Fortune has a successful history of discovery and acquisitions to assemble a portfolio of world class mineral deposits. Our future is unlocking this value through development of these assets and the pursuit of innovative financing strategies with strategic partnerships to minimize risk and equity dilution.

Fortune was successful in attracting POSCO as its first stage 20% joint venture partner for the Mount Klappan anthracite metallurgical coal project. Korea’s POSCO is the third largest steel company in the world and their investment was an important validation of the project as a future key supplier to the global steel industry. The Company is working to attract additional strategic partners for Mount Klappan and also for our NICO gold-cobalt-bismuth-copper project that is at a very advanced stage in the environmental assessment process to develop the mine and processing plant.

Fortune Minerals owns important deposits of metallurgical coal, gold, cobalt, bismuth and copper needed to build infrastructure to support urbanization of emerging economies and manufacture consumer goods for a growing world population.
The Mineral Exploration Development Cycle
Model share price progression from discovery to production of a junior public company following a successful economic mineral deposit

Discovery
Speculation

Development
Investment Analysis

Production
Revaluation

Value Recognized Through De-Risking:
A case study – Consolidated Thompson Iron Mines Ltd.
Vision:
To be recognized experts in developing, mining and processing specialty mineral projects

Mission:
To profitably produce specialty metal and coal products to meet the needs of our customers by attracting and developing a superior team of people motivated to acquire, explore, develop, mine and reclaim resource properties in a safe and responsible manner.

Value:

- $1.3 billion in combined base case NPV for our Mount Klappan and NICO projects from bankable feasibility studies
- $190 million of work invested in our projects to support development
- Canada’s only known significant deposit of premium anthracite coal and one of the world’s largest undeveloped metallurgical coal projects with 230.9 million tonnes of Measured & Indicated Resources, including In-Situ Reserves of 106 million tonnes
- 31 million tonnes of Proven and Probable Mineral Reserves containing 907,000 ounces of gold, 82 million pounds of cobalt, 106 million pounds of bismuth (~15% of global reserves) and by-product copper credits

Unlocking Value:
With a portfolio of important mineral deposits, Fortune Minerals has worked diligently to advance its projects toward commercial production and minimize risks associated with their development. The Company has assembled a team of motivated individuals with the common goal of transforming the business into a successful mineral producer.

Deloitte & Touche Corporate Finance Canada is engaged to help identify strategic partners to finance both Mount Klappan and NICO and minimize dilution from equity financings as the Company advances both projects through environmental assessments and permitting.
## Property Interests

<table>
<thead>
<tr>
<th>Property</th>
<th>Commodities</th>
<th>Hectares</th>
<th>Fortune Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Mount Klappan</td>
<td>Anthracite Coal</td>
<td>16,411</td>
<td>80%</td>
</tr>
<tr>
<td>2. NICO</td>
<td>Co, Au, Bi, Cu</td>
<td>5,140</td>
<td>100%</td>
</tr>
<tr>
<td>3. Sue-Dianne</td>
<td>Cu, Ag, Au</td>
<td>451</td>
<td>100%</td>
</tr>
<tr>
<td>4. Salkeld Lake</td>
<td>Cu, Zn, Pb, Au, Ag</td>
<td>116</td>
<td>100%</td>
</tr>
<tr>
<td>5. Camsell River</td>
<td>Ag</td>
<td>78</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Process Plant**

<table>
<thead>
<tr>
<th>Commodities</th>
<th>Hectares</th>
<th>Fortune Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co, Au, Bi, Cu</td>
<td>194</td>
<td>100%</td>
</tr>
</tbody>
</table>

---

1. Au = gold, Co = cobalt, Bi = bismuth, Cu = copper, Ag = silver, Zn = zinc, Pb = lead
2. Subject to third party royalties
3. Saskatchewan Metals Processing Plant
4. Subject to completion of the purchase of lands

---

This discussion contains certain forward-looking information. This forward-looking information includes, or may be based upon, estimates, forecasts, and statements as to management’s expectations with respect to, among other things, the size and quality of the Company’s mineral resources, progress in development of mineral properties, timing and cost for placing the Company’s mineral projects into production, securing of strategic investors for the Company’s mineral projects, 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 with respect to the Company’s ability to secure strategic investors, other uncertainties relating to the availability and costs of financing needed in the future, uncertainties related to metal recoveries and other factors. Readers are cautioned to not place undue reliance on forward-looking information because it is possible that predictions, forecasts, projections and other forms of forward-looking information will not be achieved by the Company. The forward-looking information contained herein is made as of the date hereof and the Company assumes no responsibility to update or revise it to reflect new events or circumstances, except as required by law.
Fortune’s goal is to become a successful producer of metallurgical coal, gold and specialty metals and unlock the value of our world class Mount Klappan and NICO development projects. We have made enormous progress advancing both assets through comprehensive exploration programs and feasibility studies, while minimizing start-up risk by conducting test mining and pilot plant processing, and acquiring the Golden Giant mill equipment. In 2011, several engineering, permitting and financing milestones were accomplished, and despite volatile capital markets, we look to 2012 as a transformative year towards achieving our production objectives.
In 2011, several engineering, permitting and financing milestones were accomplished, and despite volatile capital markets, we look to 2012 as a transformative year towards achieving our production objectives.

