



FORTUNE
MINERALS LIMITED

ANNUAL INFORMATION FORM

Fiscal year ended December 31, 2012

March 27, 2013

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

This document contains certain forward-looking information. This forward-looking information includes, or may be based upon, estimates, forecasts, and statements as to management's expectations with respect to, among other things, the size and quality of the Company's mineral resources, progress in permitting and development of mineral properties, timing and cost for placing the Company's mineral projects into production, costs of production, amount and quality of metal products recoverable from the Company's mineral resources, demand and market outlook for metals and coal and future metal and coal prices. Forward-looking information is based on the opinions and estimates of management at the date the information is given, and is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. These factors include the inherent risks involved in the exploration and development of mineral properties, uncertainties with respect to the receipt or timing of required permits and regulatory approvals, the uncertainties involved in interpreting drilling results and other geological data, fluctuating metal and coal prices, the possibility of project cost overruns or unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future, uncertainties related to metal recoveries and other factors. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Inferred mineral resources are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that mineral resources will be converted into mineral reserves. Readers are cautioned to not place undue reliance on forward-looking information because it is possible that predictions, forecasts, projections and other forms of forward-looking information will not be achieved by the Company. The forward-looking information contained herein is made as of the date hereof and the Company assumes no responsibility to update them or revise it to reflect new events or circumstances, except as required by law.

CORPORATE STRUCTURE

Name, Address and Incorporation

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

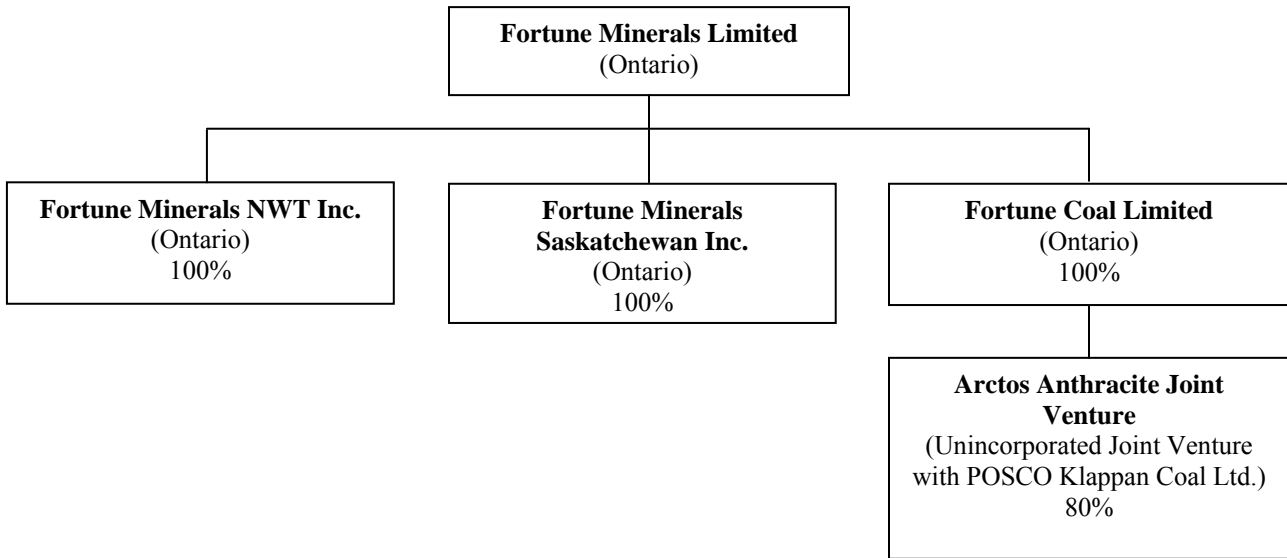
The Company has three subsidiaries, Fortune Minerals Saskatchewan Inc. ("FMSI"), Fortune Minerals NWT Inc. ("FMNI") and Fortune Coal Limited ("FCL"), all of which are wholly-owned by FML. All three subsidiaries were incorporated under the laws of the Province of Ontario. Unless the context otherwise requires, the terms "Fortune" and "the Company" where used herein refer to Fortune Minerals Limited, Fortune Minerals Saskatchewan Inc., Fortune Minerals NWT Inc. and Fortune Coal Limited on a consolidated basis. In 2011, FCL entered into an unincorporated joint venture, the Arctos Anthracite Joint Venture¹ ("Arctos JV") with POSCO Canada Ltd. and POSCO Klappan Coal Ltd. ("POSCAN"). FCL's 80% interest in the Arctos JV is accounted for by the Company as a joint operation using proportionate consolidation.

FML's registered and head office is located at Suite 1600, 148 Fullarton Street, London, Ontario, N6A 5P3, its telephone number is (519) 858-8188 and its fax number is (519) 858-8155. FML is a reporting issuer in Ontario, Quebec, British Columbia and Alberta.

