

FORTUNE MINERALS LIMITED

MANAGEMENT INFORMATION CIRCULAR

This information circular is furnished in connection with the solicitation of proxies by or on behalf of the management of Fortune Minerals Limited (the “**Corporation**” or “**Fortune**”) for use at the annual and special meeting of the shareholders of the Corporation (the “**Meeting**”) to be held at the Fairmont Royal York Hotel, York Room (Mezzanine Level), 100 Front Street West, Toronto, Ontario, M5J 1E3, on Tuesday, May 29, 2007, at 4:30 p.m. (Toronto time) and at any adjournment thereof for the purposes set forth in the notice of the Meeting.

PROXIES

The enclosed proxy is being solicited by or on behalf of the management of the Corporation and the cost of such solicitation will be borne by the Corporation. The solicitation will be primarily by mail and possibly supplemented by telephone or other personal contact to be made without special compensation by the officers and directors of the Corporation.

A shareholder has the right to appoint as his proxyholder a person (who need not be a shareholder) to attend and act on his behalf at the Meeting other than the persons designated in the proxy accompanying this circular. A shareholder may do so by inserting the name of such other person in the blank space provided in the proxy or by completing another form of proper proxy, and in either case returning the completed proxy to Computershare Investor Services Inc. at 9th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1 not later than 5:00 p.m. (Toronto time) on May 25, 2007 or, in the case of an adjournment, on the last business day prior to which the Meeting is adjourned.

A shareholder executing a proxy has the power to revoke it. A shareholder may revoke a proxy: (i) by depositing an instrument in writing executed by him or by his attorney authorized in writing at the registered office of the Corporation at any time up to the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof; or (ii) in any other manner permitted by law.

Where a choice is specified, the shares represented by proxy will be voted or withheld from voting on any ballot that may be called for in accordance with the instructions of the shareholder. **In the absence of such directions, it is intended that such shares will be voted: (i) for the election of the directors named in this circular; (ii) for the reappointment of Ernst & Young LLP, Chartered Accountants as auditors of the Corporation and for the authorization of the directors to fix the auditors’ remuneration; and (iii) for approval of the amendment to the Corporation’s stock option plan as described in this circular.**

If any amendments or variations to matters identified in the notice of the Meeting are proposed at the Meeting or if any other matters properly come before the Meeting, the enclosed proxy confers discretionary authority to vote on such amendments or variations or other such matters according to the best judgment of the person voting the proxy at the Meeting, or an adjournment thereof.

Voting By Non-Registered Shareholders

Only registered shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, common shares owned by a person (a “non-registered holder”) are registered either (a) in the name of an intermediary (an “Intermediary”) that the non-registered holder deals with in respect of the common shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered

savings plans, registered retirement income funds, registered education savings plans and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited (“CDS”)) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators (the “CSA”), the Corporation has distributed copies of this Management Information Circular and the accompanying Notice of Meeting together with the form of proxy for the meeting (collectively, the “Meeting Materials”) to the clearing agencies and Intermediaries for onward distribution to non-registered holders of common shares.

Intermediaries are required to forward the Meeting Materials to non-registered holders unless a non-registered holder has waived the right to receive them. Intermediaries will often use service companies to forward the Meeting Materials to non-registered holders. Generally, non-registered holders who have not waived the right to receive Meeting Materials will either:

- (a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile stamped signature), which is restricted as to the number and class of securities beneficially owned by the non-registered holder but which is not otherwise completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the non-registered holder when submitting the proxy. In this case, the non-registered holder who wishes to vote by proxy should otherwise properly complete the form of proxy and deliver it as specified; or
- (b) be given a form of proxy which is not signed by the Intermediary and which, when properly completed and signed by the non-registered holder and returned to the Intermediary or its service company, will constitute voting instructions (often called a “Voting Instruction Form”) which the Intermediary must follow. Typically the non-registered holder will also be given a page of instructions which contains a removable label containing a bar code and other information. In order for the form of proxy to validly constitute a Voting Instruction Form, the non-registered holder must remove the label from the instructions and affix it to the Voting Instruction Form, properly complete and sign the Voting Instruction Form and submit it to the Intermediary or its services company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit non-registered holders to direct the voting of the common shares they beneficially own. Should a non-registered holder who receives either form of proxy wish to vote at the Meeting in person, the non-registered holder should strike out the persons named in the form of proxy and insert the non-registered holder’s name in the blank space provided. Non-registered holders should carefully follow the instructions of their Intermediary including those regarding when and where the form of proxy or Voting Instruction Form is to be delivered.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of common shares (“Shares”) of which 38,936,407 are issued and outstanding at the date hereof. Each Share carries the right to one vote.

The Corporation has fixed April 24, 2007, as the record date for the purpose of determining shareholders entitled to receive notice of and vote at the Meeting. In accordance with the provisions of the *Business Corporations Act* (Ontario), (the “OBCA”) the Corporation will prepare a list of shareholders as of such record date. Each holder of Shares named in the list will be entitled to vote the Shares shown opposite his name on the list at the Meeting except to the extent that the shareholder has transferred any of his Shares after the record date and the transferee of those Shares produces properly endorsed share certificates or otherwise establishes that he owns such Shares and demands, not later than ten days before the Meeting, that his name be included on the list, in which case the transferee is entitled to vote his Shares at the Meeting.

