.0 Mtpa to Prince Rupert
Pre-tax IRR	32.0%	34.5%	29.9%
NPV (10%)	\$332	\$603	\$384
Capital Costs	\$275	\$433	\$414

The 2005 market price for low volatile PCI coal was in excess of US\$100 per tonne (FOB) loading vessel. Because of the high carbon and energy content and very low volatile content of Klappan ultra-low volatile PCI coal, Fortune would expect to receive prices at the high end of the PCI range. In addition, the process plant is designed to be able to optimize the production of other premium anthracite products in the event market conditions warrant. Sensitivity of the Klappan Project economics to prices of US\$80, US\$90 and US\$110 per product tonne are shown in the table below.

Sales Price Sensitivity Analyses

(All dollar figures are in millions except per tonne amounts)

US\$110 per tonne	1.5 Mtpa to Stewart	3.0 Mtpa to Stewart	3.0 Mtpa to Prince Rupert
Pre-tax IRR	40.5%	42.7%	38.3%
NPV (10%)	\$469	\$829	\$570
Capital Costs	\$275	\$433	\$414

US\$90 per tonne	1.5 Mtpa to Stewart	3.0 Mtpa to Stewart	3.0 Mtpa to Prince Rupert
Pre-tax IRR	23.3%	25.7%	20.6%
NPV (10%)	\$193	\$369	\$191
Capital Costs	\$275	\$433	\$414

US\$80 per tonne	1.5 Mtpa to Stewart	3.0 Mtpa to Stewart	3.0 Mtpa to Prince Rupert
Pre-tax IRR	13.6%	16.5%	9.4%
NPV (10%)	\$50	\$145	\$-
Capital Costs	\$275	\$433	\$414

A summary of the major capital cost items for the three main production scenarios analyzed is shown below.

Summary of Initial Capital Investments

(All dollar figures are in millions)

Capital item	1.5 Mtpa to Stewart	3.0 Mtpa to Stewart	3.0 Mtpa to Prince Rupert
Mine and Equipment	\$95	\$149	\$149
Process Plant and Facilities	\$77	\$138	\$156
Access Roads	\$53	\$53	-
Off-site Haul Trucks	\$34	\$64	-
Port Upgrades	\$16	\$29	-
Rail Upgrades	-	-	\$109
Total	\$275	\$433	\$414

The estimated capital required to upgrade the existing CN Dease Lake rail line with additional ballast and heavy gauge (115 pound) welded rail to Minaret is \$100 million. An additional \$117 million is the estimated cost for earth and bridge work and extending 115 pound rail to the mine site. A number of existing and proposed resource projects in northwest British Columbia would also benefit from this railway extension. The governments of the United States, Alaska and Yukon are currently co-funding an approximate \$10 million feasibility study of extending railway into Alaska and one of two route options under consideration is the Dease Lake line. Fortune is also in discussions with parties who have expressed interest in participating in the required railway extension and upgrade. Consequently, Fortune believes there is good potential for sharing the railway capital cost. Marston has prepared an analysis of the economics for the 3.0 Mtpa all rail case to Prince Rupert with sensitivity to rail freight rate and Fortune's share of the \$217 million in capital at three coal price scenarios shown in the table below.

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Pre-tax IRR and NPV at 10% Discount Factor

(All dollar figures are in millions except per tonne amounts)

\$27/t Rail Freight Rate						
Fortune's Share of Rail Capital Expenditure	Product Sales Prices (US\$/t)					
	US\$100/t		US\$110/t		US\$90/t	
	<u>IRR</u>	<u>NPV 10%</u>	<u>IRR</u>	<u>NPV 10%</u>	<u>IRR</u>	<u>NPV 10%</u>
None	47%	\$456	62	\$645	32%	\$263
50 percent	30%	\$384	38%	\$570	21%	\$191
100 percent	22%	\$311	29%	\$500	15%	\$119

\$24/t Rail Freight Rate						
Fortune's Share of Rail Capital Expenditure	Sales Price (US\$/t)					
	US\$100/t		US\$110/t		US\$90/t	
	<u>IRR</u>	<u>NPV 10%</u>	<u>IRR</u>	<u>NPV 10%</u>	<u>IRR</u>	<u>NPV 10%</u>
None	52%	\$503	67%	\$693	37%	\$313
50 percent	32%	\$428	41%	\$619	23%	\$239
100 percent	24%	\$358	31%	\$551	17%	\$169

Thermal Coal Supply Pre-Feasibility Study

Subsequent to the 2005 FS, Fortune requested Marston to refine this 2005 FS to include a thermal coal product that could be supplied to a power plant located at or very near Klappan beginning in 2012 for a period of at least 25 years and produce a high value carbon product (premium product) for electric arc furnaces. This premium product will be plus 6 mm, 8 % ash adb anthracite coal. The projected power plant will require about 20 PetaJoules ("PJ") of gross energy per year.

To meet the 25 years of power plant feed required, Marston revised the 2005 FS, which included all infrastructure and equipment necessary to produce the export product. Marston published this study as the 2007 Report in January 2007.

All of the previous work performed for the 2005 FS was relied upon for the Marston 2007 Study. Preparation plant yields were revised based on producing the premium product, and a new mining plan, production schedule and cost estimates were developed. The production schedule was also revised to produce sufficient ROM coal to provide about 1,100 kilotonnes per year of thermal coal to the power plant.

The 2007 Report was developed to support disclosure of technical information associated with the Marston 2007 Study. The Marston 2007 Study is a development alternative to the 2005 FS and in no way is intended to supersede or change the resources and reserves presented in the 2005 FS. If implemented, the Marston 2007 Study alternative will still allow future PCI coal production with appropriate changes to the processing plant.

Detailed operating infrastructure costs and annual cash flows were estimated for the Marston 2007 Study. At a premium coal price of US\$105 per tonne and a thermal coal price of \$2.00 per GigaJoules ("GJ"), IRRs for the thermal case were reasonable at 21.5 % before tax and 15.1 % after tax. The resulting pit is included as Figure 10, Lost-Fox Area Marston 2007 Study - Pits, Dumps and Onsite Infrastructure.

Based on the Marston 2007 Study, Marston concluded the following:

1. Based on current costing data and information from Marston's 2005 Study and 1990 study, the Klappan Property could support a mine-mouth thermal operation with a premium export product.
2. The Lost-Fox Area contains Proven and Probable Reserves of 106.3 million ROM tonnes, which are sufficient to produce about 20 PJ per year of gross energy for almost 100 years from about 1 Mtpa of mixed preparation by-product and ROM coal.

- The Lost-Fox Area contains Measured and Indicated Resources of 143.3 Mt that include the Proven and Probable Reserves.

Recommendations

Marston recommended that Fortune complete the analyses of the samples and interpret the results received from the 2005 drilling program. The complete results should be incorporated into future resource models and mine plans. Additional recommendations are subject to the findings of the current program but would include additional drilling in the Hobbit-Broatch Area and additional bulk samples from the key seams for additional washability testing.

Marston 2008 Study

The 3Mtpa option with coal haulage of product to the port of Stewart previously assessed in the 2005 Study was updated by Marston in 2008. The base case economic analysis for Klappan in the Marston 2008 study assumes a coal price of US\$175/tonne for premium PCI coal for the first 5 years, and then US\$150/tonne for the remainder of the mine life. A summary of the base economics is shown in the table below. The price for ultra-low volatile PCI product at the time this study was completed was between US\$275 and US\$300/tonne. A sensitivity analysis to coal price in increments of US\$25/tonne is shown in the second table below. In all cases the Canadian:US dollar exchange rate is assumed to be C\$1.03 = US\$1.00.

Summary of Economic Analyses (All dollar figures are in millions)

Base Case		
	Pre-tax	After-tax
IRR	28.9%	21.5%
NPV (8% Discount)	\$702.7	\$376.4
Capital (1st 3 years)	\$617.2	

Coal Price Sensitivities

(All dollar figures are in millions except per tonne amounts)

FOBT Price (US\$/t)	Pre-tax IRR	Pre-tax NPV (8% Discount)	After-tax IRR	After-tax NPV (8% Discount)
\$150	20.6%	\$501	15.2%	\$237
\$175	32.7%	\$1,058	25.3%	\$605
\$200	43.8%	\$1,600	34.0%	\$957
\$225	55.0%	\$2,161	42.4%	\$1,319
\$250	65.7%	\$2,711	50.4%	\$1,673
\$275	76.2%	\$3,266	58.4%	\$2,031
\$300	86.6%	\$3,818	66.1%	\$2,387

A summary of the major capital cost items for the proposed Lost Fox development is shown in the table below.