¹ During the third quarter of 2012, the Mount Klappan Anthracite Metallurgical Coal Project was renamed the Arctos Anthracite Project.

Intercorporate Relationships

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



GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

Fortune is a diversified resource company with several mineral deposits and a number of exploration projects, all located in Canada. The Company is focused on the development of the Arctos Anthracite metallurgical coal deposits (“Arctos”) in British Columbia and the NICO gold-cobalt-bismuth-copper deposit (“NICO”) in the Northwest Territories (“NWT”). As part of the development of the NICO deposit, Fortune has purchased lands near Saskatoon, Saskatchewan, where it proposes to construct a hydrometallurgical process plant to process bulk concentrates produced from the NICO property to high value metal products (the “Saskatchewan Metals Processing Plant” or the “SMPP”). The Company has also acquired the buildings and equipment from the Golden Giant Mine at Hemlo, Ontario, which have been dismantled, and certain items moved, and stored for relocation to NICO (the “Hemlo Assets”). Based on completed feasibility studies to date, both the Arctos and NICO projects contain reserves to support mining operations. In addition, the Company owns the Sue-Dianne copper-silver-gold deposit (“Sue-Dianne”) and other exploration projects in the NWT. Fortune is pursuing growth of shareholder value through assembly, development and operation of high quality mineral resource projects. The Company’s strategy is focused on its principal projects, Arctos and NICO.

In pursuit of its strategy, Fortune is: (i) building and enhancing existing relationships with Aboriginals, local communities, government representatives and other stakeholders who may be impacted by and benefit from the NICO, SMPP and Arctos projects; (ii) obtaining environmental and operational permits for NICO and the SMPP as well as Arctos; and, (iii) engaging with seeking additional strategic and financing partners, evaluating potential transactions and acquiring the funding for the development, construction and successful commercial production of the NICO and Arctos projects.

Year Ended December 31, 2010

During 2010, cash exploration and evaluation expenditures by the Company on its properties were \$9,249,119. These expenditures were focused primarily on NICO. Expenditures on plant and equipment for mining properties were \$7,070,211 and were focused primarily on engineering and site work for the SMPP as well as removal and transportation of the Hemlo Assets from the Hemlo site to various staging locations.

Fortune committed to seeking an appropriate joint venture partner to help develop the Arctos project and in furtherance of this objective, entered into an engagement with Deloitte & Touche Corporate Finance Canada Inc. (“Deloitte”) to act as the Company’s financial advisor to implement a renewed strategy for identifying, evaluating and engaging a suitable strategic partner in order to maximize value for shareholders and realize the potential of Arctos. The Company considered a large field of prospective candidates for this engagement and Deloitte was selected because of their demonstrated knowledge and experience working with leading coal producers and buyers, their strong Canadian-based mining advisory team, and because they have one of the largest Mergers and Acquisitions franchises with offices throughout the globe, including a strong presence in the critical Asian markets.

The Company also engaged Marston Canada Ltd. (“Marston”), acquired by Golder Associates Limited (“Golder”) during 2011, to update the financial model from its 2005 and 2008 definitive feasibility studies (“DFS”). This new study indicates very attractive economics for the project using a railway development strategy with haulage of coal products by unit train to the port of Prince Rupert on the existing Dease Lake Rail Line. The railway transportation strategy is now commercially feasible for the development as a result of new capital and operating cost quotes that were received from the Canadian National Railway (“CN”), which operates on the Dease Lake Line to Minaret, 150 km south of Arctos. Notably, the railway right-of-way and roadbed has already been largely constructed between Minaret and Arctos and provides an existing transportation corridor that can be easily upgraded. The railway provides a simple and scalable transportation solution for the project that allows Fortune to capitalize on Arctos’s world class resources.

The Company’s 2010 business activities at NICO were focused on advancing engineering, permitting and financing of NICO and the SMPP. The Company conducted field programs at the NICO mine site in the NWT and the SMPP site in Saskatchewan during the year. At NICO, both summer and winter field programs were completed. For the NICO winter field program, the Company contracted Tlicho Logistics to extend the Government winter road used to supply local communities to the NICO mine site and to transport fuel and other bulk supplies to the project to support the Company’s winter and summer field programs. FORACO Drilling Ltd. (“Foraco”) was contracted to

conduct additional geotechnical drilling at the mine to support ongoing engineering and the construction of the mill, mine buildings and airstrip. This work, together with engineering of the roads and plant site, was supervised by EBA Engineering Consultants Ltd (“EBA”). Additional geotechnical drilling was also conducted in the proposed impoundment area for management of co-mingled waste rock and mill tailings. Monitoring holes were also installed to collect groundwater samples for base line characterization and to monitor seepage during mine operations. Golder conducted the engineering work for the tailings and waste rock management area as well as the environmental work for the NICO mine site. Condemnation holes were drilled beneath the proposed waste rock and tailings impoundment area to ensure that no potential unidentified open pit ore would be sterilized by the construction of these facilities. Approximately 30 employees and contractors worked at the NICO site including many from the nearby Tlicho communities. Geologists from the Geological Survey of Canada and NWT Geoscience Office were also working at the NICO site as part of a regional scientific collaboration with Fortune to study iron oxide-hosted copper gold (“IOCG”, also called “Olympic Dam”) -type mineral deposits in this area.