To the knowledge of the directors and officers of the Corporation, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, securities carrying more than 10% of the voting rights attached to the issued Shares of the Corporation except as follows:

Name	Number Of Common Shares	Percentage
Sprott Asset Management	6,126,600 ⁽¹⁾	15.73%

⁽¹⁾ This reflects the number of shares over which Sprott Asset Management exercises control or direction on behalf of accounts fully managed by it as of July 31, 2006, as disclosed by Sprott Asset Management.

PARTICULARS OF MATTERS TO BE ACTED UPON

Election of Directors

The number of directors of the Corporation to be elected at the Meeting will be seven. The following table presents the names of the persons who are proposed as nominees for election as directors of the Corporation, all of whom are currently members of the board of directors (the “**Board**”), and for whom it is intended to vote the shares represented by proxies solicited in respect of the Meeting on any ballot that may be called for, unless authority to do so is withheld.

The term of office for each person so elected will be until the next annual meeting of shareholders of the Corporation or until his successor is elected or appointed. In the event that prior to the Meeting any vacancies occur in the slate of nominees submitted herewith, it is intended that discretionary authority shall be exercised to vote the proxies hereby solicited for the election of any other person or persons as directors.

Information Concerning Nominees as Directors

Name, Place of Residence & Position	Principal Occupation	Director Since	Shares Directly & Indirectly Owned ⁽³⁾
William A. Breukelman ⁽¹⁾⁽²⁾ Ontario, Canada Director	Chairman and Chief Executive Officer, Business Arts Inc. (incubator company)	1995	375,000
Carl L. Clouter Newfoundland, Canada Director	Commercial Pilot/President Clouter Enterprises Ltd. (real estate investment company)	1988	936,369
George M. Doumet ⁽¹⁾ British Columbia, Canada Chairman	President and Chief Executive Officer, Candou Industries Ltd. (investment holding company)	1995	3,356,324

Name, Place of Residence & Position	Principal Occupation	Director Since	Shares Directly & Indirectly Owned ⁽³⁾
James D. Excell ⁽²⁾ British Columbia, Canada Director	President and Chief Executive Officer, North American Palladium Ltd. (public mining company) President, Narego Solutions Inc. (private consulting company)	2005	4,000
Robin E. Goad Ontario, Canada President, CEO and Director	President and Chief Executive Officer of the Corporation	1989	3,273,700
David A. Knight Ontario, Canada Secretary and Director	Partner, Macleod Dixon LLP, Barristers & Solicitors	2000	6,600
Mahendra Naik ^{(1) (2)} Ontario, Canada Director	Chief Financial Officer. Fundeco Inc. (private investment company)	2006 ⁽⁴⁾	10,000

(1) Member of Audit Committee

(2) Member of Compensation Committee

(3) The information as to shares beneficially owned, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.

(4) Mr. Naik joined the Board on March 16, 2006. Mr. Naik has held his present principal occupation for the past five years.

Cease Trade Orders and Bankruptcies

Except as hereinafter set forth, no proposed director is or has been within 10 years before the dated of the information circular, a director or executive officer of any company that, while that person was acting in that capacity,

(i) was the subject of a cease trade or similar 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;

(ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order than denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or

(iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under 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.

David A. Knight, the Secretary and a director of Fortune, 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.

No proposed director of Fortune has within the 10 years before the date of the information circular, 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 proposed director.

Appointment of Auditors

It is intended to vote the shares represented by the proxies solicited in respect of the Meeting, on any ballot that may be called for, unless authority to do so is withheld, in favour of the reappointment of the firm of Ernst & Young LLP, Chartered Accountants, as the auditors of the Corporation and in favour of the authorization of the directors to fix the remuneration of the auditors.

Amendment of Stock Option Plan

The Corporation's existing stock option plan (the “**Plan**”) was approved by the shareholders of the Corporation at the annual and special meeting of shareholders of the Corporation held on June 20, 2005.

The Toronto Stock Exchange (the “**TSX**”) has provided recent guidance with respect to the requirements of amendment provisions contained in stock option plans, which authorize the directors to amend option plans without shareholder approval. The Plan states that the Board may amend or terminate the Plan generally. Pursuant to the TSX rules and on the basis of the recent TSX guidance, it is apparent that this general form of amendment provision will no longer be sufficient. Additionally, the TSX has provided recent recommendations with respect to the treatment of options which are scheduled to terminate during “blackout periods” (i.e., standard periods in which insiders may be in possession of material non-disclosed information and are prohibited from trading securities of the Corporation). In light of the foregoing, the Board, by resolution effective April 27, 2007, approved the following amendments to the Plan (the Plan as so amended being referred to as the “**Amended Plan**”) in order to ensure that that the Plan conforms to TSX rules and recommendations, and in order to clarify the amendment provisions contained in the Plan:

- An amendment to the option termination provisions, providing that if the termination date of an option falls during or within three trading days of the termination of a blackout period, during which policies of the Corporation prevents certain persons from trading in the securities of the Corporation, the expiry date for the option will be extended for an additional period expiring on the 10th trading day following the end of the blackout period.
- Allowing the Amended Plan to be amended by the Board, without the consent of the shareholders, to the extent amendments relate to:
 - complying with the requirements of any applicable regulatory authority;
 - complying with the rules, policies and notices of the TSX or of any stock exchange on which the Corporation's securities are listed;
 - altering, extending or accelerating the terms and conditions of vesting of any options;