Capital Cost Summary

(All dollar figures are in millions)

Capital Item	Cost
Mine & Equipment	\$206.5
Process Plant & Facilities	\$123.6
Off-site transportation Roads & trucks	\$174.0
Port & Terminal	\$53.6
On-site Infrastructure	\$59.5
Total	\$617.2

This 2008 feasibility study update was conducted using a Canadian dollar to United States dollar exchange rate of C\$1.03 = US\$1.00. However, the exchange rate materially changed over the next few months making the economic analysis outdated. Consequently, the Company requested Marston to re-state the economics for Klappan using an exchange rate of C\$1.20 = US\$1.00. The updated 2008 base case economic analysis used the same price of US\$175/tonne for premium PCI coal for the first 5 years, and then US\$150/tonne for the remainder of the 20-year mine life at a C\$1.00 = US\$0.83 exchange rate. A summary of the base case economics updated from the lower

Canadian dollar is shown in the table below. Updated coal price sensitivity analysis to coal price increments of US\$10 and 25/tonne were also prepared and are presented in the second table below.

Summary of Economic Analyses

(All dollar figures are in millions)

Updated Base Case Economics		
	Pre-tax	After-tax
IRR	40.9%	31.2%
NPV (8% Discount)	\$1,281	\$749
Capital (1st 3 years)	\$656	

Updated Economics at Coal Price Sensitivities

(All dollar figures are in millions except per tonne amounts)

FOBT Price	Pre-tax IRR	Pre-tax NPV (8% Discount)	After-tax IRR	After-tax NPV (8% Discount)	Cash Cost/Tonne
US\$110	7.8%	(8.2)	4.2%	(118.6)	US\$ 84.77
US\$120	14.8%	280.3	10.5%	83.4	US\$ 85.17
US\$130	20.6%	536.0	15.3%	256.1	US\$ 87.14
US\$140	26.0%	789.9	19.9%	427.9	US\$ 88.72
US\$150	31.3%	1,052.1	24.2%	599.3	US\$ 90.00
US\$175	43.6%	1,690.0	33.9%	1,012.9	US\$ 93.55
US\$200	55.9%	2,345.8	43.2%	1,436.0	US\$ 96.63
US\$225	67.8%	2,990.7	52.1%	1,851.9	US\$ 99.94
US\$250	79.3%	3,636.1	60.8%	2,268.2	US\$103.22
US\$275	90.7%	4,281.1	69.1%	2,683.9	US\$106.50
US\$300	101.9%	4,920.7	76.9%	3,095.5	US\$109.90

Note: The cash cost per tonne of coal includes government production royalties, which escalate with higher revenues resulting from increased coal price sensitivity

ENVIRONMENTAL STUDIES AND PERMITTING

Fortune has also retained the services of RESL and RTEC to conduct additional environmental studies, augment historical baseline information and assist the Company in permitting a mine at the Klappan site. Fortune has submitted a project description to the BC EAO and received Section 10 and 11 Orders indicating that the EA process has started and defines the scope, procedures and methods required for the EA of Fortune's project.

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NICO Gold-Cobalt-Bismuth Deposit

SUMMARY OF TECHNICAL REPORT ON THE NICO COBALT-GOLD-BISMUTH DEPOSIT FEASIBILITY STUDY

The disclosure set forth herein is principally derived from a technical report entitled “*Technical Report on the Bankable Feasibility Study for the NICO Cobalt-Gold-Bismuth Deposit, Mazenod Lake Area, Northwest Territories, Canada*” dated February 2007 (the “Micon Report”) prepared by Micon in compliance with NI 43-101, with B. Terrence Hennessey, P.Geo., Eugene Puritch, P.Eng., Ian R. Ward, P.Eng., Klaus V. Konigsmann, P.Eng., Alfred S. Hayden, P.Eng., Kenneth A. Bocking, P.Eng., and Marc Rougier, P.Eng., as the Qualified Persons. The Micon Report was filed on SEDAR on March 4, 2007 and is available at www.sedar.com. The following information is of a summary nature only and reference is made to the detailed disclosure contained in the Micon Report, which is incorporated herein by reference.

Fortune began a program of exploration for iron oxide-hosted copper gold deposits (“IOCG deposits) in the Great Bear magmatic zone (a tectonic subdivision of the Proterozoic Bear Structural Province) in the 1990’s as a result of the similarity of that environment to other major IOCG deposits elsewhere in the world. This led to the identification of the Lou Lake area as a prospective location and to the staking of the NICO claims. (IOCG deposits are also known as “Hydrothermal Iron Oxide-Hosted Replacement deposits” or “Olympic Dam” type deposits.)

Fortune has been actively exploring the NICO property since 1994 and discovered significant mineralization in a number of different zones on the property, including the “Bowl Zone” in 1995. In subsequent years, a number of drilling campaigns, resource estimates and studies were carried out as described below, each campaign and study building on a more complete database than the previous one. Exploration work on the property or offsite studies have been conducted continuously since the Bowl Zone discovery. This zone is the principal mineralized zone of interest on the property and is the subject of the feasibility study for the NICO project.

Fortune also owns the Sue-Dianne deposit, another IOCG deposit, originally discovered by Noranda Inc. (now part of Extrata plc) (“Noranda”) in 1975 and located about 25 km to the northwest of NICO. Sue-Dianne, has an historical reported mineral resource of 24.3 Mt, grading 0.56% Cu and 2.2 g/t Ag, including some 10.6 Mt grading 0.95% Cu and 3.3 g/t Ag. This deposit is not considered in the Micon Report, but the resources at Sue-Dianne were subsequently updated by Micon and P&E. See “Other Northwest Territories Properties” below.

The NICO project is located in the Northwest Territories approximately 160 km northwest of the city of Yellowknife. Access is by air year round using float- or ski-equipped fixed wing aircraft or helicopter. A winter road from the town of Behchoko (formerly Fort Rae) can also be used to access the property and deliver heavy items once a hard freeze up has occurred.

The local topography is somewhat rugged as a result of hydrothermally altered, massive volcanics capping the deposit. These rocks have resulted in hills and valleys ranging from 150 m to 300 m above sea level. The surrounding countryside is somewhat more flat and regular.

Land holdings at the NICO project currently consist of 10 mining leases totalling some 5140 ha. Two of the original claims were taken to lease in 2002 and eight others brought to lease in 2004, after two were allowed to expire. Fortune holds a 90% interest in the property with the remainder being held by Candou, an investment holding company.

Geology, Mineralization and Exploration History

The mineralization at NICO is hosted in brecciated clastic sedimentary rocks of the Snare Group near their unconformity with overlying felsic volcanic rocks of the Faber Group. The mineralization consists of native gold, and cobalt, bismuth and copper sulphide minerals in a series of 40°-dipping stacked stratabound lenses. There are three main mineralized lenses, the Upper Middle and Lower, which are up to 1.5 km in length, 550 m in width (down dip) and 70 m in thickness (across dip).

The host sedimentary rocks have been extensively hydrothermally altered to biotite-amphibole ironstones and schists and biotite-amphibole-magnetite ironstones and schists, an alteration assemblage representing extensive addition of iron and potassium to the rocks. The overlying and capping Faber Group volcanics have also been

extensively hydrothermally altered on a nearly regional scale. They have experienced the emplacement of significant amounts of potassium and the associated development of microcline giving them a distinct and ubiquitous orange-pink hue. This alteration event has been characterized as the largest hydrothermal radiometric anomaly ever detected by the Geological Survey of Canada.

Mineral resource estimates were previously prepared by Mumin in 1997 and 1998, SNC Lavalin in 1999, and Strathcona Mineral Services ("Strathcona) in 2000 (presented in a scoping study in 2002), as well as an updated in-house estimate by Goad and Puritch in 2002. Two of these estimates were accompanied by scoping studies and preliminary economic evaluations. The study results were generally encouraging and each identified further drilling and/or mineralogical and metallurgical studies.

Work conducted since the estimate by Strathcona (2002) includes an additional 33 drill holes. These holes have extended the overall strike length of the deposit, as well as expanded and better defined the deposit including its gold-rich, high grade core and the crosscutting postmineral felsic intrusions. The infill drilling program was also successful in capturing resource blocks stranded from the main portion of the deposit in previous estimates.