During the NICO summer program, Foraco was also contracted to complete a 37-hole drill program to extend the known mineral reserves for the deposit and provide better definition of the perimeter of the ore body for detailed mine operations and production scheduling. In particular, the gold-rich central core of the deposit was open for possible extension to depth and also between some broad spaced drill hole intersections. The drilling was successful in extending the deposit, and the results included high-grade intersections, locally up to 38.4 g/t gold, 2.47% cobalt and 1.8% bismuth, within larger lower grade intervals. Several of the new drill hole intersections indicate extensions to the gold-rich central core of the NICO deposit to depth, including some drill holes that indicate the deposit remains locally open for future expansion. Several drill holes also indicate extensions to the ore zones toward surface and will therefore likely reduce waste rock stripping in these areas during mine operations. See news releases dated September 9, 2010 and December 3, 2010 on the Company’s website, www.fortuneminerals.com, or on SEDAR at www.sedar.com, for a summary of drill results. Robin Goad, M.Sc., P.Geo. is the Qualified Person responsible for the NICO drill program for the purposes of NI 43-101. The results of all 37 drill holes were provided to P&E Mining Consultants Inc. (“P&E”) to assess their impact on the project’s mineral reserves.

The NICO summer drill program also included holes that did not intersect economically significant mineralization. Most of these holes were drilled to test for potential extensions to the deposit ends, and although unsuccessful in identifying new ore, are very important in delineating the limits of the known reserves to assist with detailed mine planning.

In addition to drilling, the NICO summer program included further environmental and geotechnical studies at the site to support the Environmental Assessment (“EA”) for the project that is in progress for mine permitting. Additional groundwater monitoring wells were established in the deposit and surrounding area for baseline hydrogeological characterization to measure rock permeability and assess groundwater quality. A large diameter hole was also drilled to the bottom of the proposed pit for hydrogeological purposes, to measure rock permeability and install a multilevel monitoring well to assess ground water quality in the deepest part of the proposed mine. The installation of this well was conducted under the supervision of Golder and Slumberland Canada Ltd. in order to address a request by government regulators pursuant to the EA process the NICO project is undergoing for mine permitting. Geotechnical drill holes were also drilled in the vicinity of the proposed concentrator to assess bedrock quality for the design of building and equipment foundations. The geotechnical part of the program was supervised by EBA. Additional assessment of the aggregate resources on the NICO property was also carried out to identify materials for the construction of the mine and surface facilities.

Fortune continued its ongoing programs of consultation and engagement with the Tlicho Government to secure their continued support for the NICO project. Three separate tours for elders from nearby communities were completed to aid local residents in understanding the nature of the project and to obtain their suggestions on project design and operation. The Company participated in a workshop held in the nearby community of Whati in August, together with the Tlicho and Northwest Territories governments, to discuss important infrastructure initiatives in the area, including the Tlicho road. The planned Tlicho road is expected to improve the quality of life and reduce the cost of living in nearby isolated Tlicho communities as well as service the NICO development.

Aker Solutions Canada Inc. (“Aker”), now Jacobs Minerals Canada Inc. (“Jacobs”), a subsidiary of Jacobs Engineering Group Inc., continued to update the front-end engineering and design (“FEED”) level work for engineering, design, and capital and operating cost estimates for the NICO and SMPP sites to incorporate data

obtained from the field programs, pilot plant tests and engineering and environmental studies completed during the year.

The Company successfully demonstrated the production of 99.99% bismuth ingot (metal) through pilot plant work. High purity bismuth ingot with 99.99% purity is the standard product that is typically quoted for sale and traded on global metal markets. The ability to produce bismuth cathode and ingot is a significant improvement to the NICO project since completion of the Micon 2007 Study and Micon 2008 Study. Fortune previously demonstrated the production of a minimum 99% bismuth cathode powder product. High purity metal ingots can now be poured after smelting this powder in an induction furnace with flux to remove other metal impurities. The metallurgical test work for the NICO project, including two pilot plant tests, has been conducted at SGS Lakefield Research Ltd (“SGS”) under the supervision of Alex Mezei, P.Eng. in compliance with National Instrument 43-101 (“NI 43-101”).