- extending the term of options held by a person other than a person who, at the time of the extension, is an insider of the Corporation;
- determining, subject to all applicable regulatory requirements, that the provisions hereof concerning the effect of termination of an optionee’s status as an eligible person shall not apply to an optionee for any reason acceptable to the Board;
- accelerating the expiry date of any options;
- amending the definitions contained within the Amended Plan;
- amending the categories of persons who are eligible persons and entitled to be granted options pursuant to the Amended Plan;
- allowing the grant of financial assistance to optionees for the purpose of exercising options granted hereunder, subject to compliance with all applicable regulatory requirements;
- authorizing the addition or modification of a cashless exercise feature, payable in cash or Shares, which provides for a full deduction of the number of underlying securities from the Amended Plan reserve;
- the assignability or transferability of options, with respect to eligible persons generally and/or with respect to any participant;
- amending or modifying the mechanics of exercise of options; and
- amendments of a “housekeeping” nature, including, without limitation, amending the wording of any provisions of the Plan for the purpose of clarifying the meaning of existing provisions or to correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan.

Shareholders of the Corporation will be asked at the Meeting to consider and, if thought advisable, to approve, confirm and ratify by resolution, the Amended Plan. See “Securities Authorized for Issuance under Equity Compensation Plan” for a description of all the material terms of the Amended Plan.

To be effective, the resolution approving the Amended Plan must be approved by a majority of the votes cast by holders of Common Shares who vote in person or by proxy at the Meeting on the resolution.

The Board recommends that shareholders vote for the resolution approving, confirming and ratifying the Amended Plan. **Proxies received in favour of management will be voted for such resolution, unless a shareholder has specified in the proxy that his, her or its common shares are to be voted against such resolution.**

The Amended Plan is also subject to approval by the TSX. If approved by shareholders and the TSX, the Amended Plan will supersede and replace the Plan; and options previously granted under the Plan will be deemed to have been granted under the Amended Plan. In the event shareholders do not approve such resolution at the Meeting, the current Plan will remain in effect and all outstanding options will remain subject thereto.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

In June 2005, National Policy 58-201 *Corporate Governance Guidelines* (the “Governance Guidelines”) and National Instrument 58-101 *Disclosure of Corporate Governance Practices* (the “Governance

Disclosure Rule”) were adopted by the securities regulatory authorities in Canada. The Governance Guidelines deal with matters such as the constitution and independence of corporate boards, their functions, the effectiveness and education of board members and other items dealing with sound corporate governance practices. The Governance Disclosure Rule requires that, if management of an issuer solicits proxies from its security holders for the purpose of electing directors, specified disclosure of its corporate governance practices must be included in its management information circular.

The Board recognizes the importance of corporate governance to the effective management of the Corporation. The Corporation’s approach to significant issues of corporate governance is designed with a view to ensuring that the business and affairs of the Corporation are effectively managed so as to enhance shareholder value. The Board fulfills its mandate directly and through its committees at regularly scheduled meetings or as required. Frequency of meetings may be increased and the nature of the agenda items may be changes depending upon the state of the Corporation’s affairs and in light of opportunities or risks which the Corporation faces. The directors are kept informed of the Corporation’s operations at these meetings as well as through reports and discussions with management.

The Corporation’s corporate governance practices have been and continue to be in compliance with applicable Canadian requirements. The Corporation will continue to monitor developments in this area with a view to further revising its governance policies and practices as appropriate.

The following is a description of the Corporation’s corporate governance practices.

Board of Directors

Independence of the Board of Directors

Five of the seven members of the Board are independent within the meaning of the Governance Disclosure Rule. The independent members are William Breukelman, Carl Clouter, George Doumet, James Excell and Mahendra Naik.

Robin Goad is a non-independent director because of his position as President and Chief Executive Officer of the Corporation and David Knight is a non-independent director because the firm of which he is a partner receives fees from the Corporation for legal services.

To facilitate the Board functioning independently of management, the following structures and processes are in place:

- there are no members of management on the Board, other than the President and Chief Executive Officer;
- time is set aside at each meeting of the Board for the directors to hold discussions without management present; and
- the Corporation’s standing committees, being the Audit Committee and the Compensation Committee, are made up entirely of independent directors.

Chairman of the Board

The Chairman of the Board, George Doumet, is an independent director. The primary roles of the Chairman are to chair all meetings of the Board and shareholder meetings, and to manage the affairs of the Board, including ensuring the Board is organized properly, functions effectively and meets its obligations and responsibilities. The Chairman's responsibilities include, among other things, reviewing and assessing director attendance and performance at meetings of the Board, ensuring effective relations and communications among Board members, leading the Board in ensuring implementation of management succession and development plans, providing assistance on major strategic and policy issues and acting as liaison with all committees of the Board.

Meetings of the Board of Directors

The Board meets a minimum of four times per year. The frequency of the meetings and the nature of the meeting agendas depend upon the nature of the business and affairs of the Corporation from time to time. During the financial year ended December 31, 2006, the Board met five times. All directors were present at each of those meetings except for Messrs. Doumet and Excell, each of whom was absent for one meeting, and Mr. Clouter, of who was absent for two meetings. In addition to the business conducted as such meetings, various other matters were approved by written resolution signed by all members of the Board.

Other Public Company Directorships

The following table provides details regarding directorships held by the Corporation's directors in other public companies:

<u>Director</u>	<u>Other Public Company Directorships</u>
James Excell	Diamonex Resources Limited
Robin Goad	Ursa Major Minerals Incorporated Ursa Major International Inc.
Mahendra Naik	Iamgold Corporation

Board Mandate

The text of the Charter and Terms of Reference of the Board (the "Charter") is attached as Schedule "A" to this information circular.