Fortune has completed several phases of diamond drilling, totalling 294 holes, between 1996 and 2006. Of these, 291 were available for resource estimation in 2004 and 285 were in the general vicinity of the NICO deposit. Most of the holes fall within the interpreted mineralized extents of the three tabular zones and 216 drill holes are useable for resource estimation. These holes are located between sections 1400 NW and 2800 NW. To date, cobalt-bismuth-gold mineralization at the NICO deposit has been intersected over a strike length of over approximately 1,500 m and the deposit is now essentially closed off by drilling.

Mineral Resources

Micon was retained by Fortune in 2004 to supervise and take responsibility for an updated estimation of the mineral resources for the Bowl Zone at the NICO project. The work was performed by B. Terrence Hennessey, P.Geo., of Micon and Eugene Puritch, P.Eng., of P&E, both Qualified Persons under NI 43-101.

The mineral resource was constrained with a geological model prepared with interpretation input from Robin Goad, P.Geo., Kathryn Neale and Derek Mulligan, all of whom worked for Fortune on the NICO project during 1995 and 1996. Three geological domains were established on each of the Upper, Middle and Lower Zones, based principally on different hydrothermal alteration styles as well as sulphide content and textures noted in the core. These three domains were subdivided into internal and external domains to control the interpolation of gold grades which are generally confined to the core of each of the three lenses.

Grade interpolation of the constrained block model was performed by inverse distance weighting to the power of two ("ID2") for cobalt, bismuth and arsenic/cobalt ratios (necessary for the cutoff calculation) and search parameters determined through variogram analysis. Interpolation for gold was performed by inverse distance weighting to the power of three ("ID3"). Checks were also performed by interpreting all metals by ID2, ID3 and ordinary kriging.

The block model was reported by estimating a net smelter return ("NSR") value for each block using parameters provided from the extensive metallurgical test work and mining scoping studies completed on the deposit. At the time of resource estimation it was anticipated that the upper portions of the deposit (to approximately 75 m below surface) would be mined by open pit methods and the remainder would be mined from underground in order to provide early access to the gold-rich mineralization at the core of the deposit. NSR cutoff grades of \$20.00/t and \$50.00/t, respectively, were used for the open pit and underground resources. The details of this procedure and the cost, exchange rate and commodity price assumptions used for resource estimation are set out in Section 17 of the Micon Technical Report summarizing the feasibility study.

The block model was interpolated in October, 2004, and the mineral resources determined from it were published in an NI 43-101 technical report in November, 2004. Since that time the individual block grades in the block model have not changed. The mineral reserves determined in the feasibility study reported on herein have used different cost, commodity price and exchange rate assumptions than were used in the 2004 mineral resource estimates.

The mineral resources for the Bowl Zone at the NICO project, as determined and reported by Micon in November, 2004 (Hennessey and Puritch, 2004), are set out in the table below. All of the blocks have been coded as Measured or Indicated resources and the mineralization shows good continuity from hole to hole and section to section.

NICO Mineral Resource Summary

Area	NSR Cutoff (\$/t)	Category	Tonnes	Au (g/t)	Bi (%)	Co (%)	As/Co Ratio	NSR (\$/t)
Open Pit	20	Measured	2,718,000	0.46	0.155	0.120	9.6	32.76
		Indicated	5,513,000	0.49	0.126	0.137	10.2	35.11
		Sub Total	8,231,000	0.48	0.136	0.131	10.0	34.33
Underground	50	Measured	1,382,000	3.97	0.192	0.129	6.1	78.17
		Indicated	3,741,000	3.25	0.223	0.170	6.4	79.86
		Sub Total	5,123,000	3.44	0.215	0.160	6.3	79.40
Total Measured + Indicated			13,354,000	1.62	0.164	0.142	8.6	51.62

Fortune has discovered and extensively explored the Bowl Zone on the NICO property. In its 2004 report, Micon recommended to Fortune that it would be justified in performing further development work on the property and to proceed with an advanced economic evaluation of the project such as a bankable feasibility study.

In 2005, Fortune retained Micon to prepare a full feasibility study for the development of the NICO deposit, with Met-Chem contracted through Micon to provide plant engineering and cost estimating. Other participants in the study were engaged directly by Fortune and included Golder, EBA Engineering Consultants Inc. ("EBA"), P&E, KVK Consulting Associates Inc, EHA Engineering Ltd., SGS and RECL. The resource estimate prepared in 2004 forms the basis for the mineral reserve estimate for the mining operation which is the subject of the NICO property feasibility study.

Mineral Reserves

Mineral reserves for the open pit and underground mining operation have been determined based upon operating costs estimated for the annual production rate of 1,460,000 t of ore, metallurgical recovery values determined from testing, metal prices of US\$15.00/lb Co, US\$500/oz Au, US\$4.00/lb Bi, and a US\$/C\$ 0.84 exchange rate. Mining cutoff limits are determined as NSR values based on the above parameters. The mineral reserve estimates are shown in following tables.

Open Pit Mineral Reserve Statement

(Cutoff \$32.21/t NSR)

Classification	Tonnes	Au g/t	Bi %	Co %
Proven Mineral Reserve	7,058,000	1.142	0.160	0.114
Probable Mineral Reserve	13,555,000	0.698	0.158	0.131
Total Mineral Reserve	20,613,000	0.850	0.159	0.125

Underground Mineral Reserve Statement

(Cutoff \$77.13/t NSR)

Classification	Tonnes	Au g/t	Bi %	Co %
Proven Mineral Reserve	231,000	5.318	0.126	0.133
Probable Mineral Reserve	973,000	5.006	0.200	0.147
Total Mineral Reserve	1,204,000	5.066	0.186	0.144

Total Mineral Reserve Statement

Classification	Tonnes	Au g/t	Bi %	Co %
Proven Mineral Reserve	7,289,000	1.274	0.159	0.115
Probable Mineral Reserve	14,528,000	0.987	0.161	0.132
Total Mineral Reserve	21,817,000	1.083	0.160	0.126

Mining, Processing and Infrastructure

The feasibility study is for an operation based on an annual production rate of 1,460,000 t of ore with a combination of both open pit and underground mining. Processing will be by conventional crushing, grinding and flotation to produce gold-bearing cobalt and bismuth concentrates. The cobalt concentrate will be further processed by pressure leaching, ion exchange solution purification and electro-winning to recover cobalt metal. Cyanide leaching of cobalt

leach residue, bismuth concentrate and cleaner flotation tailings yields gold doré. It is anticipated that the bismuth concentrate will be sold to MCP Metalspecialties Inc., with which Fortune has a letter of intent (“LOI”), after the gold content has been recovered by cyanidation.

Waste rock and tailings from the operation will be stored in two impoundments, with some of the tailings area exposed to air and some under water. All water discharged from the impoundments will be treated to reduce contaminant levels before release. The project will be serviced by an all-weather road and electrical power supplied from the expanded Snare River complex. A camp facility will be provided at Lou Lake to house workers during their 4- or 7-day rotations at the site.

Project Development

The main project schedule assumes that all permits (environmental, construction and others) are received prior to the start of each related construction activity. The principal production parameters for the project are summarized in the table below.

NICO Project Principal Life of Mine Production and Cost Parameters

Item	Unit	Quantity
Mine Production, LOM		
Underground mined ore	t (000's)	1,204
Average gold content	g/t	5.066
Average cobalt content	%	0.144
Average bismuth content	%	0.186
Open pit mined ore	t (000's)	20,613.0
Average gold content	g/t	0.850
Average cobalt content	%	0.125
Average bismuth content	%	0.159
Open pit mined waste	t (000's)	80,777.8
Open pit strip ratio	waste:ore	3.9:1
Total contained gold	kg	23,621
Total contained cobalt	t	27,469
Total contained bismuth	t	34,979
Milling rate, annual	t/a	1,460,000
Cobalt concentrate and average metals content	dry t	804,138
Gold	g/t	4.41
Cobalt	%	2.90
Bismuth	%	0.90
Bismuth concentrate and average metals content	dry t	48,760
Gold	g/t	221.81
Cobalt	%	1.20
Bismuth	%	45.00
Metal Recoveries overall for sale		
Gold	%	59.17
Cobalt	%	80.45
Bismuth	%	62.73
Gold in doré	ozs	449,331
Cobalt metal	lbs	48,723,231
Bismuth in concentrate	lbs	48,375,508

A summary of the operating costs for the proposed NICO development is shown in the table below.