At the future SMPP site in Saskatchewan, the Company contracted MDH Engineered Solutions Corp. (“MDH”) to conduct a hydrogeology assessment of the plant site groundwater for process water supply and to assess any potential impacts the Company might have on the Dalmeny Aquifer. Geotechnical drilling was also conducted for the design of the plant foundations, and also to determine soil conditions and permeability for construction of the water storage ponds and process residue storage facility. MDH also conducted environmental base line studies to support ongoing permitting activities.

At Hemlo, Ontario, the Company completed the dismantling of the remaining structures and relocated its salvaged Hemlo Assets to strategic staging locations prior to refurbishment and shipment to the Northwest Territories. As a result, the Company fulfilled its remaining obligations at the Golden Giant Mine site ahead of its April 1, 2011 deadline and its security deposit was returned.

An additional \$8,466,859 in net cash proceeds was raised during the year to continue to fund the key activities of the Company. At December 31, 2010, Fortune had working capital of \$8,228,901 and assets of \$127,917,977.

Year Ended December 31, 2011

During 2011, exploration and evaluation cash expenditures by the Company on its properties were \$7,143,546. These expenditures were focused primarily on NICO with only \$922,952 spent on Arctos. Expenditures for the Arctos project only started to ramp up late in 2011, with funding received from the Arctos JV transaction. Expenditures on plant and equipment for mining properties were \$1,046,760 and were focused primarily on permitting and engineering activities for the SMPP as well as storage and insurance costs of the Hemlo Assets located at various staging locations.

On July 13, 2011, Fortune and FCL entered into an agreement (the “Arctos JV Agreement”) with POSCO Canada Ltd. and POSCAN, a wholly-owned subsidiary of POSCO Canada Ltd., to advance Arctos to production through an unincorporated joint venture, the Arctos JV. POSCO Canada Ltd.’s parent company, POSCO, is based in South Korea and is one of the world’s largest steel producers. Pursuant to the Agreement, POSCAN acquired a 20% interest in Arctos and based on current capital cost estimates it is anticipated that POSCAN will make total payments and cash contributions of \$187.7 million, incorporating project capital cost updates from 2012, including \$30 million in upfront funding, which was received during the third quarter of 2011.

Highlights of the Arctos JV Agreement include:

- Formation of the Arctos JV to be owned 80% by FCL and 20% by POSCAN to accelerate development of Arctos by combining Fortune’s local development and operations expertise and POSCAN’s market knowledge and financial backing;
- At closing, POSCAN acquired from FCL a 20% interest in Arctos in exchange for: (i) proceeds of \$10 million paid to FCL upon execution of the Agreement; (ii) a contribution of upfront capital of \$20 million to the Arctos JV; and (iii) future payments of \$17.2 million to be paid to FCL in five equal annual installments of \$3.44 million beginning one year after the commencement of commercial production;
- POSCAN will fund 20% of capital and operating costs and receive 20% of the product produced from Arctos; and
- Fortune will serve as Manager of the Arctos JV and will be compensated, on a recovery basis, for providing operational, technical and administrative support over the life of the project.

During 2011, FCL and POSCAN each contributed their 80% and 20% interest in Arctos, respectively, to the Arctos JV. POSCAN has also contributed its \$20 million in upfront capital funding and FCL has recognized a liability to make a future capital contribution. Pursuant to the Agreement, FCL is obligated to make a future capital contribution of \$80 million to the Arctos JV, to be contributed when a production program has been approved by the Arctos JV management committee and when financing has been obtained. Should these criteria not be met by December 31, 2015, POSCAN may, in its sole discretion, require FCL to make a \$16 million payment directly to POSCAN in lieu of the \$80 million future capital contribution to the Arctos JV.

As part of the Agreement, the Arctos JV partners approved a program and budget focused on advancing Arctos to production as quickly as possible. The initial budget was focused on engaging with aboriginal and other local communities and building stakeholder support for Arctos, securing EA approvals and permits, and conducting more detailed engineering to support permitting and mine planning.

During 2011, Fortune continued to develop its wholly-owned NICO project independently and the Company's business activities were focused on relationship building, advancing permitting and financing of NICO and the SMPP while minimizing expenditures in other areas not on the critical path to production.

The Company made significant progress on the path to permitting NICO by reaching major milestones in the EA process during 2011. The Developers Assessment Report ("DAR") for the NICO project, submitted in May 2011 to The Mackenzie Valley Review Board ("MVRB"), passed the conformity check in August 2011 with no deficiencies. Subsequently, the EA progressed to the Information Request Stage where interested parties that reviewed the DAR submitted questions to the Company through the MVRB. Fortune received 425 requests from 10 separate interested parties, in mid-October 2011. Fortune completed its responses to these requests during 2011 and advanced to the Technical Meetings Stage of the EA process.