Position Descriptions

Written position descriptions have been developed by the Board for the Chairman of the Board, the Chairman of each of the Audit Committee and the Compensation Committee, the Chief Executive Officer of the Corporation and the Chief Financial Officer of the Corporation.

Orientation and Continuing Education

Prior to any new director joining the Board, he is provided with detailed information with respect to the Corporation's assets and operations by management. New directors also generally meet with some or all of the existing Board members, who advise the new appointees on the function and processes of the

Board and its committees. Management updates the Board regularly on the Corporation's business and affairs. The Corporation's legal counsel advises the Board on any changes in laws or regulations relevant to the duties and responsibilities of directors to ensure that the directors maintain the skills and knowledge necessary to meet their obligations as directors.

Code of Business Conduct

The Board has adopted a Code of Business Conduct (the “**Code**”) which is available on SEDAR at www.sedar.com or may be obtained in paper format from the Corporation. To ensure and monitor compliance with the Code, the Board has adopted a whistleblowing policy. Such policy and the Code are distributed to all officers and employees of the Corporation.

If a director or executive officer has a material interest in a transaction or agreement being considered by the Corporation, such individual is precluded from voting on the matter and the Board considers such matter without the individual present.

Nomination of Directors

The Board has not appointed a formal nominating committee and does not believe that such a committee is warranted at the present time. The Board discusses regularly the competencies and skills that the Board as a whole should possess in order to fulfill its duties and further the strategic objectives of the Corporation. Any member of the Board is free to recommend additional members where weaknesses or gaps are identified by the Board as a group or by such individual director. All such recommendations are considered by the Board as a whole.

Compensation

The Compensation Committee is composed entirely of independent directors, being William Breukelman, James Excell and Mahendra Naik.

The Compensation Committee is responsible for, among other things, evaluation the performance of the Corporation's executive officers, determining or making recommendations to the Board with respect to the compensation of the Corporation's executive officers, making recommendations to the Board with respect to director compensation, incentive compensation plans and equity-based plans, making recommendations to the Board with respect to the compensation policy for the employees of the Corporation or its subsidiaries and ensuring that the Corporation is in compliance with all legal requirements with respect to compensation disclosure. In performing its duties, the Compensation Committee has the authority to engage such advisors, including executive compensation consultants, as it considers necessary.

Committees of the Board of Directors

The Board has no standing committees other than the Audit Committee and the Compensation Committee.

Assessments

Based upon the Corporation's size, its current state of development and the number of individuals on the Board, the Board considers a formal process for assessing the effectiveness and contribution of the Board as a whole, its committees or individual directors to be unnecessary at this time. In light of the fact that the Board and its committees meet on numerous occasions during each year, each director has regular opportunity to assess the Board as a whole, its committees and other directors in relation to the Board's and such director's assessment of the competencies and skills that the Board and its committees should

possess. The Board plans to continue to evaluate its own effectiveness and the effectiveness of its committees and individual directors in such manner.

EXECUTIVE COMPENSATION

Compensation of Named Executive Officers

During 2006, Robin E. Goad and Julian Kemp were the only “Named Executive Officers” as that term is defined in Form 51-102F6 under National Instrument 51-102 – *Continuous Disclosure Obligations* of the CSA (“NI 51-102”). A summary of their compensation is set forth below.

Summary Compensation Table

Name	ANNUAL COMPENSATION				LONG TERM COMPENSATION AWARDS
	Year	Salary (\$)	Bonus (\$)	Other Annual Compensation (\$) ⁽¹⁾	Securities under options/SARs Granted (#)
Robin E. Goad, President and Chief Executive Officer	2006	-	-	199,940	120,000
	2005	-	-	199,940	-
	2004	-	-	199,940	150,000
Julian Kemp, Vice President Finance and Chief Financial Officer	2006	-	-	162,520	70,000
	2005	-	-	157,760	-
	2004 ⁽²⁾	-	-	34,000	200,000

⁽¹⁾ Cash compensation was paid in the form of consulting fees, plus expenses for management, financial, administrative and/or geological services.

⁽²⁾ Mr. Kemp became Chief Financial Officer effective October 15, 2004.

The following tables set forth certain additional information with respect to the options granted to Mr. Goad and Mr. Kemp in 2006, options exercised by them during the year and the options held by them as at December 31, 2006:

Option Grants During the Financial Year Ended December 31, 2006

Name	Shares under Options Granted	% Total Options Granted in Financial Year	Exercise Price	Market Value of Shares Underlying Options on Date of Grant	Expiration Date
Robin E. Goad	120,000	13.3	\$2.30	\$2.30	Dec. 22, 2011
Julian Kemp	70,000	7.8	\$2.30	\$2.30	Dec. 22, 2001

Option Exercises During the Financial Year Ended December 31, 2006 and Financial Year-End Option Values

Name	Shares Acquired On Exercise	Aggregate Value Realized	Unexercised Options At December 31, 2005		Value Of Unexercised In-The-Money Options At December 31, 2006	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Robin E. Goad	65,000	\$150,150	420,000	-	\$235,200	-
Julian Kemp	-	-	270,000	-	\$700	-

⁽¹⁾ The value of unexercised in-the-money options was determined using the closing price on the TSX on December 31, 2006 of \$2.31.