Operating Cost Summary

Item	Unit	Quantity
Total operating cost	\$/t ore mined	39.40
Cash cost of cobalt production net of Au, Bi credits	US\$/lb	7.05
Cash cost of gold equivalent ounces	US\$/oz	320.65

A summary of the capital cost items for the proposed NICO development is shown in the table below.

Capital Cost Summary
(All dollar figures are in millions)

Capital Item	Cost
Total pre-production direct capital cost	\$159.0
EPCM cost	\$16.3
Owner's cost and first fill reagents	\$19.4
Contingency allowance	\$18.4
Working capital	\$2.2
Reclamation expenditures	\$15.0
Total	\$230.3

The total elapsed time for construction prior to production commencing is estimated at 35 months. It is influenced by the need to establish the all-weather road and construct a camp prior to the site construction, and in recognition of winter conditions. The power supply from the expanded Snare River hydro-electric complex also must be available during 2010 in order to maintain the scheduled commencement of production.

Project Evaluation

The estimated pre-production capital cost of the facility is \$213.1 million and the life-of-mine operating cost is estimated as \$39.40/t of ore. The cash cost of cobalt production, including gold and bismuth credits, is US\$7.05/lb at base case price assumptions. For the financial evaluation, metal prices representing 24-month trailing averages as of January 15, 2007 have been taken and which are US\$16.50/lb Co, US\$525/oz Au, US\$4.50/lb Bi. The US\$/C\$ 0.84 exchange rate was used.

In the base case, the project yields a pre-tax NPV of \$91.8 million at a discount rate of 8% per annum ("pa"), total net pre-tax cash flow of \$319.3 million and an IRR of 15.3%. After applying applicable taxes, the NPV at 8% pa discount is \$42.6 million, total cash flow is \$210.5 million and the IRR is 11.9%.

Applying January 2007 metal prices to the life-of-mine cash flow model shows a pre-tax NPV of \$484.3 million at a discount rate of 8% pa and IRR of 41.5%. On an after-tax basis, the NPV is \$311.4 million at a discount rate of 8% pa and the IRR is 33.7%.

The financial analysis shows that the project is economically attractive at base case metal prices and very attractive at January, 2007 prices, but is extremely sensitive to the US\$/C\$ exchange rate and cobalt price. However, the effect of variation in cobalt price is reduced if both gold and bismuth prices are maintained at relatively high levels.

Environmental permitting and infrastructure projects are on the critical path for project development.

Recommendations

Micon recommended that Fortune should initiate project financing arrangements and secure off-take agreements for cobalt production. The current LOI with MCP Metalspecialties Inc. for bismuth production should be upgraded to an off-take agreement.

Due to the long lead time for project development, Fortune should continue EA studies and immediately commence environmental permitting activities. Fortune and the local interest groups must pursue commitments by local government for the all-weather road construction. Progress on the Snare hydro-electric expansion is also crucial to the project timing and must be monitored.

Pilot plant metallurgical testing, on the bulk sample collected in 2006, should commence in 2007 as soon as transportation can be effected, so that parameters for detailed engineering design can be confirmed before engineering work must commence.

MICON 2008 Study

In 2008, the Company retained Micon to prepare the Micon 2008 Study to report on the economics of NICO to reflect the improved flotation metallurgical recoveries achieved in the Company's pilot plant that was recently completed at SGS and more current metal price and currency exchange rate sensitivities. The recovery and metal

product improvements achieved in the downstream hydrometallurgical part of the pilot plant were not included in this update. The updated economics were based on the operating and capital cost estimates from the 2007 feasibility study and were not adjusted for inflation or recent cost escalations. The 2008 updated economics for NICO is presented in the tables below. Ian Ward P.Eng. was the Qualified Person responsible for the Micon 2008 Study.

2008 Updated NICO Base Case economics using new flotation metallurgical recoveries

US\$20/lb Co, US\$750/oz Au and US\$10/lb Bi and US\$0.97/C\$1.00

(All dollar figures are in millions except per pound amounts)

	Unit	Update 2008		
		Years 1-2	Years 3-15	Life of Mine Average
Total Metal Recovery				
Gold	%	67.90	56.41	59.54
Cobalt	%	84.58	85.50	85.37
Bismuth	%	69.60	69.66	69.65
Annual Production				
Gold	ozs	70,280	24,074	30,258
Cobalt	lbs	3,622,069	3,434,539	3,459,637
Bismuth	lbs	3,383,777	3,627,101	3,594,535
Cash Operating Costs				
Cobalt Cash Cost (gross)	US\$/lb Co			16.17
Au, Bi credits	US\$/lb Co			(14.76)
Cobalt Cash Cost (net)	US\$/lb Co			1.41
Annual Revenue	\$000's	156.4	118.4	123.5
Annual Operating Costs	\$000's	79.8	53.8	57.3
Annual Operating Cash Flow (Pre-Tax)⁽¹⁾	\$000's	71.8	63.7	64.8
Annual Operating Cash Flow (After Tax)	\$000's	71.4	46.1	49.5
Net Present Value			Pre-Tax	After-Tax
5% Discount			475.7	322.6
8% Discount			360.7	238.2
10% Discount			299.8	193.5
Internal Rates of Return			32.3%	26.7%

⁽¹⁾ Operating Cash Flow is equal to Revenue less both Operating Costs and Capital Costs

2008 updated NPV and IRR sensitivities for select metal price and currency exchange rate scenarios

Sensitivity Scenario	FX rate (US\$/C\$1)	Au Price (US\$/oz)	Co Price (US\$/lb)	Bi Price (US\$/lb)	Pre-Tax 8% NPV (\$ millions)	Pre-Tax IRR
2007 Feasibility Base Case	0.84	525.00	16.50	4.50	143.7	18.3%
2008 Updated Base Case	0.97	750.00	20.00	10.00	360.7	32.3%
April 2008 Metal Prices	0.97	900.00	50.00	16.00	1,499.7	97.2%

2008 Updated NPV sensitivities by unit change

Sensitivity	Unit	Change	NPV impact (\$)
Gold price	US\$/oz	25.00	5,407,000
Cobalt price	US\$/lb	1.00	21,827,000
Bismuth price	US\$/lb	1.00	20,611,000
Exchange Rate	US cents	1.0	7,666,000
Initial Capital Cost	US\$ million	25	16,969,000
Operating Cost	%	10%	36,785,000

ENVIRONMENTAL STUDIES AND PERMITTING

Golder continued to work on environmental baseline studies for the proposed NICO mine site, access corridor and power corridor. They carried out additional geochemistry and geotechnical studies on the various the rocks that would be mined, as well as hydrogeology, hydrology, archaeology, and vegetation, wildlife and fisheries biology studies. Golder is also designing the tailings facilities.

BULK SAMPLING, HEMLO MILL PURCHASE AND OTHER ENGINEERING ACTIVITIES

In 2005, Fortune entered into an agreement with Mindecom Industrial Contractors Limited to purchase the Hemlo Mill. The Hemlo Mill has very compatible crushing and grinding equipment as well as other buildings and flotation equipment that can very materially reduce projected capital costs for the proposed NICO development. The transaction closed on August 31, 2006. In 2006 and 2007, Fortune commenced some of the dismantling and demolition of these assets and sold surplus equipment that were not required for the NICO development. In 2008, Fortune entered into an agreement with Newmont Canada Limited to acquire the buildings and equipment at Golden Giant that it did not already own, including tailings pipe, the administration building and headframe. As part of this transaction, Fortune was granted an extension to store its assets at the Hemlo site until April 2010. The Company also selected TV FE&C as the primary contractor to conduct the major dismantling of the Hemlo Mill. By year-end, substantial progress had been made towards salvaging the equipment and buildings to be used at NICO and demolishing the balance of the facilities.

Fortune entered into an agreement with the KeTe Whii – Procon to conduct an underground bulk sampling program at NICO in 2006 and 2007. KeTe Whii – Procon combines the underground mining expertise of Procon Mining and Tunneling with the Tlichó, Yellowknife and Lutsel K'e Dene first nations. The purpose of the program is to verify the continuity of grades, test mining conditions and collect a representative sample of NICO mineralized material for larger scale pilot plant testing. Phase I of the program was completed in October 2006 with phase II being completed in October 2007. In the spring of 2008, Fortune purchased some of the equipment used by KeTe Whii - Procon at NICO and demobilized the remaining equipment.

Engineering and geotechnical assessments of the proposed all weather access road was prepared by EBA including geotechnical and tailings studies in the vicinity of the mine site.