Mount Klappan is one of the world’s largest undeveloped metallurgical coal projects and the only known significant deposit of anthracite in Canada that is needed to make steel and process metals. Global reserves of metallurgical coals are in decline, while steel production is growing to build infrastructure in emerging economies and make consumer goods available to a greater segment of the Earth’s population. Motivated by scarcity of supply, steel companies are conducting backward integration transactions to guarantee access to the critical raw materials they need to operate. The Company was fortunate to secure Korea’s POSCO, the third largest steel producer in the world, as our 20% joint venture partner to help finance the mine as well as the railway proposed to be extended with the Canadian National Railway. Deloitte & Touche Corporate Finance Canada (“Deloitte”) assisted Fortune with this transaction and has been re-engaged to help identify additional strategic partnerships to complete financing of the project. Fortune is engaged in discussions with potential partners, primarily in Asia as we await the results of the updated reserves and feasibility study being conducted by Golder Associates Ltd. The environmental assessment for the project is also being re-activated based on the simpler and scalable railway transportation solution for export of our coal through the port of Prince Rupert. While Fortune advances permitting and executes its financing strategy for Mount Klappan it remains committed to strengthening its relations with the Tahltan and Gitxsan Nations and building a sustainable project that will benefit nearby communities and all stakeholders.

Wholly owned NICO is poised to become a reliable, Canadian-based supplier of cobalt with 15% of global bismuth reserves in markets dominated by less reliable supplies from the Democratic Republic of Congo and China, respectively. Cobalt and bismuth consumption is increasing, primarily in clean-technology applications to make high performance rechargeable batteries for electric cars, and as a non-toxic replacement for lead in products that are safe for the environment. About a million ounces of gold provides NICO with a counter cyclical hedge that and can also be leveraged for alternative financing solutions. NICO is advancing through the final stages of environmental assessments to permit the mine and mill in the Northwest Territories and proposed refinery in Saskatchewan where concentrates produced at the mine will be processed to high value metal products. Fortune entered into a cooperative relationship agreement with the Tlicho Government in 2011 and is helping finance their participation in the environmental assessment. New mineral reserves are expected to be released shortly as well as the results of the Front End Engineering and Design study by Jacobs Minerals Canada Inc. and other engineering companies that will update economics for the project. Similar to the strategy we are pursuing at Mount Klappan, Fortune has engaged Deloitte to assist the Company in identifying strategic partners to help finance NICO based on the new engineering and financial model.

Fortune is well positioned to be a significant player in the mining industry with a strong portfolio of unique projects that can be sustainably developed. The Company has assembled a team of skilled and motivated engineers, geologists, environmental scientists and financial people with the capacity to execute our strategy of becoming a successful producer and benefit from a world of growing demand for metals and energy.

Robin E. Goad, President and CEO
May 23, 2012
Anthracite – Steel Making Coal

Metallurgical coal together with iron ore are the principal raw materials used to make steel. Anthracite is the highest quality metallurgical coal, measured by carbon and energy content, and represents just 1% of world coal reserves. It is also the most versatile coal, suitable for use in a broad range of metallurgical, thermal, water purification and composite material products. The natural high carbon and very low volatile (gas) content of anthracite makes it ideal for use as a premium ultra-low volatile pulverized coal injection (“PCI”) product that is injected into the blast furnace during crude steel production. This reduces the consumption of higher cost metallurgical coke and improves the efficiency of the steel making process. High carbon and low volatiles also allow anthracite to be used as a direct coke replacement and also as a blend coal with hard coking coal to make metallurgical coke. Anthracite is the only coal that can be used as sinter feed, and reductants used in electric arc and direct reduction steel manufacturing, and for processing of titanium, ferro-chrome, tin and aluminum. Carbon filters for water purification are made with anthracite coal as well as some carbon composite materials. The high carbon content of anthracite makes it the preferred coal for gasification and liquefaction technologies to make urea fertilizers, plastics and high quality synthetic fuels.