The Corporation does not have any long-term incentive programs other than its stock option plan and does not have any defined or actuarial plans.

Report on Executive Compensation

The Corporation established a Compensation Committee on March 27, 2006. Prior to that date the Corporation did not have a standing compensation committee, and the Board as a group determined executive compensation.

The Compensation Committee is responsible for, among other things, evaluation the performance of the Corporation's executive officers, determining or making recommendations to the Board with respect to the compensation of the Corporation's executive officers, making recommendations to the Board with respect to director compensation, incentive compensation plans and equity-based plans, making recommendations to the Board with respect to the compensation policy for the employees of the Corporation or its subsidiaries and ensuring that the Corporation is in compliance with all legal requirements with respect to compensation disclosure. In performing its duties, the Compensation Committee has the authority to engage such advisors, including executive compensation consultants, as it considers necessary. For the 2006 year, the Compensation Committee reviewed compensation levels for comparable mining companies as well as various general reports published by consultants. The Compensation Committee did not engage any specific advisor or consultant to assist it in the performance of its duties.

The Corporation currently has two “executive officers”, as that term is defined under NI 51-102, being Mr. Goad and Mr. Kemp, the Chief Executive Officer and Chief Financial Officer, respectively, of the Corporation.

Mr. Goad’s and Mr. Kemp’s compensation has been determined on the basis of several factors, including compensation paid to persons occupying similar positions with resource exploration and development stage companies of comparable size, as well as their experience, responsibilities and performance. Mr. Goad’s and Mr. Kemp’s current compensation packages consist of a combination of annual salary, bonuses and stock options granted from time to time. The Board, in conjunction with the Compensation Committee, will conduct an annual review to consider and adjust officer compensation based upon the officers’ performance and that of the Corporation. The amount and terms of outstanding options previously granted to executive officers have been and are expected to continue to be taken into account in determining whether and in what quantity new grants should be made.

Historically, as the Corporation has been in an exploration and development phase with respect to its properties and has had to operate with limited financial resources, the Board has attempted to keep the cash compensation paid to the Corporation’s executive officers relatively modest, while providing significant long-term incentives through the granting of stock options.

Each year, the Board reviews actual performance against the objectives set by management and the Board for such year. The assessment of whether the Corporation’s objectives for the year have been met includes, but is not limited to, considering the quality and progress of the Corporation’s exploration and development projects, the Corporation’s success in raising required capital, stock market performance of the Corporation’s Shares, development of strategic corporate alliances and similar achievements. The Compensation Committee and the Board have not assigned any specific weighting to each factor. The Board has not historically approved the payment of bonuses to its executive officers but for 2007 the Compensation Committee has provided certain guidelines for bonuses to reward officers for exemplary performance.

During 2006, no changes were made to the annual compensation of Mr. Goad or Mr. Kemp. Based on the recommendations of the Compensation Committee, the Board granted options to Messrs. Goad and Kemp to purchase 120,000 shares and 70,000 Shares, respectively, at an exercise price of \$2.30 per Share until December 22, 2016.

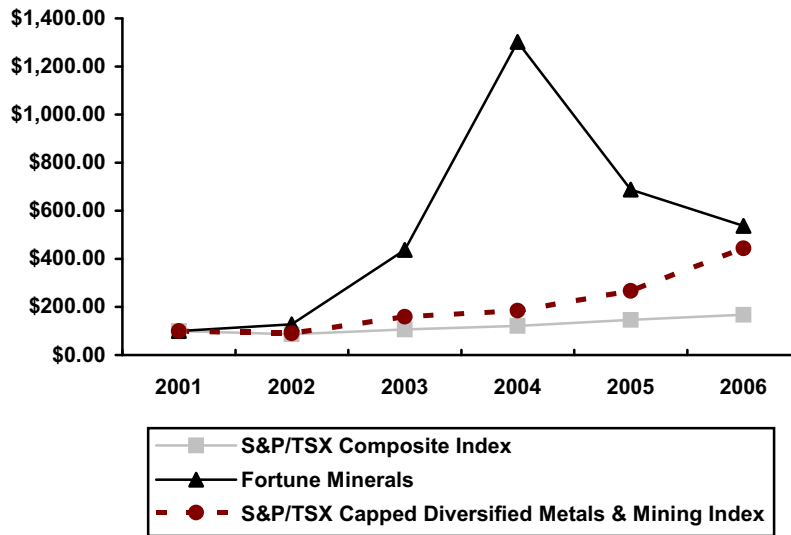
Compensation of Directors

No directors are paid any fees for their services as directors. Directors are entitled to receive compensation to the extent that they provided services to the Corporation at rates that would otherwise be charged by such directors for such services to arm’s length parties or less. Directors receive options to purchase shares in the Corporation as compensation for their services as recommended by the Compensation Committee and determined by the Board. The exercise price of such options is determined by the Board, but shall in no event be less than the market price of the shares of the Corporation at the time of the grant of the options. During 2006, each of Messrs. Doumet and Naik received options to purchase 50,000 Shares, Mr. Excell received options to purchase 45,000 Shares and each of Messrs. Breukelman, Clouter and Knight received options to purchase 40,000 Shares. All such options are exercisable at \$2.30 per Share until December 22, 2011. The greater number of options granted to Messrs. Doumet, Naik and Excell were issued in recognition of their services as Chairman of the Corporation, Audit Committee and Compensation Committee, respectively. During the financial year ended December 31, 2006, there were no other standard or other arrangements pursuant to which the Corporation compensated the directors for their services in their capacity as directors, and there were no amounts paid for committee participation or special assignments. The Corporation also paid legal fees of

\$94,360 to Macleod Dixon LLP during the financial year ended December 31, 2006. David A. Knight, a director and Secretary of the Corporation, was a partner with Macleod Dixon LLP during the year.