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Other Northwest Territories Properties

Fortune has other participating interests in mineral claims in the Northwest Territories. They include the 100% owned Sue-Dianne deposit contained in a 451 ha lease, the 2,069 ha Great Slave claims along the south shore of the East Arm of Great Slave Lake, a 100% interest in 78 ha in the Camsell River area between the adjoining past producing Norex and Northrim silver mines near Great Bear Lake and a 100% interest in 116 ha at Salkeld Lake south of Great Slave Lake with copper-silver-gold +/- lead and zinc showings.

The Sue-Dianne lease is located 24 km north of NICO in the Mazenod Lake area of the Northwest Territories. There is an underlying 1.5% NSR royalty payable to Noranda and a 15% net profits interest to the original vendor of the property. Fortune acquired its interest in Sue-Dianne pursuant to a 1996 option agreement whereby Fortune earned a 50% interest by expending \$2 million in exploration of the property over 3 years. Fortune increased its interest in Sue-Dianne to 100% when Noranda did not participate in subsequent work programs.

The Sue-Dianne lease contains the Sue-Dianne deposit, which was discovered in 1975 when Noranda drilled a target identified from earlier geological mapping and geophysical surveys. Drilling by 1977 partly delineated an historical (pre-NI 43-101) resource of 8.16 Mt, grading 0.8% copper and 5.52 g/t Ag. No further work was carried out until Fortune optioned the property as part of a regional approach to exploration in the area. Fortune carried out additional geology and geophysical surveys, environmental, geotechnical engineering and metallurgical studies, and drilled 47 holes by the end of 1998. Additional work consisted of geotechnical engineering and site rehabilitation. Revised resource estimates as set forth below were prepared in early 2008 by Micon and P&E. The processing of mineralization from Sue-Dianne could take place at the proposed 4,000 tonne-per-day NICO processing facility once mining operation have ceased at NICO or at an expanded NICO process plant in the future. However, such an expansion is not presently contemplated and is not part of the NICO mine permit applications submitted. Preliminary metallurgical test work has been conducted on composite samples of core from the deposit at SGS in 1998.

Resources for the Sue-Dianne Copper-Silver Deposit @0.40% Cu Cut-Off Grade

Classification	Tonnes	Cu (%)	Au (g/t)	Ag (g/t)	Cu (million lbs)	Au (oz)	Ag (oz)
Indicated	8,444,000	0.80	0.07	3.2	149.1	19,000	855,000
Inferred	1,620,000	0.79	0.07	2.4	28.3	3,600	122,000

Mineral resources that are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues. The quantity and grade of reported inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.

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DIVIDENDS

To date the Company has not paid any dividends on its shares, and it is unlikely that dividends will be payable in the foreseeable future. The Company anticipates that dividends will only be paid in the event it successfully brings one of its properties into production.

DESCRIPTION OF CAPITAL STRUCTURE

Fortune's authorized share capital consists of an unlimited number of common shares ("Common Shares") without par value, of which 55,550,107 are outstanding as at the date hereof. Holders of Common Shares are entitled to one vote per share at any meeting of the shareholders of the Company, to receive dividends as and when declared by the Board of Directors, and to receive pro rata the remaining property and assets of the Company upon its dissolution or winding-up. The holders of Common Shares have no pre-emptive, redemption, subscription or conversion rights. Modifications to the rights, privileges, restrictions and conditions attached to the Common Shares (including the creation of another class of shares that ranks prior to or on a parity with the Common Shares) requires an affirmative vote of two-thirds of the votes cast at a meeting of the holders of Common Shares.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed on TSX under the symbol "FT". Fortune also has a class of warrants (the "Warrants") listed on the TSX under the symbol "FT.WT". The following tables summarizes the range of trading prices and monthly volumes of the Common Shares and Warrants on the TSX for the most recently completed financial year.

Common Shares

Month	High	Low	Volume
January	\$2.13	\$1.45	1,380,398
February	\$1.80	\$1.55	1,140,588
March	\$1.80	\$1.55	991,973
April	\$1.93	\$1.45	2,569,468
May	\$1.98	\$1.65	1,249,168
June	\$2.60	\$1.71	1,920,846
July	\$2.28	\$1.71	779,616
August	\$1.78	\$1.16	556,214
September	\$1.33	\$0.91	507,364
October	\$1.02	\$0.38	2,576,379
November	\$0.87	\$0.46	1,416,039
December	\$0.55	\$0.39	2,341,967

Warrants

Month	High	Low	Volume
January	\$0.34	\$0.30	30,000
February	\$0.23	\$0.11	184,000
March	\$0.30	\$0.145	22,505
April	\$0.40	\$0.115	97,355
May	\$0.25	\$0.20	124,000
June	\$0.29	\$0.15	1,033,500
July	\$0.28	\$0.175	50,500
August	\$0.15	\$0.10	32,500
September	\$ -	\$-	-
October	\$0.10	\$0.01	391,840
November	\$0.05	\$0.005	958,750
December	\$0.01	\$0.005	197,850

Prior Sales

The only securities that the Company has outstanding that are not listed or quoted on a marketplace are stock options granted under the Company's stock option plan and certain Common Share purchase warrants. Set forth below is information with respect to the stock options issued during the most recently completed financial year. There were no warrants issued during the most recently completed financial year.

Stock options issued during the most recently completed financial year:

Date of Grant	Date of Expiry	Number of Options Granted	Exercise Price of Options Granted
February 28, 2008	February 28, 2013	335,000	\$1.75
March 31, 2008	March 13, 2013	250,000	\$1.60
July 3, 2008	July 3, 2013	55,000	\$2.11
August 11, 2008	August 11, 2013	430,000	\$1.50
September 5, 2008	September 5, 2010	150,000	\$1.30
September 5 2008	September 5, 2013	30,000	\$1.30

ESCROWED SECURITIES

The following table sets for the details of shares of the Company currently held in escrow:

Designation of Class	Number of Securities held in Escrow	Percentage of Class
Common Shares	900,000	1.6%

The shares referred to in the table above were placed in escrow in connection with the transfer to Fortune by Robin Goad and Carl Clouter in 1994 of certain claims that now form part of the NICO property (the "Transferred Property"). In accordance with the securities laws in effect at the time of the transfer, Fortune required the consent of the Director of the Ontario Securities Commission (the "OSC") to complete the transaction. As a condition of granting such consent, the Director required that the shares to be issued to Messrs. Goad and Clouter be escrowed and such shares were deposited in escrow with Jones, Gable & Company Limited ("Jones Gable") pursuant to an escrow agreement (the "Escrow Agreement") dated as of the 23rd day of February, 1995 among Mr. Goad, Mr. Clouter, Fortune and Jones Gable. The escrowed shares held by Mr. Goad were subsequently transferred to Geoscience Technical Inc. ("Geoscience"), a private holding company owned by Mr. Goad.

The Escrow Agreement provides, in effect, that the shares held in escrow thereunder may only be transferred by the holders or released with the consent of the OSC, subject to the exception that:

- (a) one-third of the escrowed shares beneficially owned by each of Geoscience and Mr. Clouter may be released upon the commencement of commercial production on the Transferred Property; and
- (b) following the commencing of commercial production on the Transferred Property, the balance of the escrowed shares may be released within 30 days of the end of each calendar quarter based on an assumed NSR from the property (the "Royalty") in each calendar quarter. The aggregate number of escrowed shares to be released on each release date shall be equal to 3% of the Royalty for the immediately preceding calendar quarter divided by the market price of the common shares of Fortune as of last trading day of such calendar quarter.