Fortune Minerals’ deposits contain important reserves of metallurgical coal and metals required to build infrastructure for urbanization of emerging economies and to produce consumer goods now available to a growing segment of the world’s population. Mount Klappan is one of the world’s largest undeveloped metallurgical coal projects and the only known significant Canadian deposit of premium anthracite coal used to make steel and process metals. NICO is poised to become a reliable Canadian-based supplier of cobalt and bismuth, in a market dominated by supplies from the Democratic Republic of the Congo and China, respectively. Gold, which constitutes 36% of the value of the NICO deposit, also provides an important countercyclical hedge with versatile finance options.

The Earth’s accessible resource inventories are in decline, while companies are being impacted by increasing costs and restricted access to potential new deposits exacerbated by resource nationalism. With two world class development projects in Canada, our Company is well positioned to benefit from the increasing demand for metals and energy that are required to sustain our high standard of living and the inevitable escalation of commodity prices.
Chinese annual economic growth is about 8% per year, but the increase in coal imports is significantly higher.

Annual consumption of anthracite is in excess of 500 million tonnes, about 85% of which is produced in China and 9% in Vietnam. China became a net importer of anthracite in 2004 and coking coal in 2007, whilst Vietnam has been reducing exports to preserve their remaining reserves for domestic use. The dramatic reduction of exports from the two dominant producers, together with depletion of reserves in other countries, has created a supply imbalance supporting higher future prices.

There is a global shortage of metallurgical coals as a result of dramatically increased steel production and declining coal reserves. Chinese annual economic growth is about 8%, but imports of coal have been significantly higher to support the need for new infrastructure. Other emerging economies are also showing significant growth in steel production, for instance both India and Brazil plan to quadruple crude steel production. About 500 million tonnes of new annual metallurgical coal production will be required by the end of the decade to service this growth in demand. The shortage of supply for metallurgical coal is also driving innovation in the steel industry as producers develop new technologies to be globally competitive, reduce greenhouse gas emissions, and diversify their sources of supply of key raw materials. Many of these new technologies use even greater amounts of anthracite. With these market dynamics, we are confident about the long-term outlook for metallurgical coals and prices for PCI above US$200/tonne.

Emergence of China as a net coal importer

<table>
<thead>
<tr>
<th>Year</th>
<th>Coal Total</th>
<th>Anthracite</th>
<th>Met Coal Price (US$/t)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Bismuth consumption is increasing in clean tech applications, including a non-toxic replacement for lead in products that are safe for the environment.

Bismuth (Bi)

Bismuth is a soft, brittle metal with very high density, low melting temperature, and is scientifically recognized as one of the safest elements for human consumption. This, together with antibacterial properties, is why bismuth is used in pharmaceuticals and medicines, including Pepto-bismol®, bandage dressings, cosmetics, and some medical devices. The physical properties of bismuth are similar to lead, but unlike lead, bismuth is not toxic and is therefore used to replace lead in paint pigments, free-machining steel, galvanizing alloys, ceramic glazes, radiation shielding, ammunition, greases, plumbing solders and brasses, and solders used in electronics. Many of these new applications result from legislation that has banned the use of lead in potable water plumbing sources as well as electronics produced or sold in the European Union. Bismuth is one of the few elements that expand when cooled making it important in the manufacture of dimensionally stable alloys and compounds. This includes metallic coatings that could crack from shrinkage such as anti-corrosion alloys electro-plated on premium automobiles made in Germany and galvanizing. This, together with high density, is why bismuth is also used for frit coatings on automotive glass to protect windshield seals from degradation from exposure to ultraviolet radiation and changing temperatures. Bismuth is also used in super conductors, fire sprinkler systems and depressants, compact discs, and for heat transfer alloys that generate electricity from diesel engines.

The bismuth market is between 15,000 and 20,000 tonnes, with 70% of the supply currently sourced from China. Demand is growing primarily due to concerns for the environment and lead-toxicity and also to take advantage of bismuth’s unique physical properties. Notably, POSCO recently announced that it would begin mass producing bismuth free-machining steel for the automotive and electronics industries that could materially impact demand. Bismuth prices have been stable above US$10/lb indicating an important floor price from the dominant Chinese producers. We believe there is good potential to expand this market by introducing a new reliable North American producer.
Gold, which constitutes 36% of the value of the NICO deposit, also provides an important countercyclical hedge with versatile finance options.

Gold (Au)

Gold is a dense, soft, malleable and ductile metal that conducts electricity and does not tarnish. Gold is best known as a store of wealth and for its use in jewellery. Consumption of gold for jewellery is currently greater than annual mine production. Gold also has important industrial uses in the manufacture of electronics, primarily to make low voltage electrical connections that could otherwise be interrupted by corrosion at the contact points. Gold is a highly efficient conductor that can carry these tiny currents, and small amounts are used in almost every sophisticated electronic device. Notably, one billion cellular telephones are produced each year and most of them contain about fifty cents worth of gold that is not typically recycled. Gold is also commonly used in dentistry because it is inert and easy to work with.