During 2011, Fortune also continued activities to promote engagement, communication and consultation designed to enhance relationships with key stakeholder groups, including government regulators, impacted local communities and First Nations for NICO and the SMPP. In relation to these activities, Fortune entered into agreements to expand the existing long-term relationship with the Tlicho Government and the Tlicho people through the signing of a Co-operative Relationship Agreement and an Environmental Assessment Funding Agreement. The Co-operative Relationship Agreement, similar to a Memorandum of Understanding, established the framework and path forward for further negotiations, defined primary liaison officials and set the communication protocol for the two parties. In the spirit of the agreement, the Company agreed to fund a Traditional Knowledge Study for the NICO EA. The Environmental Assessment Funding Agreement provided support to the Tlicho Government to assist with their review of the NICO project during the NICO EA process. The Tlicho Government has also formed the Kwe Beh Working Group which managed the Tlicho Government's involvement in the regulatory process of environmental assessment for the NICO project, among other tasks.

At the NICO site, small winter and summer programs were undertaken during 2011 that included condemnation drilling beneath the NICO mill and camp site, geotechnical drilling at the proposed NICO airport site, and environmental monitoring.

The Company also completed mini-pilot plant, gravity, and confirmatory flotation tests at SGS on samples of ores from NICO. The results released in March 2011 indicated that with the addition of gravity, regrind and secondary flotation facilities at the Company's proposed NICO concentrator increases metal recovery during flotation and eliminates the need to construct cyanide leaching and smelting facilities in the NWT. This mitigated the duplication of similar unit operations that were planned to be constructed at the SMPP. Elimination of cyanide use at the concentrator also reduces the potential for environmental impacts in the NWT related to tailings storage and effluent treatment, and this change is in keeping with the wishes of the Tlicho people who own the lands surrounding the Company's mining leases and are stakeholders for the proposed development.

Related to permitting the SMPP, the Company completed two public information sessions for the environmental assessment and permitting of the SMPP during February 2011 and considerable interest with a general positive response was shown in the project from the local communities and municipal and provincial governments. The information sessions followed the issuance of draft Project Specific Guidelines ("PSG's") by the Environmental Assessment Branch ("EAB") of Saskatchewan's Ministry of Environment ("SE"). Later in 2011, Fortune received the final PSG's outlining the requirements of the provincial environmental assessment process and identifying key

issues to be addressed in the Environmental Impact Statement (“EIS”). The Company prepared and submitted its EIS to the EAB, the next milestone in the EA process, in June 2011.

With additional market data on customer needs related to various forms of metal products, and First Nations input, engineering activities continued through 2011 with trade-off studies and optimization of the NICO concentrator and SMPP design and processes in order to refine capital and operating cost estimates. Ongoing refinement and updating of capital and operating costs was also required and essential given the trends in the mining industry for rising costs and increased metal market volatility. During 2011, Fortune worked towards completion of the capital and operating cost estimate updates subject to flow sheet updates from pilot plant test work and proposed updates to the mineral reserves that were ongoing in 2011, including the results of the 37 new drill holes completed at NICO in 2010.

Relating to the Hemlo Assets, early in 2011 the Company settled an ongoing dispute with the contractor, Tri-Venture FE&C, which was hired to complete portions of the dismantling and demolition scope relating to the Hemlo Assets and it was agreed that no further amounts were owed by the Company, resulting in the Company receiving its share of disputed amounts previously held in trust pending resolution of the dispute. No further obligations relating to the dismantling of Hemlo Assets exist.

In addition to the \$10 million cash payment to FCL and \$20 million upfront contribution to the Arctos JV received from POSCAN in 2011, \$9,290,475 in net cash proceeds was raised during 2011 from financing activities to fund the key activities of the Company.

During the fourth quarter of 2011, Fortune entered into a new engagement with Deloitte to assist with securing additional financing through a strategic partner to support the development of NICO and a second strategic partner for Arctos. The goal of the engagement is to secure some, or all, of the required project financing to achieve commercial production for both projects while securing additional significant strategic partners. The Company believes that funding its flagship projects through strategic partner investments and relationships is an attractive method of financing that will minimize equity dilution and maximize shareholder value given current share price trends in the capital markets. Strategic partners, such as POSCO, provide additional value by supporting the development of the project, providing access to additional customer and government relationships, introducing opportunities for additional financing support and validating the quality and significance of the Company’s world-class assets.

At December 31, 2011, Fortune had cash and cash equivalents of \$32,601,685 and a working capital balance of \$27,472,025. Included in cash was Fortune’s share of cash from the Arctos JV, which was \$15,602,537.