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DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following table sets forth certain information with respect to the directors and officers of the Company:

Name, Municipality Of Residence and Present Position with the Company	Principal Occupation	Director Since
GOAD, ROBIN E. Arva, Ontario President, Chief Executive Officer and Director	Geologist/Mining Executive	1989
DOUMET, GEORGE M. ⁽¹⁾ Vancouver, British Columbia Chairman	President and Chief Executive Officer, Federal White Cement Ltd. (specialty cement manufacturer)	1995
BREUKELMAN, WILLIAM A. ⁽¹⁾⁽²⁾ Mississauga, Ontario Director	Chairman, Gedex Inc. (imaging technology development company)	1995
CLOUTER, CARL L. Gander, Newfoundland Director	Commercial Pilot/President, Clouter Enterprises Ltd. (real estate investment company)	1988
KNIGHT, DAVID A. Oakville, Ontario Secretary and Director	Partner, Macleod Dixon LLP, Barristers & Solicitors	2000
EXCELL, JAMES D. ⁽²⁾ Kelowna, British Columbia Director	President of Narego Solutions Inc. (private consulting company)	2005
NAIK, MAHENDRA ⁽¹⁾⁽²⁾ Unionville, Ontario Director	Chartered Accountant and Chief Financial Officer, Fundeco Inc. (private investment company)	2006
CURRIE, JAMES A. Abbotsford, British Columbia Director	Executive Vice President and Chief Operating Officer, New Gold Inc. (public mining company)	2008
KEMP, JULIAN B. London, Ontario Vice President Finance and Chief Financial Officer	Chartered Accountant/Mining Executive	N/A
RINALDI, THOMAS R. London, Ontario Vice President Operations	Mining Engineer/Mining Executive	N/A

⁽¹⁾ Members of the Audit Committee

⁽²⁾ Members of the Compensation Committee

Each of the directors and officers of the Company has held his present principal occupation noted above for the past five years except for Mr. Knight, who from August 2003 to December 2005 was a lawyer with Miller Thomson LLP, Mr. Kemp, who prior to October 2004 was Chief Financial Officer for St Andrew Goldfields Ltd, Mr. Excell, who prior to October 2008 was President and CEO of North American Palladium Inc. and prior to June 2005 was Chairman or President and CEO of BHP Billiton Diamonds Inc., and Mr. Currie, joined the Company as Vice President Operations during 2008 prior to joining New Gold Inc. Prior to 2008, Mr. Currie was Vice President of Operations for Miramar Mining Corporation, prior to that he was the General Manager of Mauritanian Copper Mines S.A. and prior to that, he was President of Luzon Minerals Ltd.

The directors of the Company are elected by the shareholders at each annual general meeting and serve until the next annual general meeting, or until their successors are duly elected or appointed. Officers of the Company are appointed by the board of directors.

As at March 6, 2009, the directors and officers of the Company as a group owned beneficially, directly or indirectly, or exercised control or discretion over an aggregate of 9,499,283 common shares of the Company, which is equal to approximately 17.1% of the issued and outstanding shares of the Company.

The following are brief profiles of the directors and officers of the Company:

William A. Breukelman, M.B.A., P.Eng., B.A.Sc., Director, Mississauga, Ontario.

Bill Breukelman has had an extensive business career in Canada and internationally. He has established businesses, mainly with a technology and imaging focus that have significantly advanced imaging, analytical geochemistry, and geophysics. Among his achievements, Bill co-founded and chaired IMAX Corporation. Bill also was CEO and co-founder of SCIEX. Bill is Chairman of Gedex Inc. with its industry changing, high definition airborne gravity gradiometer system. Gedex received the Mining Journal's first internationally adjudicated award for research which recognized that Gedex is expected to have the most significance for mining in the future. Bill also received a special achievement award in 2005 from the Prospectors and Developers Association of Canada.

The Honorable Carl L. Clouter, Director, Gander, Newfoundland.

Carl Clouter is a commercial pilot who owned a charter airline service in the Northwest Territories. Carl has been active in mineral exploration and prospecting carried out in conjunction with more than 35 years of flying throughout remote areas of Canada. Carl also served as a Sentencing Justice of the Peace and a member of the board for the mineral development assistance program for the Government of the Northwest Territories.

James (Jim) Currie, P.Eng. Director, Abbotsford, British Columbia.

Jim Currie is a mining engineer with over 30 years of experience in the mining industry, having worked on projects in North and South America, Asia and Africa. Currently, Jim is Executive Vice President and Chief Operating Officer with New Gold Inc., a mid-tier gold producer. Jim was previously the Vice President Operations for Miramar Mining Corp. in Vancouver and was responsible for the development of Miramar's 10 million ounce gold resource at Hope Bay in the Canadian Arctic. Prior to that, he held the position of General Manager of Mauritanian Copper Mines SA.

George M. Doumet, M.Sc., M.B.A., Chairman, Vancouver, British Columbia.

George Doumet is a chemical and nuclear engineer who has founded and owns a number of industrial companies. He is President and Chief Executive Officer of Federal White Cement Ltd., a specialty cement manufacturer, and investment holding companies. George is also a Principal in other businesses involved in the production, marketing and distribution of specialty building products, chemicals and industrial minerals.

James D. Excell, B.A.Sc., Director, Kelowna, British Columbia.

Jim Excell is President of Narego Solutions Inc. a private consulting company. During a career spanning more than three decades with BHP Billiton, Jim served as a senior executive and managed and developed some of the world's premier mining projects. They included metallurgical and thermal coal mines in Australia and the United States and the Ekati Diamond Mine and Island Cooper Mine in Canada. More recently, Jim was the CEO of North American Palladium Inc., a mining company involved in the production of platinum group metals, nickel and copper. Jim is also a director of Diamondex Resources Ltd. and the Prospectors and Developers Association of Canada.

Robin E. Goad, M.Sc., P.Geo., President, Chief Executive Officer, and Director, Arva, Ontario.

Robin Goad is the President and CEO of Fortune. He is a geologist with more than 28 years of experience in the mining and exploration industries. Robin previously worked for major mining companies including Noranda and Teck, and as a consultant for junior resource companies and government in Canada and internationally. He co-founded Fortune in 1988. Robin also serves as a director of the Northwest Territories and Nunavut Chamber of Mines.

David A. Knight, B.A., LL.B., Secretary and Director, Oakville, Ontario.

David Knight is a partner with Macleod Dixon LLP, Barristers & Solicitors, a major Canadian law firm, with extensive experience in the resource sector. David specializes in all areas of securities law, including public and private financings, take-overs, stock exchange listings, mergers and acquisitions and regulatory compliance. He acts for a number of investment dealers and resource companies. David also serves as a director of Freegold Ventures Limited. David is a member of the Law Society of Upper Canada and the Canadian Bar Association.

Mahendra Naik, Director, Unionville, Ontario.

Mahendra Naik is a Chartered Accountant and was one of the founding directors and key executives in starting IAMGOLD Corporation, a TSX and NYSE listed gold mining company. As Chief Financial Officer from 1990 to 1999, he was involved in the negotiations of the Sadiola mine joint venture with Anglo American and the US\$300 million in project debt financing for development of the mine. In addition, he was involved in more than \$150 million in equity financings including the IPO for IAMGOLD. Mahendra is currently the Chief Financial Officer of Fundeco Inc, a private investment company and a director and member of the audit committee for IAMGOLD.

Julian Kemp, B.B.A., C.A., Vice President Finance and Chief Financial Officer, London, Ontario.

Julian Kemp is a chartered accountant with more than 20 years of professional experience primarily in the mining and exploration industries. Julian has had a progressive career having previously worked for various junior resource companies exploring, developing and mining coal and precious metals both in Canada and internationally. Julian Kemp also serves as a director of Sierra Minerals Inc. ("Sierra"), Claim Post Resources Inc. and previously served as an officer and/or director of other TSX and TSX Venture Exchange listed mineral exploration companies.

Thomas Rinaldi, B.Sc., (Mining Engineering) Vice President Operations, London, Ontario.

Tom Rinaldi is a mining engineer with more than 25 years of senior management and operations experience in the mining and exploration industries in the United States and Peru. Tom's extensive experience includes work with a number of large, mid-tier and small mining companies, including Magma Copper, USMX, Mineral Ridge Resources, Minerex Resources, Equatorial Tonopah, and United Salt. He has held senior management positions in both open pit and underground mining operations and has supervised engineering, permitting and the construction of new projects.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as described below, no director or executive officer of the Company is, as at the date of this Annual Information Form, or was within 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including the Company), that:

- (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or
- (b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Julian Kemp, Vice President and Chief Financial Officer of the Company, while a director of Sierra was subject to a cease trade order issued on April 4, 2007 related to the securities of Sierra. The cease trade order was issued pursuant to Sierra's failure to file its annual financial statements and management discussion and analysis by the required date. Sierra subsequently filed all of its required continuous disclosure documents and the cease trade order lapsed on June 28, 2007.

Except as described below, no director or executive officer of the Company, and no shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- (a) is, as at the date of this Annual Information Form, or has been within the 10 years before the date of this Annual Information Form, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or
- (b) has, within 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

David A. Knight, the Secretary and a director of the Company, resigned as a director of Armstrong Corporation ("Armstrong"), a manufacturer and distributor of specialty chemicals, on September 26, 2002. On January 20, 2003 Deloitte & Touche was appointed by a secured creditor of Armstrong as receiver manager of the assets of Armstrong and on March 13, 2003 Armstrong was petitioned into bankruptcy by such creditor.