Global mine production of gold is relatively stable, averaging approximately 2602 tonnes annually over the past five years. The average cash cost of production is approximately US$700/oz, however, replacement cost is considered by some analysts to be about US$1500/oz including the costs of discovery, capital to build mines and processing facilities and depreciation. These costs provide an effective longer-term floor price near current levels.
The most important factor contributing to the growth in demand for cobalt is its use in chemicals for the manufacture of high performance lithium ion and nickel metal hydride rechargeable batteries used in portable electronic devices, such as cellular telephones and computers, and hybrid-electric cars.
Cobalt (Co)

Cobalt is a hard, high strength metal used to make steel alloys and chemicals. These include superalloys used in the aerospace industry for power and jet engine turbines, as well as cutting tools and cemented carbides used to machine steel. Other metallic uses include electromechanical devices such as magnets, electric motors, generators, transformers, and magnetic storage tape and hard disks. The most important factor contributing to the growth in demand for cobalt is its use in chemicals for the manufacture of high performance lithium ion and nickel metal hydride rechargeable batteries used in portable electronic devices, such as cellular telephones and computers, and hybrid-electric cars. Cobalt chemicals are also used to make catalysts for petroleum refining and to manufacture plastics, as well as pigments and as a source of Vitamin B12.

In 2011, refined production of cobalt was in excess of 82,000 tonnes, excluding secondary processing of some cobalt chemicals and scrap. Recent annual growth in the cobalt market has been approximately 8% resulting in its addition to the London Metal Exchange. New demand for batteries for automobiles is anticipated to push demand above 125,000 tonnes over the next few years. Most of the world’s cobalt is produced as a by-product of nickel and copper mining. More than 50% of supply comes from the Democratic Republic of the Congo and is vulnerable to disruptions from political instability. Furthermore, significant new supply is coming from nickel-cobalt laterite deposits that have had excessive capital cost overruns and technical challenges leading to considerably higher production costs. The cost of marginal production and recycling establishes an effective floor for the price of cobalt that will support prices above US$15/lb. We believe these factors will support longer-term prices that are closer to historical averages above US$20/lb for high grade 99.8% cobalt metal. It is important to note that some cobalt chemicals, including cobalt sulphate used in the battery sector, trade at premium prices between 20% and 30% over this metal.
OUR PROJECTS:

Mount Klappan is one of the world’s premier metallurgical coal projects and the only known Canadian deposit of anthracite – a key ingredient in steel and metal processing. Mount Klappan is a joint venture between Fortune (80%) and Posco Canada Ltd. (“POSCAN”) (20%), a subsidiary of Korea’s POSCO – the third largest steel producer in the world. POSCAN acquired its interest in 2011 by paying $30 million to Fortune, $20 million of which was contributed to the joint venture to fund future work on the property. POSCAN is responsible for funding 20% of the capital and operating costs for the project and will receive 20% of the coal in-kind. POSCAN is anticipated to make total cash payments to Fortune and contributions to the joint venture totaling $181 million.

Fortune engaged Deloitte & Touche Corporate Finance Canada (“Deloitte”) as its financial advisor to help identify strategic investors for the Mount Klappan project, including the successful first stage partnership with POSCO. Deloitte has been re-engaged to attract a second stage partner to help Fortune finance its share of mine construction costs. The focus is on Asia and companies with a strategic need to secure reliable sources of supply of coal.
“We are very pleased to invest in the Mount Klappan Project, which we see as one of the world’s premier coal development projects and a future key supplier of premium coal products to the global steel industry.” —Mr. Yong Keun Kim, President POSCAN
The four resource areas at Mount Klappan are referred to as the Lost Fox, Hobbit-Broatch, Summit and Nass deposits. Collectively, they contain Measured and Indicated Resources of 231 million tonnes and Inferred Resources of 359 million tonnes. Also, there is a historical Speculative Resource of 2.2 billion tonnes that is no longer NI 43-101 compliant, but indicate the world class mineral potential of the project. The initial open pit mine for the Lost Fox deposit contains Run-of-Mine Reserves of 106 million tonnes that can be washed to produce 61 million product tonnes of a 10% ash pulverized coal injection (“PCI”) / sinter product used for steel making.

In excess of $90 million of work has already been conducted at Mount Klappan by Fortune, POSCAN and the previous owner Gulf Canada Resources Limited (“Gulf”) prior to its takeover by ConocoPhillips in 2002. This included test mining 200,000 tonnes of run-of-mine coal from two of the deposits and pilot plant processing to produce 100,000 tonnes of clean coal products for trial cargos to customers in North America Asia and Europe.