Performance Graph

The following graph and table illustrate the Corporation's cumulative shareholder return (assuming the re-investment of dividends of which there have been none) based upon a \$100 investment from December 31, 2002 to December 31, 2006, compared to the cumulative total shareholder return from a similar investment in the Total Return Index Values of the S&P/TSX Composite Index and the S&P/TSX Diversified Metals and Mining Index over the same period.



SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth certain information as at December 31, 2006 with respect to the Plan, being the only compensation plan under which equity securities of the Corporation are authorized for issuance:

Equity Compensation Plan Information

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for further issuance under equity compensation plans (excluding securities referenced in column (a))
Plan Category	(a)	(b)	(c)
<i>Equity compensation plans approved by securityholders</i>	2,278,700 ⁽¹⁾	\$2.54	641,241 ⁽²⁾
<i>Equity compensation plans not approved by securityholders</i>	Nil	Nil	Nil
<i>Total</i>	2,278,700	\$2.54	641,241

(1) As of the date of this information circular the total number of Shares issuable under outstanding options is 2,278,200, which is 5.85% of the number of Shares issued and outstanding. Prior to the date of this information circular a total of 1,316,300 Shares have been issued pursuant to the exercise of options.

(2) The Amended Plan provides for the issuance of options to purchase up to an aggregate of 10% of the issued and outstanding shares of the Corporation less the number of Shares issued pursuant to the plan within the previous 3 years. As at the date of this information circular the Corporation may issue up to an additional 641,241 options

As set forth under “Particular Matters to be Acted On - Amendment of Stock Option Plan”, the Board has adopted the Amended Plan, subject to regulatory and shareholder approval. The Amended Plan reflects changes made to ensure that the Plan conforms to TSX requirements and to clarify amendment provisions contained in the Plan.

The material terms of the Amended Plan are as follows:

- The persons eligible to receive options to purchase Shares of the Corporation (“Options”) under the Amended Plan are the directors, officers and employees of the Corporation or affiliates of the Corporation, and any person or company engaged by the Corporation to provide consulting, technical, management or other services (unrelated to the distribution of securities) (“Eligible Individuals”) and permitted assigns of such persons (“Permitted Assigns”). Permitted Assigns include trustees acting on behalf of Eligible Individuals, corporations controlled by Eligible Individuals, registered retirement savings plans or registered retirement income funds of Eligible Individuals and spouses of Eligible Individuals.
- The Board may grant Options to any of the foregoing (an “Eligible Person”), as determined by the Board in its discretion. At the time of the grant of an Option the Board, in its discretion, must fix the number of Shares being optioned to the Eligible Person (in this capacity the “Optionee”), the exercise price of the Option, the extent to which each Option is exercisable from time to time

during the term of the Option and the expiration date of the Option. The Amended Plan does not specify a maximum term for Options granted thereunder.

- If the termination date of an option falls during or within three business days of a blackout period during which the policy of the Corporation prevents certain persons from trading in the securities of the Corporation, the expiry date for the option will be extended for an additional period expiring on the 10th business day following the end of the blackout period.
- The aggregate of: (i) the number of Shares which may be issuable pursuant to the exercise of Options outstanding at any particular time; and (ii) the number of Shares previously issued pursuant to the exercise of Options granted within the three years prior to such time, may not exceed 10% of the number of Shares outstanding at such time.
- The exercise price of an Option may not be less than the market price of the Shares on the date on which the grant of the Option is approved by the Board. For this purpose the market price is the closing sale price of the Shares on the last trading day preceding the date of grant on which the Shares traded on the TSX or another exchange on which the Shares are listed.
- Once granted, the Options may only be assigned by the Optionee to Permitted Assigns.
- The number of Shares that may be issued to any one person, under the Amended Plan and any other share compensation arrangement of the Corporation, may not exceed 5% of the outstanding Shares.
- No Options may be granted by the Board where such grant could result in the number of Shares issuable to Insiders under all share compensation arrangements exceeding 10% of the issued and outstanding Shares or in the issuance to insiders, within a one-year period, of a number of Shares exceeding 10% of the issued and outstanding Shares.
- An Optionee's entitlement to shares under the Plan may cease prior to the expiration date of the Option, as follows:
 - Options will terminate six months after an Optionee retires or terminates his employment or directorship under circumstances equating to retirement.
 - Options will terminate on the date that the Optionee (or in the case of an Optionee who is not an employee, officer, director or service provider, the Eligible Individual associated with such Optionee) is terminated for cause by the Corporation.
 - Options shall terminate on the date that an Optionee commits an act of bankruptcy, where such proceeding remains undismissed for 30 days.
 - Options shall terminate three months after the death of an Optionee.

Under the Plan, the Board retains the discretion to waive the above cessation of rights in respect of any particular Optionee.