Year Ended December 31, 2012

During 2012, exploration and evaluation cash expenditures by the Company on its properties were \$10,315,094, of which \$5,329,629 was spent on NICO and \$4,981,520 was spent on Arctos. Expenditures on plant and equipment for mining properties were \$2,489,465, which included: the purchase of the land near Saskatoon, Saskatchewan on which the Company plans to construct the SMPP; permitting and engineering activities for the SMPP; and, storage and insurance costs of the Hemlo Assets located at various staging locations.

Fortune’s engagement with Deloitte to assist with securing additional financing through a strategic partner to support the development of NICO and a second strategic partner for Arctos was active throughout 2012 and activities with respect to this process are ongoing.

As part of the Arctos JV Agreement, entered into in 2011, an initial budget was completed, focused on engaging with aboriginal and other local communities and building stakeholder support for Arctos, securing permits, and conducting more detailed engineering to support permitting and mine planning. The funding required to construct both the Lost Fox Mine at Arctos and railway infrastructure is currently estimated at \$788.6 million, which would result in POSCAN’s total contribution to the Arctos JV being \$157.7 million, or 20%, and Fortune’s contribution being \$630.9 million, or 80%. Based on an assumed financing scenario of 70% debt and 30% equity, Fortune’s equity requirement is currently estimated to be \$189 million over the life of the construction phase. Fortune plans to continue discussions with potential debt and equity providers, with the aim of having a fully financed, permitted project at the conclusion of its currently planned programs. During the year ended December 31, 2012, the Company undertook various activities as part of the initial program and budget.

During 2012, the Company retained Marston to update the geological model, coal reserves and feasibility study for the Lost Fox deposit area. The updated DFS that was completed incorporates the results of additional drilling and survey data for the Lost Fox deposit area, which together with updated operating and capital costs, confirms an increase in reserves and robust economics for the Arctos project. See “Description of the Business-Arctos Anthracite Coal Project”. In addition, the Company engaged environmental, permitting and community and government relation consultants including Stantec, DPRA Canada and Fleishman Hillard, to assist with advancing the Arctos EA process and community relations activities. To advance the EA process, the Company is currently: updating the project description report; conducting additional environmental baseline work required, primarily along the rail route; and, drafting application information requirements. The updated project description was completed subsequent to year end. The Company also engaged in various activities to enhance relationships with key groups, including impacted local communities and First Nations and government regulators. The Company held numerous meetings during the year with the Tahltan, Gitksan, federal government ministries, regulators, and other interested parties.

During 2012, the Company’s business activities related to NICO were focused on critical path activities required to advance permitting and financing of NICO and the SMPP.

The Company advanced the EA process for the permitting of the NICO mine and mill during 2012 as information requests from interested parties related to the Company’s DAR were responded to and public hearings sessions were completed. On October 22, 2012 the public registry was closed, a significant milestone in the EA process. The MVRB then prepared its Report of Environmental Assessment and Reasons for Decisions (“EA Report”) for the Minister of Aboriginal Affairs and Northern Development Canada (“AANDC”). Subsequent to year end, on Jan 25, 2013, the MVRB completed its EA Report and recommended approval of the mine and mill for the NICO project. The MVRB concluded that a full environmental review of the NICO mine and mill is not necessary and that it should proceed to the regulatory phase for approvals subject to the measures set out in its EA Report. The EA Report and recommendation has been submitted to the Minister of AANDC for his approval and signature, and to the Tlicho Government. Upon acceptance of the EA Report by the Minister and the Tlicho Government, the NICO mine and mill can progress to the licensing and permitting phase of the process. While the EA Report and recommendation are reviewed, the Company is advancing discussions with the Tlicho Government towards completing agreements on the NICO development.

In addition, the Company completed the FEED study and updated mineral reserves. The FEED study, by Jacobs, included several other engineering companies, and culminates more than three years of geological modelling, mine, infrastructure and process plant engineering, and metallurgical test work to improve the project and reduce risk from capital cost escalation and commodity price volatility. With this FEED study now complete, Fortune is well positioned to advance its pursuit of strategic partners and secure project financing to develop the NICO project. See “Description of the Business-NICO Gold-Cobalt-Bismuth-Copper Deposit”.

In 2012, Fortune continued working on engineering updates based on additional market data of customer needs related to various forms of metal products, and First Nations input, with trade-off studies and optimization of the NICO concentrator and SMPP design and processes in order to refine capital and operating cost estimates. Specifically, in the second quarter of 2012, successful pilot plant tests were completed for the production of cobalt sulphate, proving that a battery-grade cobalt sulphate product used to make high performance rechargeable batteries can be produced. Battery-grade cobalt sulphate is the preferred product by many battery manufacturers that would otherwise need to process metals to produce the sulphate and also results in improved economics due to lower operating costs and higher sales prices. As a result of changes made to the detailed engineering and planning for NICO during the fourth quarter of 2012, the Company determined that certain Hemlo Assets previously acquired for use at NICO would no longer be required. Due to the changes to the project and mine plan, the Company decided to sell the assets that will no longer be utilized at NICO and recorded an impairment charge of \$5,431,239.