The Lost Fox deposit has been assessed in several full feasibility studies, the latest of which was in 2010 by Marston & Marston Inc. (“Marston”) now part of Golder Associates Ltd. (“Golder”). This study assessed development of an open pit mine, wash plant, and site infrastructure, as well as the costs to upgrade and extend the railway to the site. Production was contemplated at 3 million tonnes per annum of PCI coal for the steel industry. Fortune Minerals and POSCAN recently re-engaged Golder to update the coal reserves for the Lost Fox deposit with the results of additional drilling and updated coal price assumptions. Golder is also updating the feasibility study with an assessment of the potential to increase the production from cash flow to achieve greater efficiency of the railway fixed cost investment.
“The TSX is a great venue for juniors to raise early stage capital, but developers need to consider strategic capital – often from end-users in high growth economies – once they advance to construction and require more significant funds. These investors have the financial wherewithal to fund development into production, often leveraging their access to state-owned banks. We advised Fortune on their search for a strategic partner and selecting POSCO, a world-class steel producer, the result being a landmark transaction in the Canadian market.”

—Jeremy South, Global Mining M&A Leader, Deloitte China
Permitting and Community Relations

Fortune Minerals is committed to the responsible development of our mineral deposits, ensuring the health and safety of our workers, respecting the environment, and building long-term relationships with First Nations and the communities in which we operate.

Fortune has been collecting baseline environmental and social data for the Mount Klappan project since 2004 to augment a significant database collected previously by Gulf. This information is being used to support the environmental assessment and permitting for the project that will be restarted. A revised project description based on the railway transportation solution is nearing completion by Stantec Consulting Inc., our lead environmental consultant. DPRA Canada Inc., and Fleishman-Hillard were also retained for their respective expertise in aboriginal engagement and government communication, respectively. Fortune has also hired community relations coordinators for the portion of the project in Gitxsan territory and plans to hire similar personnel in the Tahltan territory in the near future.
Recent Project Highlights:

- Joint venture secured with POSCAN
- Carl Kottmeier hired as Project Manager
- Vancouver regional office opened
- Stantec, DPRA & Fleishman-Hillard retained as environmental permitting, First Nations and public relations consultants
- Community Relations Coordinators hired
- Golder retained to update coal reserves & feasibility study
- Deloitte engaged to attract second stage strategic & financing partners

Unlocking Value in 2012:

- Building better relationships with the Tahltan and Gitxsan Nations
- Submission of the revised Project Description to re-start the environmental assessment
- Negotiating Memorandum of Understanding with CN Rail
- Targeting second stage strategic & financing partners
The NICO gold-cobalt-bismuth-copper deposit in Canada’s Northwest Territories (“NT”) was discovered by Fortune Minerals in 1996. NICO is a fully vertically integrated project that will include mining and concentrating ores in the NT, and transportation of the metal concentrate to Saskatoon for further processing to high value products at our proposed Saskatchewan Metals Processing Plant (“SMPP”). Fortune Minerals plans to become a reliable Canadian-based supplier of cobalt and bismuth (15% of global bismuth reserves) with strong leverage to gold (36% of the value of the deposit) and minor by-product copper. Fortune has engaged Deloitte to assist the Company in identifying potential strategic partners for NICO to reduce metal marketing risk and finance the project with minimal additional equity dilution.

Diversified exposure to gold and specialty metals

Gold is the most significant component by value

Front end gold recovery – largest source of revenue in the early years of operation

Largest bismuth deposit world-wide – 15% of global reserves

High purity of cobalt metal (99.8%) or sulphate which commands a premium price

Gold – 907,000 oz @ $1595/oz; Cobalt – 82 Mlbs@ $16.00/lb; Bismuth – 109 Mlbs @ $11; Copper – 27 Mlbs @$3.50/lb

Prices at May 18, 2012

The NICO deposit is located 160 km north-west of the city of Yellowknife and 50 km northeast of the community of Whati. The proposed mine is 85 km north of the highway to Edmonton, Alberta and will be accessed by a proposed all-weather road also servicing nearby Tlicho aboriginal communities. CN operates a railway that terminates at Hay River on the south shore of Great Slave Lake, 450 road kilometres south of NICO and provides a rail link for haulage of concentrate to the Company’s proposed refinery near Saskatoon. The SMPP lands straddle the CN railway between the towns of Langham and Dalmeny, Saskatchewan – about 1 km north of the Trans-Canada Highway, close to power, water, natural gas, reagents as well as a skilled labour pool.
More than $100 million of work has already been conducted for the NICO project to delineate and engineer the deposit and reduce risks associated with its development. This includes $20 million in underground test mining verifying the geometry and grade of the deposit, plus more than $12 million in metallurgical test work and pilot plants to confirm the process flow sheet, verify production of products, and improve metal recoveries. NICO has been assessed in a full feasibility study by Micon International Limited and other engineering companies in 2007 that was updated in 2008. This study indicated an attractive rate of return for the development but is now out of date. An updated front end engineering and design study is nearing completion by Jacobs Minerals Canada Inc. that will have updated economics for the project.
OUR PROJECTS: NICO