Conflicts of Interest

Some of the directors and officers of Fortune also serve as directors and/or officers of other companies and may be presented from time to time with situations or opportunities which give rise to apparent conflicts of interest which cannot be resolved by arm's length negotiations but only through exercise by the directors and officers of such judgment as is consistent with their fiduciary duties to the Company which arise under Ontario corporate law, especially insofar as taking advantage, directly or indirectly, of information or opportunities acquired in their capacities as directors or officers of the Company. All conflicts of interest will be resolved in accordance with the appropriate business corporation statute. Any transactions with directors and officers will be on terms consistent with industry standards and sound business practices in accordance with the fiduciary duties of those persons to the Issuer and, depending upon the magnitude of the transactions and the absence of any disinterested board members, may be submitted to the shareholders for their approval.

None of the current directors or officers of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, in any transactions of the Company or in any proposed transaction which, in either case, has or will materially affect the Company.

LEGAL PROCEEDINGS

As at the date hereof, Fortune is not a party to and none of Fortune's properties is the subject of any material legal proceedings.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer of Fortune, no person or company that is the direct or indirect beneficial owner of or who exercises control or direction over more than 10 percent of Fortune's common shares, and no associate or affiliate of any of the foregoing, has or has had any material interest, direct or indirect, in any transaction during the three most recent financial years or during the current financial year that has materially affected or will materially affect the Company.

TRANSFER AGENTS AND REGISTRARS

Computershare Investor Services Inc. at its principal office in Toronto is the registrar and transfer agent for the Common Shares and Computershare Trust Company of Canada at its principal office in Toronto is the warrant agent for the Warrants.

MATERIAL CONTRACTS

Fortune did not enter into any contract during the most recently completed financial year, and has not entered into any contract since January 1, 2002 that is still in effect, that may be considered material to Fortune, other than material contracts entered into in the ordinary course of business not required to be filed under National Instrument 51-102-*Continuous Disclosure Obligations*.

INTERESTS OF EXPERTS

Certain disclosure with respect to the Company's properties contained herein or in other filings made by the Company under National Instrument 51-102 during, or relating to, the Company's most recently completed financial year is derived from reports prepared by Marston Canada Inc., with Richard R. Marston as the Qualified Person, and Micon International Ltd., with Terrence Hennessey, Eugene Puritch, Ian Ward, Klaus Konigsmann, Alfred Hayden, Kenneth Bocking and Marc Rougier as the Qualified Persons. As at the date hereof, each of such persons owns directly or indirectly, less than 1% of the outstanding shares of the Company.

Ernst & Young LLP, the Company's auditor, is independent in accordance with the applicable rules of professional conduct of the Institute of Chartered Accountants of Ontario.

AUDIT COMMITTEE

The Company's Audit Committee is responsible for monitoring the Company's systems and procedures for financial reporting and internal control, reviewing certain public disclosure documents and monitoring the performance and independence of the Company's external auditors. The Audit Committee is also responsible for reviewing the Company's annual audited financial statements, unaudited quarterly financial statements and management's discussion and analysis of financial results of operations for both annual and interim financial statements and review of related operations prior to their approval by the full board of directors of the Company.

The Audit Committee's charter sets out the responsibilities and duties, qualifications for membership, procedures for committee member removal and appointments and reporting to the Company's board of directors. A copy of the charter is attached hereto as Schedule "A".

The members of the Company's current Audit Committee are William A. Breukelman, George Doumet and Mahendra Naik. Each of Messrs. Breukelman, Doumet and Naik are "independent" and "financially literate" within the meaning of such terms as defined in Multilateral Instrument 52-110 - *Audit Committees*.

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Relevant Education and Experience

Set out below is a description of the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member:

Name	Independent	Financially Literate	Relevant Education and Experience
William A. Breukelman	Yes	Yes	MBA with extensive management experience in the development and growth of several businesses
George Doumet	Yes	Yes	MBA with extensive management experience, ownership and investment holdings in numerous significant businesses
Mahendra Naik	Yes	Yes	Chartered Accountant with mining and investment industry experience

Pre-Approval Policies and Procedures

The Audit Committee charter provides that all non-audit services by the Company's external auditors require pre-approval by the Audit Committee.

External Auditor Service Fees

Audit Fees

The aggregate audit fees billed by the Company's external auditors during the financial year ended December 31, 2008 was \$48,000 (2006 – \$32,000). These billings primarily related to the auditing services for the year ended December 31, 2007. A portion of the billings related to the auditing services for the year ended December 31, 2008.

Audit-Related Fees

The aggregate audit related fees billed by the Company's external auditors during the financial year ended December 31, 2008 were \$21,000 (2006 - \$50,000).

Tax Fees

The aggregate tax fees billed by the Company's external auditors during the financial year ended December 31, 2008 were \$18,600 (2006 - \$9,300). These billings related to the preparation of the December 31, 2007 income, capital and resource tax returns of the Company and its subsidiary and associated companies, the re-filing of certain prior period returns to effect certain tax planning, and other tax advisory services.

All Other Fees

The Company's external auditors have not provided any services other than those described above in the past two fiscal years.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under equity compensation plans is contained in the Company's information circular for its most recent annual meeting of shareholders. Additional financial information is provided in the Company's audited consolidated financial statements and management's discussion and analysis for its most recently completed financial year ended December 31, 2007.

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SCHEDULE “A” - AUDIT COMMITTEE CHARTER

- Composition
 - The audit committee (the "Committee") will be composed of three directors, all of whom are “financially literate” and “independent”, as such terms are defined in *Multilateral Instrument 52-110 – Audit Committees* (the “Audit Committee Rule”). A quorum will be two directors.
 - Members will have a one-year renewable term with no more than two members rotating in a given year.
 - Any member may be removed and replaced at any time by the Board and will automatically cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies in the Committee by election from among the members of the Board to hold office until the next annual meeting of shareholders of the Corporation. If and whenever a vacancy exists on the Committee, the remaining members may exercise all its powers so long as a quorum remains in office.
 - One member shall be appointed Committee chair by the Board.
- Authority
 - The Committee has the authority to investigate any activity of the Corporation. The Committee shall be granted unrestricted access to all information that it considers necessary to carry out its duties and all employees are to co-operate as requested by the Committee.
 - The Committee has the authority to: (i) engage independent counsel and such other advisors as it determines necessary to carry out its duties, (ii) set and pay the compensation for any advisors employed by it; and (iii) communicate directly with the internal and external auditors.
- Meetings
 - The Committee will meet regularly at such times as it considers necessary to perform the duties described herein, but not less than four times per year. At minimum, the meetings will be scheduled to permit review of the quarterly and annual financial statements and reports. Additional meetings may be held as deemed necessary by the chair of the Committee or as requested by any member or the external auditor.
 - Minutes of each meeting will be prepared by the person designated by the Committee to act as secretary and will be provided to the Secretary of the Corporation for retention.
- Reporting
 - A summary of all meetings of the Committee is to be provided to the Board. Oral reports by the chair on matters not yet minuted are to be provided to the Board at its next meeting.
 - Supporting schedules and information reviewed by the Committee will be available for examination by any director upon request to the Secretary of the Corporation.
- Responsibilities
 - The responsibilities of the Committee are as follows:
 - To satisfy itself that the Corporation has implemented appropriate systems to identify, monitor and mitigate significant business risks and compliance matters.
 - To satisfy itself that the Corporation has implemented appropriate systems of internal control to ensure compliance with legal, ethical and regulatory requirements and that these systems are operating effectively.