The Company continued to maintain and expand its core group of management and employees to lead activities on the critical path to production while focusing on minimizing general and administrative expenses to support and finance its principal projects. In 2012, \$1,975,000 in net cash proceeds was raised from financing activities to assist in funding the key activities of the Company.

At December 31, 2012, Fortune had cash and cash equivalents of \$19,412,992 and a working capital balance of \$16,171,495. Included in cash is Fortune’s share of cash from the Arctos JV, which is \$10,521,967.

Significant Acquisitions

Fortune did not make any significant acquisitions during the year ended December 31, 2012 nor during the subsequent period to the date of this report.

DESCRIPTION OF THE BUSINESS

General

Fortune is a diversified natural resources company. Its common shares are listed on The Toronto Stock Exchange (“TSX”) under the symbol “FT” and on the OTC Markets Group Inc.’s PTCQX International tier (“OTCQX”) under the symbol “FTMDF”. Fortune is involved in the exploration and development of coal, specialty metals, base metals and precious metals, primarily in the Northwest Territories and British Columbia. Projects at advanced stages of exploration and development include the NICO and Sue-Dianne projects in the NWT as well as the Arctos project in British Columbia. Fortune is also planning to construct a hydrometallurgical processing plant in Saskatchewan to process bulk concentrates from NICO. The Company has approximately 30 full-time personnel across Canada including Community Liaison representatives. Community Liaisons are located within communities near NICO and Arctos currently engaged to consult and communicate with local residents about the impacts and benefits of the projects.

Risk Factors

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

Permits and Licenses

The operations of the Company require licenses and permits from various governmental authorities. The Company believes that it presently holds all necessary licenses and permits required to carry out the activities it is currently conducting under applicable laws and regulations and the Company believes it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in regulations and in various operating circumstances. In 2012, the Company completed public hearings as part of the EA process and on October 22, 2012 the public registry was closed. As previously noted, subsequent to year end the MVRB completed its EA by issuing its EA Report that included their recommended approval of the NICO mine and mill, subject to the measures set out in its EA Report. The EA Report and recommendation was submitted to the Minister of AANDC for approval and signature, as well as to the Tlicho Government. Acceptance of the EA Report is required by the Minister and the Tlicho Government before the NICO project can progress to the licensing and permitting phase of the process. While the Company believes such approval will be granted, no assurance can be provided that it will be granted. The Company has also entered the EA process for the SMPP in Saskatchewan in order to obtain the necessary permits required for operating the facility. These applications are also subject for review by certain regulatory authorities. In addition, the Company will be required to complete the EA process related to Arctos. Subject to receiving environmental certificates and approvals, the Company will be required to apply and obtain mining permits in order to build and operate a mine. There can be no assurance that the Company will be able to obtain all licenses and permits required to carry out future exploration, development and mining operations at its projects.

Limited Financial Resources

The existing financial resources of the Company are not sufficient to bring any of its properties into commercial production. In 2012, the Company updated the economic analysis, including the capital cost estimates for NICO from the 2007 feasibility study to reflect a number of changes, including relocating the hydrometallurgical facility to Saskatchewan, process enhancements designed to maximize recovery of metals and plans to produce finished metals, and is now estimating capital costs for NICO and the SMPP will be approximately \$441 million. At Arctos, based on the updated feasibility study that was completed in 2012 incorporating the results of additional drilling and survey data for the Lost Fox deposit area and updated capital and operating costs, estimated capital costs are approximately \$789 million. The Company will need to obtain additional financing from external sources and/or

find suitable joint venture partners in order to fund the development of Arctos and NICO, including the SMPP. There is no assurance that the Company will be able to obtain such financing or joint venture partners on favourable terms, or at all. Failure to obtain financing or joint venture partners could result in delay or indefinite postponement of further exploration and development of the Company's properties.