The NICO deposit contains open pit and underground Proven and Probable Minerals Reserves totaling 31 million tonnes containing 907,000 ounces of gold, 82 million pounds of cobalt, 109 million pounds of bismuth, and 27 million pounds of copper. The reserves will support operations for a minimum of 18 years. Fortune drilled 39 additional holes into the deposit in 2010, which included intersections with significant gold. Updated Mineral Reserves are in preparation by P&E Mining Consultants Inc. ("P&E") that are expected to be announced mid-year.

NICO will be mined primarily by open pit methods that will be supplemented with higher-grade ores sourced from underground workings during the first two years of operations. A mill will process these ores by flotation at the rate of 4,650 tonnes per day and capture the recoverable metals in only 180 tonnes of bulk concentrate per day. The high concentration ratio allows the Company to conduct the more sophisticated downstream processing on less than 4% of the ore near Saskatoon where costs are significantly lower. Bagged concentrate will be trucked to Hay River for delivery to the SMPP by rail. The SMPP is a hydrometallurgical refinery that will conduct further processing of the concentrates to gold doré, 99.8% cobalt cathode, 21% cobalt sulphate, 99.99% bismuth ingot, and a copper metal precipitate.

Mineral Reserves

<table>
<thead>
<tr>
<th>Underground Mineral Reserves</th>
<th>Tonnes</th>
<th>Au (g/t)</th>
<th>Co (%)</th>
<th>Bi (%)</th>
<th>Cu (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proven</td>
<td>1,403,000</td>
<td>2.23</td>
<td>0.16</td>
<td>0.22</td>
<td>0.04</td>
</tr>
<tr>
<td>Probable</td>
<td>767,000</td>
<td>2.92</td>
<td>0.17</td>
<td>0.19</td>
<td>0.03</td>
</tr>
<tr>
<td>Total</td>
<td>2,170,000</td>
<td>2.47</td>
<td>0.16</td>
<td>0.21</td>
<td>0.03</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Open Pit Mineral Reserves</th>
<th>Tonnes</th>
<th>Au (g/t)</th>
<th>Co (%)</th>
<th>Bi (%)</th>
<th>Cu (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proven</td>
<td>15,019,000</td>
<td>0.85</td>
<td>0.12</td>
<td>0.16</td>
<td>0.04</td>
</tr>
<tr>
<td>Probable</td>
<td>13,797,000</td>
<td>0.71</td>
<td>0.12</td>
<td>0.15</td>
<td>0.03</td>
</tr>
<tr>
<td>Total</td>
<td>28,816,000</td>
<td>0.79</td>
<td>0.12</td>
<td>0.15</td>
<td>0.04</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Combined Mineral Reserves</th>
<th>Tonnes</th>
<th>Au (g/t)</th>
<th>Co (%)</th>
<th>Bi (%)</th>
<th>Cu (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proven</td>
<td>16,422,000</td>
<td>0.97</td>
<td>0.12</td>
<td>0.16</td>
<td>0.04</td>
</tr>
<tr>
<td>Probable</td>
<td>14,564,000</td>
<td>0.83</td>
<td>0.12</td>
<td>0.15</td>
<td>0.03</td>
</tr>
<tr>
<td>Total</td>
<td>30,986,000</td>
<td>0.91</td>
<td>0.12</td>
<td>0.16</td>
<td>0.04</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Contained Metal</th>
<th>907,000 ounces</th>
<th>82 million pounds</th>
<th>109 million pounds</th>
<th>27 million pounds</th>
</tr>
</thead>
</table>

Reserve estimate by P&E Mining Consultants Inc., Eugene Puritch, P.Eng. & Fred Brown, CPG PrSciNat, Qualified Persons as defined by NI 43-101

Micon 2008 Feasibility Study Update Results

<table>
<thead>
<tr>
<th>Pre-Tax IRR</th>
<th>Pre-Tax NPV (8% Discount)</th>
<th>Initial Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>32.3%</td>
<td>C$360.7 M</td>
<td>C$230 M</td>
</tr>
</tbody>
</table>

The 2008 feasibility study update used metal prices of US$750/oz gold, US$20/lb cobalt, US$10/lb bismuth, and a C$/US$ exchange rate of C$1/US$0.97. Mr. Ian Ward was the Qualified Person for the 2007 feasibility study and 2008 update in accordance with NI 43-101.
“Saskatchewan is already a global leader when it comes to mining, and this new operation will be a great addition to support our mining industry, and utilize the expertise that already exists in the province. Our goal is to encourage more economic growth by attracting more high-skilled and high-paying jobs to the province.”