- The Corporation has no security purchase arrangement or stock appreciation rights plan, and the Corporation does not have authority to transform Options into stock appreciation rights.
- By its terms, the Amended Plan may be amended by the Board without the consent of the shareholders, including amending the terms and conditions of options, amending the categories of

persons who are Eligible Persons and entitled to be granted options, allowing the grant of financial assistance to optionees for the purpose of exercising options, authorizing the addition of a cashless exercise feature (payable in cash or securities, which provides for a full deduction of the number of underlying securities from the Amended Plan reserve), changing the assignability or transferability of options, and amendments of a housekeeping nature. However, pursuant to TSX rules, the extension of the term of an option for the benefit of an insider must be approved by disinterested shareholders.

- The Board may terminate the Plan at any time. In the event of termination of the Amended Plan, all Options may be exercised for 30 days from notice of termination.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of the directors and officers of the Corporation, no director or executive officer of the Corporation or any subsidiary of the Corporation, no person or company who beneficially owns, directly or indirectly, voting securities of the Corporation or who exercises control or director over voting securities of the corporation or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation, no proposed director of the Corporation and no associate of affiliate of the any of the foregoing has or had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's last financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is on SEDAR at www.sedar.com. Financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis for its financial year ended December 31, 2006 ("MD&A"). Shareholders who wish to receive copies of the Corporation's financial statements and MD&A may contact the Corporation in writing at 140 Fullarton Street, Suite 1902, London, Ontario N6A 5P2 or by telephone at (519) 858-8188.

GENERAL

Information contained herein is given as of April 27, 2007 except as otherwise noted. If any matters which are not known should properly come before the Meeting, the accompanying form of proxy will be voted on such matters in accordance with the best judgment of the person voting it. The content and sending of this Management Information Circular have been approved by the Board of Directors of the Corporation.

Dated the 27th day of April, 2007.

By order of the Board

(Signed) David A. Knight
Secretary

SCHEDULE “A”

Charter and Terms of Reference
for the
Board of Directors of

FORTUNE MINERALS LIMITED

CHARTER AND TERMS OF REFERENCE OF THE BOARD OF DIRECTORS

1. MANDATE

The board of directors (the “**Board**”) of Fortune Minerals Limited (the “**Company**”) is elected by the Company’s shareholders to supervise the business and affairs of the Company. The primary responsibility of the Board is to foster the long term success of the Company and to maximize shareholder value in a manner that recognizes the interests of other stakeholders including the Company’s clients and employees.

2. COMPOSITION AND BOARD ORGANIZATION

2.1 The Board will be comprised of a minimum number of directors and a maximum number of directors as specified in the articles of the Company.

2.2 Nominees for directors may be recommended by any member of the Board, will be considered and approved by the Board as a whole and will be elected annually by the shareholders of the Company. Between annual meetings, the Board may appoint additional directors to serve until the next annual meeting.

2.3 The directors will be elected by the shareholders of the Company at every annual meeting for a term expiring at the next annual meeting.

2.4 A majority of the directors comprising the Board must be “independent” directors. “Independence” is defined by securities regulations as “having no direct or indirect material relationship with the issuer.”¹

2.5 There is no retirement age for directors.

2.6 The Board will appoint its chair (the “**Chair**”) from among its members. The Chair should generally be an independent director. In the event that the Chair is also a member of management of the Company, the Board will also elect a “lead director” from among the independent directors to chair the Board at all meetings where management members are absent. The Chair’s responsibilities are outlined in terms of reference approved by the Board.

3. MEETINGS

3.1 The Board will meet at least four times a year. Special meetings may be called by the Chair, the President and Chief Executive Officer of the Company (the “**CEO**”) or any two directors as required.

3.2 The quorum for a meeting of the Board is a majority of members in attendance.

3.3 The Chair, in consultation with the CEO, will set the agenda for each Board meeting, which will be circulated to members of the Board. Each Board member is free to suggest agenda items to be discussed during the meeting.

3.4 Directors will receive agenda materials prior to the meetings in order for the directors to have a reasonable time to review the materials prior to the meeting. The materials will assist the Board members to understand and evaluate the matters to be discussed in the agenda.

¹ see Multilateral Policy 58-201 *Effective Corporate Governance* and Multilateral Instrument 52-110 *Audit Committees*

3.5 Persons who are not board members may attend Board meetings or parts of meetings at the invitation of the Chair and with agreement of the Board.

3.6 Members may attend meetings of the Board by teleconference, videoconference, or by similar communication equipment by means of which all persons participating in the meeting can communicate with each other.

3.7 At the end of each quarterly Board meeting, the independent directors shall meet without members of management present.

3.8 Minutes of the Board meetings will be accurately recorded, with such minutes recording the decisions reached by the Board. Minutes of each meeting will be distributed to members of the Board, the CEO and the Chief Financial Officer of the Company (the "CFO").