- To satisfy itself that the Corporation has implemented appropriate systems of internal control to ensure compliance with its policies and procedures and that these systems are operating effectively.
 - To satisfy itself that the Corporation has implemented appropriate systems of internal control over financial reporting and that these systems are operating effectively.
 - To satisfy itself that the policies and procedures for the approval of senior management's expenses, perquisites, remuneration and use of the organization's assets are regularly reviewed, compliance with conflict of interest policies are monitored, and procedures to monitor transactions between officers and the organization and to assess the adequacy of insurance coverage are regularly reviewed.
 - To satisfy itself that the Corporation's annual and interim financial statements are fairly presented in all material respects in accordance with generally accepted accounting principles, the selection of accounting policies is appropriate and annual financial statements are approved by the Board.
 - To review the Corporation's interim and annual financial statements, management's discussion and analysis disclosure ("MD&A") and all earnings press releases before any public disclosure thereof by the Corporation.
 - To satisfy itself that adequate procedures exist for disclosure of financial information extracted or derived from financial statements, other than the public disclosure referred to directly above, and periodically assess those procedures.
 - To ensure that the financial information contained in the Corporation's quarterly reports, annual report to shareholders, MD&A, annual information form, prospectuses and other documents is accurate and complete and fairly presents the financial position and the risks of the Corporation.
 - To establish and review procedures for the receipt, retention and treatment of complaints received regarding accounting, internal accounting controls or auditing matters.
 - To establish and review procedures for the confidential and anonymous submission by employees of concerns about questionable accounting or auditing matters.
 - To annually review the performance of the Committee and report to the Board thereon.
 - To review and reassess the adequacy of this charter on a regular basis and submit any proposed revisions to the Board for consideration and approval.
 - To recommend to the Board (i) the external auditor to be nominated for election by shareholders, and (ii) the compensation of the external auditor.
 - To confirm the independence of auditors, which will require receipt from the auditor of a written statement delineating all relationships between the auditors and the Corporation and that might affect the independence of the auditors.
 - To take direct responsibility for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting. In carrying out any such services, the external auditor shall report directly to the Committee.
 - To ensure that the external audit function has been effectively carried out and any matter that the external auditor wishes to bring to the attention of the Board has been given adequate attention.
 - To pre-approve all non-audit services to be performed by the external auditor, provided that the Committee may delegate to one or more of its members the authority to pre-approve such services and provided further that the pre-approval of any non-audit services by any member to whom such authority has been delegated must be presented to the Committee at its first scheduled meeting following such pre-approval.
 - To review and approve hiring policies regarding partners, employees and former partners and employees of the present and former external auditor.
- The Committee will inquire into any other matters referred to it by the Board.

SCHEDULE “B” - GLOSSARY OF MINING TERMS

The following is a glossary of terms used in this Annual Information Form or in documents incorporated herein by reference:

“ adit ”	A near horizontal passage from the surface by which a mine is entered and dewatered.
“ assay ”	An analysis to determine the presence, absence or concentration of one or more chemical components.
“ autoclave ”	Processing equipment using an oxidation process in which high temperatures and pressures are applied to convert refractory sulphide mineralization into amenable oxide ore.
“ base metal ”	A metal such as copper, lead, nickel, zinc or cobalt, of comparatively low value and relatively inferior in certain properties (such as resistance to corrosion) compared to noble metals such as gold, silver or platinum.
“ coal lease ”	An exclusive right under the <i>Coal Act</i> (British Columbia) to explore for, develop and produce coal on the lease location.
“ coal license ”	A form of license under the <i>Coal Act</i> (British Columbia) granting exclusive rights to explore for coal.
“ cutoff grade ”	A minimum metal grade at which a tonne of rock can be processed on an economic basis.
“ cyanidation ”	A process extracting gold and silver from their ores by treatment with dilute solutions of potassium cyanide or sodium cyanide.
“ deposit ”	A mineralized body which has been physically delineated by sufficient drilling, trenching, and/or underground work, and found to contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures; such a deposit does not qualify as a commercially mineable ore body or as containing mineral reserves, until final legal, technical and economic factors have been resolved.
“ development ”	The preparation of a known commercially mineable deposit for mining.
“ development stage ”	A company is in the development stage when it is engaged in the development of an established commercially mineable deposit (mineral reserves), which is not in the production stage.
“ digital block model ”	An electronic representation of a mineral deposit comprised of aggregates of blocks of a determined size and grade or other economic value.
“ doré ”	A mixture of gold and silver, with minor other constituents, produced by smelting the material from the electrowinning cells. Doré requires further refining, generally not done at a mine site, to yield gold and silver.
“ dyke ”	A tabular body of igneous rock cross cutting the host strata at a high angle.
“ electrum ”	A part of the series isometric native gold-silver (Au-Ag); deep to pale yellow; argentiferous gold containing more than 20% silver.
“ electrowinning ”	An electrochemical process in which a metal dissolved within an electrolyte is plated onto an electrode. Used to recover metals such as cobalt, copper, gold, and nickel from solution in the leaching of ores, concentrates, precipitates and matte.
“ feasibility study ”	Engineering study that is designed to define the technical, economic and legal viability of the mineral project with a high calibre of reliability, contains detailed supporting evidence, and has a firm conceptual framework which can be used for more detailed construction designs and drawings. The study is of sufficient detail and accuracy to be used for the decision to proceed with the project and for financing.
“ flotation ”	A process of concentration in which levitation in water of particles heavier than water is obtained with the use of chemical reagents, typically used in processing of coal or sulphide minerals with the aid of a reagent and the desired product becomes attached to air bubbles in a liquid medium and floats as a froth.

“flow sheet”	A diagram of a sequence of processes in the treatment of metals.
“g/t Au”	Grams of gold per metric tonne.
“grade”	The quality of an ore or metal content.
“internal rate of return (“IRR”)	A method used to analyze investments which reflects and account for the time value of money. The IRR is the discount rate which makes the net present value of all-future cash flows (positive and negative) equal to zero. When the IRR is greater than the required rate of return – called hurdle rate in capital budgeting – the investment is acceptable.
“inverse distance cubed (“ID3”) “inverse distance squared (“ID2”)	A grade interpolation method in which a neighbourhood population about the interpolated point is identified and a weighted average is taken of the observation values within this neighbourhood. The weights selected are a decreasing function of distance. The distances can be entered to any power such as 2 or 3 to provide variable weighting. Selecting a higher power will place a higher weighting on nearer samples.
“metamorphism”	The mineralogical, chemical, and structural adjustment of solid rocks to physical and chemical conditions which have generally been imposed at depth below the surface zone of weathering and cementation, and after which differ from the conditions under which the rocks in question originated.
“mineralization”	A concentration of minerals within a body of rock.
“mineral lease”	A leasehold interest in property granted by the federal or a provincial government to a mineral claim holder whereby the latter receives the right to search for and produce mineral substances subject to payment of an agreed rental.
“mineral reserves”	A <i>mineral reserve</i> is the economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes allowances for dilution and losses that may occur when the material is mined.
“mineral resources”	<p>A <i>mineral resource</i> is a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the earth’s crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.</p> <p><i>measured resources:</i> A measured resource is that part of a mineral resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.</p> <p><i>indicated resources:</i> An indicated resource is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and test information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.</p>

	<p><i>inferred resources:</i> An inferred resource is that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.</p> <p><i>speculative resources:</i> A resource classification unique to coal with a relatively low degree of geological assurance based on extrapolation of a few data points over large distances, restricted to regions where extensive coal exploitation has not yet taken place.</p>
“mining claim/mineral claim”	That portion of public or private mineral lands which a party has staked or marked out in accordance with federal, provincial or state mining laws to acquire the right to explore for and exploit the minerals under the surface
“net present value (“NPV”)	A method used to evaluate the difference between the present value of all estimated cash inflows and outflows of an investment using a given rate of discount. Generally the discount rate reflects the marginal cost of capital of a company or a hurdle rate. If the discounted cash inflows exceed the discounted outflows, the investment is considered economically feasible.
“net smelter return (“NSR”)	The net amount received from the sale of metal products produced from a property after deducting all freight and downstream treatment charges from processing to saleable metal products, but excluding mining, milling and general administrative expenditures.
“NSR cutoff”	A minimum metal grade at which a tonne of rock can be processed on an economic basis as determined by a net smelter return.
“ordinary kriging”	A weighted, moving average grade estimation technique based on geostatistics that uses the spatial correlation of point measurements to estimate values at adjacent, unmeasured points.
“pulverized coal injection”	A process involving the direct injection of pulverized coal into a blast furnace as a means of increasing blast furnace productivity and reducing the consumption of more expensive coking coals.
“rank”	The degree of coalification established by the American Society for Testing of Materials (“A.S.T.M.”) by which organic matter is compacted and converted to coal through diagenesis and chemical alteration.
“reductant”	A substance capable of bringing about the reduction of another substance as it itself is oxidized.
“run-of-mine (“ROM”) Coal”	Coal which has been mined prior to screening, washing or any other treatment.
“scoping study”	A study or assessment of the potential economics of a mineralized deposit on a preliminary basis.
“stope”	An underground excavation formed by the extraction of ore.
“strike”	The direction or trend taken by a structural surface such as bedding, or a fault plane, as it intersects the horizontal.
“strip ratio”	The unit amount of spoil or overburden that must be removed to gain access to a unit amount of ore or mineral material.
“volatile content”	In coal, those substances, other than moisture, that are given off as gas and vapour during combustion.