–Jeremy Harrison, Minister of Enterprise Saskatchewan in an excerpt from Saskatchewan Mining Journal 2012
Permitting and Community Relations

Fortune has been collecting baseline environmental data, traditional knowledge and socio-economic information for the NICO project since 1998. The Company has worked diligently to refine the project design to minimize environmental impacts with significant input from the local Tlicho people. This includes hiring two former Chiefs of the Tlicho Government as community liaisons to communicate the impacts and benefits of NICO to the people in their own language. NICO was referred to environmental assessment in the NT in February 2009 after applications were filed to permit the mine and concentrator. Terms of Reference were received later that year and Fortune submitted its Developers Assessment Report to the Mackenzie Valley Review Board in 2011 addressing the issues that had been identified. The project has now progressed through the information request stage and public hearings are scheduled to begin this summer. Similarly, the SMPP in Saskatchewan was referred to environmental assessment in 2010 and the Company filed its Environmental Impact Statement in 2011. Fortune is approaching the end of the environmental assessment process in both jurisdictions. Fortune anticipates receipt of permits for the SMPP and the Mackenzie Valley Review Board’s recommendation on the mine and mill to the Minister of Aboriginal Affairs and Northern Development Canada in 2012.
Recent Project Highlights:

- Successful pilot plant resulting in increased metal recoveries and elimination of duplicate cyanide facilities in the NT
- Environmental assessment advanced with submission of the Developers Assessment Report with no deficiencies and completion of the information request stage
- Michael De Carlo hired as Project Manager
- Community Relations Co-ordinators hired and Yellowknife office opened
- Co-operative Relationship Agreement signed with Tlicho Government
- Deloitte engaged to attract strategic & financing partners

Unlocking Value in 2012:

- Results of pilot plant for cobalt sulphate pending
- Updated reserves and economics pending
- Tlicho Participation Agreement negotiations initiated
- Receipt of SMPP permits anticipated
- Expected completion of environmental assessment public hearings, closing of the public registry and recommendation to Minister
- Targeting strategic & financing partner
2011 FINANCIAL HIGHLIGHTS

Below is selected financial information for the years ended December 31.

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>32,601,685</td>
<td>9,143,974</td>
</tr>
<tr>
<td>Other current assets</td>
<td>627,371</td>
<td>575,703</td>
</tr>
<tr>
<td>Total current assets</td>
<td>33,229,056</td>
<td>9,719,677</td>
</tr>
<tr>
<td>Other long-term assets</td>
<td>723,791</td>
<td>1,123,948</td>
</tr>
<tr>
<td>Mining properties</td>
<td>122,095,883</td>
<td>117,832,066</td>
</tr>
<tr>
<td>Total assets</td>
<td>156,048,730</td>
<td>128,675,691</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>5,757,031</td>
<td>2,165,092</td>
</tr>
<tr>
<td>Total long-term financial liabilities</td>
<td>68,379</td>
<td>3,005,311</td>
</tr>
<tr>
<td>Capital contribution liability</td>
<td>11,334,803</td>
<td>—</td>
</tr>
<tr>
<td>Future income taxes</td>
<td>7,870,000</td>
<td>5,458,500</td>
</tr>
<tr>
<td>Total shareholders’ equity</td>
<td>131,018,517</td>
<td>118,046,788</td>
</tr>
<tr>
<td>Total shareholders’ equity and liabilities</td>
<td>156,048,730</td>
<td>128,675,691</td>
</tr>
</tbody>
</table>