4. RESPONSIBILITIES OF THE BOARD AND ITS MEMBERS

4.1 The Board is required by law to manage or supervise the management of the business and affairs of the Company.² In discharging this duty, with the assistance of committees established by the Board from time to time, the Board will:

Strategic Planning and Major Transactions

- (a) oversee the strategic planning process within the Company;
- (b) review the overall corporate strategy presented by management and monitor its implementation;
- (c) approve the entering into, or withdrawing from, lines of business or activities that are or likely to be material the Company;
- (d) approve any acquisition, disposition or expenditure in excess of \$500,000;
- (e) approve any loan agreement or guarantee for an amount in excess of \$500,000;

Policies and Procedures

- (f) monitor compliance with all significant policies and procedures by which the Company is operated, including the Company's Code of Business conduct;
- (g) review significant new corporate policies or material amendments to existing policies;

Business and Risk Management

- (h) identify, with management, the principal risks of the Company's business and review, approve and monitor the implementation of appropriate systems to manage and reduce those risks;

² *Business Corporations Act* (Ontario) s. 115

Oversight of Management

- (i) appoint the CEO and monitor the CEO's performance, approve the CEO's compensation and outline the CEO's responsibilities and duties;
- (j) review the CEO's performance at least annually against agreed upon objectives;
- (k) establish a succession plan for the CEO and other executive officers of the Company, including programs to train and develop management;
- (l) approve decisions related to executive officers, including the:
 - (i) appointment and discharge of senior executive officers;
 - (ii) compensation and benefits for the senior executive officers; and
 - (iii) the CEO's acceptance of public service commitments or outside directorships (other than not for profit organizations);
- (m) satisfy itself as to the integrity of the CEO and other executive officers and that the CEO and other executive officers create a culture of integrity throughout the Company;
- (n) provide a source of advice to the CEO and senior management on critical issues and matters faced by the Company;

Corporate Governance

- (o) develop the Company's approach to corporate governance, including a set of corporate governance principles and guidelines for the Company;

Financial and Corporate Issues

- (p) oversee the quality and integrity of the Company's accounting and financial reporting systems, disclosure and internal controls and management information systems;
- (q) monitor operational and financial results;
- (r) approve annual and quarterly financial statements and MD&A disclosure;
- (s) declare dividends at such times and in such amounts as they consider advisable;
- (t) recommend for shareholder approval any changes to the Company's share structure;
- (u) approve financings including the issue and repurchase of shares, issuing of debt securities, listing of shares, and other securities;
- (v) review response strategies to any possible takeover bid in order to maximize shareholder value;

Corporate and Compliance Reporting

- (w) ensure that the Company has in place effective communications processes with shareholders and other stakeholders;

- (x) approving the annual report and annual information form of the Company and any prospectuses that may be issued;
- (y) ensure the financial results are reported fairly and in accordance with generally accepted accounting principles;
- (z) ensure timely reporting of any developments that have a material impact on the value of Company and/or its securities;
- (aa) report annually to the shareholders on the Board’s corporate governance practices in accordance with applicable regulatory guidelines;

Affairs of the Board

- (bb) assess on a regular basis:
 - (i) the effectiveness of the Board, its committees and directors in fulfilling their responsibilities;
 - (ii) the competencies and skills of the individual directors and a Board as a whole in relation to the Company’s operations and strategic plan; and
 - (iii) this charter and the charters of all Board committees; and
- (cc) ensure that new directors are provided with adequate education and orientation as to their role and responsibilities.

4.2 As a member of the Board, each director will:

- (a) act honestly and in good faith with a view to the best interests of the Company³;
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances⁴;
- (c) demonstrate high ethical standards and integrity in their personal and professional dealings;
- (d) disclose any material interest in a proposed contract or transaction that is material to the Company;
- (e) be an available resource to management and the Board;
- (f) maintain confidentiality;
- (g) advise the CEO and/or Chair when introducing significant and/or previously unknown information or material at a Board meeting;
- (h) identify potential conflict areas and ensure they are appropriately identified and reviewed; and

³ *Business Corporations Act* (Ontario) section 134(1)(a)

⁴ *Business Corporations Act* (Ontario) section 134(1)(b)

- (i) assist in maximization of shareholder value.

4.3 To enhance the effectiveness of the Board and committee meetings, each director will:

- (a) maintain an excellent Board and committee attendance record;
- (b) prepare for Board and committee meetings by reading the agenda and background materials prepared for each meeting prior to the meeting;
- (c) participate fully and frankly in Board deliberations and discussions;
- (d) participate as required on Board committees and become knowledgeable about the role and objectives of each Board committee;
- (e) participate in director orientation and development programs developed by the Company from time to time;
- (f) become generally knowledgeable of the Company’s business and industry;
- (g) maintain an understanding of the regulatory, legislative, and business, environments within which the Company operates;
- (h) establish an effective, independent and respected presence and a collegial relationship with other directors;
- (i) remain knowledgeable about the Company’s facilities and visit them when appropriate; and
- (j) respect that the CEO is the chief spokesperson for the Company and individual directors are only involved with external communications at the request of, and/or approval of and in coordination with, the CEO.

5. COMMITTEES

5.1 Certain of the Board’s responsibilities may be delegated to Board committees. The composition, responsibilities and authority of those committees will be set forth in their charters and terms of reference as approved by the Board from time to time. Currently the Board has approved one committees being the Audit Committee.

6. COMPENSATION

6.1 The Board as a group will consider and establish from time to time the compensation and benefits for non-management directors.

6.2 The Board will review the compensation of its members based on the responsibilities and risks involved in being a director of the Company, industry standards, and ensure that compensation is align with the best interests of the Company.

7. COMMUNICATION WITH THE BOARD

7.1 Shareholders and other stakeholders may communicate with the Board and individual members by contacting the head office of the Company.

8. ACCESS TO INDEPENDENT ADVISORS

8.1 The Board will have the resources and authority appropriate to discharge its duties and responsibilities. The Board may at any time retain outside financial, legal or other advisors at the expense of the Company without approval of management.

Any director may, subject to the approval of the Chair, retain an outside advisor at the expense of the Company.