Administrative and investor relations expenses | 2,128,373 | 1,536,198 |
Stock-based compensation | 541,205 | 253,000 |
Other expenses | 1,171,642 | 644,624 |
Loss before other items | 3,841,220 | 2,433,822 |
Interest and other income | 57,148 | 24,889 |
Gain on flow-through share premium | 674,316 | 374,600 |
Gain on Mount Klappan transaction, net | 9,201,186 | — |
Foreign exchange gain (loss) | 27,614 | (81,901) |
Income (loss) before income taxes | 6,119,044 | (2,116,234) |
Recovery of (provision for) income taxes | (2,417,500) | 836,225 |
Net income (loss) | **3,701,544** | **(1,280,009)** |
Basic and diluted income (loss) per share | 0.03 | (0.01) |
Working capital | 27,472,025 | 7,554,585 |
Cash used in operating activities | (1,906,807) | (4,325,827) |
Cash provided by (used in) investing activities | 1,809,699 | (13,325,206) |
Cash provided by financing activities | 23,554,819 | 8,466,859 |
Change in cash and cash equivalents | **23,457,711** | **(9,184,174)** |
Number of shares issued and outstanding | 117,076,976 | 106,928,227 |
Number of warrants outstanding | 1,200,000 | 14,094,275 |
Number of options outstanding | 5,095,000 | 4,245,000 |
Number of compensation options and underlying warrants | — | 1,671,928 |
F ed fully diluted number of shares | **123,371,976** | **126,939,430** |

The financial highlights of Fortune Minerals Limited above is summary information only and should be read in conjunction with the audited consolidated financial statements of Fortune Minerals Limited and the notes thereto for the years ended December 31, 2010 and 2011 and management’s discussion and analysis of financial condition and results of operations for the years ended December 31, 2010 and 2011. Additional information relating to the Company, including the Company’s annual information form, is available on SEDAR at www.sedar.com. All dollar amounts are presented in Canadian dollars.
## OUR PEOPLE:

### Board of Directors

**MAHENDRA NAIK** - B.Comm., C.A., Unionville, ON  
Chairman of the Board

**GEORGE M. DOUMET** - M.Sc., M.B.A. Vancouver, BC  
Honorary Chairman

**ROBIN E. GOAD** - M.Sc., P.Geo., Arva, ON  
President and CEO

**DAVID A. KNIGHT** - B.A., LL.B., Oakville, ON

**JAMES D. EXCELL** - B.A.Sc., Kelowna, BC

**WILLIAM A. BREUKELMAN** - M.B.A., B.A.Sc., P.Eng., Mississauga, ON

**JAMES CURRIE** - B.Sc. (Hons.), P.Eng., Abbotsford, BC

**CARL L. CLOUTER**  
Gander, Newfoundland

**SHOU WU (GRANT) CHEN** - M.B.A., M.Sc.  
Hong Kong, China

### Officers

**ROBIN E. GOAD** - M.Sc., P.Geo., Arva, ON  
President and CEO

**DAVID A. KNIGHT** - B.A., LL.B, Oakville, ON  
Secretary

**JULIAN B. KEMP**  
BBA, C.A., London, ON  
Vice President Finance and C.F.O

**THOMAS R. RINALDI**  
B.Sc., London, ON  
Vice President Operations

### Senior Managers

**RICHARD P. SCHRYER**, Ph.D.,  
Director, Regulatory and Environmental Affairs

**CARL A. KOTTMEIER**, M.B.A., P.Eng.,  
Mount Klappan Project Manager

**MICHAEL DE CARLO**, B.Sc., BBA,  
NICO Project Manager

**ADAM G.J. JEAN**, H.B.A., C.A.,  
Controller

**KEITH LEE**, B.Sc.,  
Senior Process Engineer

**PATRICK J. MOLONEY**, B.Sc., B.Ed.,  
Human Resources Manager

**JAMES P. MUCKLOW**, ME.Sc., P.Eng.,  
Environment and Community Affairs Manager

**TROY D. NAZAREWICZ**, FCSI, CIM,  
Investor Relations Manager

**WILLIAM V. SHEPARD**, Ind. Mgt. Dip.,  
Logistics & Procurement Manager
Corporate Information

AUDITORS:
Ernst & Young LLP, London, Ontario

TRANSFER AGENT:
Computershare Trust Company of Canada, Toronto, Ontario

BANK:
Canadian Imperial Bank of Commerce (CIBC) London, Ontario

LEGAL COUNSEL:
Norton Rose Canada LLP, Toronto, Ontario

Capitalization

AUTHORIZED: Unlimited
Common Shares Issued (May 17, 2012): 117,076,976

WARRANTS ISSUED:
1,100,000, exercisable at $0.72 before April 16, 2013
100,000, exercisable at $3.00 before August 8, 2012

STOCK EXCHANGE LISTING:
The Toronto Stock Exchange, Trading Symbol: FT
OTCQX, US Trading Symbol: FTMDF

Annual Meeting

The Annual Meeting of Shareholders will be held at
The Albany Club, Main Dining Room, 91 King St. East,
Toronto, Ontario, M5C 1G3 on the 27th day of June,
2012 at 4:30 pm.

For those persons unable to attend, a second informal
meeting for information purposes will be held at
The London Club, 177 Queens Avenue, London, Ontario,
N6A 1J1 on the 28th day of June, 2012 at 4:30 pm.