Aboriginal Title and Rights Claims

Aboriginal title and rights may be claimed with respect to Crown properties or other types of tenure with respect to which mining rights have been conferred. The Company is not aware of any aboriginal land claims having been formally asserted or any legal actions relating to aboriginal issues having been instituted with respect to Arctos, NICO or the SMPP properties other than certain treaty rights established by the Tahltan and Gitksan for Arctos and by the Tlicho for NICO. The lands that surround NICO are owned by the Tlicho Government pursuant to the agreement between the Government of Canada, the Northwest Territories and the Tlicho Government. The Company is aware of certain First Nations that claim certain title and rights with respect to Crown properties related to the Company's projects that may or may not be formally asserted with the Crown in order to seek comprehensive land claim settlements. In 2005, the Company's Arctos property was the subject of a blockade by a group of individuals, most being aboriginals, which required the Company to obtain a court injunction to remove the blockade. For NICO, while the Company has a right of access to the NICO mine site under the Tlicho Agreement with the Crown, an access agreement will be required between the Tlicho and the Company for the use of the access roads to be built through Tlicho territory to the site. The Company is aware of the mutual benefits afforded by co-operative relationships with aboriginal communities in conducting exploration and development activity and is supportive of measures established to achieve such cooperation including preferential hiring practices, local business development activities, involvement in environmental stewardship and other forms of accommodation. The Company has previously entered into a Co-operative Relationship Agreement and Environmental Assessment Funding Agreement with the Tlicho Government and an Environmental Assessment Process Funding Agreement with the Tahltan Central Council. However, certain challenges with respect to timely decision making may be encountered when working with First Nation governments as a result of capacity restraints due to the limited number of key individuals in demanding leadership positions, turnover of leadership personnel and delays while elections are held. It will also be necessary for the Company to negotiate and enter into appropriate participation agreements with relevant First Nations in order to bring its projects into production and there is no assurance that the Company will be able to negotiate such agreements on favourable terms or at all. In addition, other parties may dispute the Company's title to the properties and the properties may be subject to prior unregistered agreements or transfers or land claims by aboriginal peoples, and title may be affected by undetected encumbrances or defects or government actions.

Fluctuating Prices

Factors beyond the control of the Company may affect the marketability of coal, cobalt, bismuth, gold, copper or any other minerals discovered. The range in market prices, over the last five years, for the commodities at NICO are as follows: annual average gold prices have ranged from a low of US\$872/oz in 2008 and have increased annually, on average, to a high of US\$1,677/oz in 2012; cobalt annual average prices have ranged from a low of US\$14.47/lb (2012) to a high of US\$40.22/lb (2008); copper annual average prices have ranged from a low of US\$2.32/lb (2009) to a high of US\$3.99/lb (2011); bismuth annual average prices have ranged from a low of US\$7.53/lb (2010) to a high of US\$11.45/lb (2011). For anthracite coal at Arctos, market prices of metallurgical coal of this quality are less readily available. However, based on spot prices and trend setting contracts entered into by certain metallurgical coal producers, it is believed that over the last five years ultra-low volatile pulverized coal injection ("ULV PCI") coal prices have ranged from approximately US\$120/tonne to US\$275/tonne and coking coal prices have ranged from approximately US\$130/tonne to US\$330/tonne. The commodity prices have fluctuated widely and are affected by numerous factors beyond the Company's control such as the economic downturn observed in 2008 and 2009, commodity supply shortages, weather events such as recent flooding in Australia, political instability, and changes in exchange and interest rates. The effect of these factors cannot accurately be predicted.

Dependence on Key Personnel and Limited Management Team

Fortune is dependent on the services of its senior executives including the President and Chief Executive Officer, Vice President Finance and Chief Financial Officer and Vice President Operations, and over a dozen full time equivalent skilled and experienced employees and consultants. The loss of any such individuals could have a material adverse effect on Fortune's operations. In addition, Fortune will need to supplement its existing management team in order to bring any of its projects into production.

Nature of Mineral Exploration and Mining

At the present time, the Company does not hold any interest in a mining property in production. The Company's viability and potential success is based on its ability to develop, exploit and generate revenue from mineral deposits. The exploration and development of mineral deposits involve significant financial risk over a significant period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. In order to continue developing the projects towards operation and commercial production, the Company will be required to make substantial additional capital investments. It is impossible to ensure that the past or proposed exploration and development programs on the properties in which the Company has an interest will result in a profitable commercial mining operation.

The operations of the Company are subject to all of the hazards and risks normally incident to exploration and development of mineral properties, any of which could result in damage to life and property, the environment and possible legal liability. The activities of the Company may be subject to prolonged disruptions due to weather conditions as a result of the Company's properties being located in northern Canada. Specifically, at NICO the Company is subject to increased risk relating to the dependence on ice road travel to supply and equip its work programs and at Arctos the Company is subject to increased risk relating to the potential damage to the access roads resulting from drainage or snow accumulations in mountainous terrain. While the Company has obtained insurance against certain risks in such amounts as it considers adequate, the nature of these risks are such that liabilities could exceed policy limits or could be excluded from coverage. There are also risks against which the Company cannot insure or against which it may elect not to insure. For example, the Company has not obtained environmental insurance at its project sites to date and has limited its insured values of its assets to stated amounts approximating the estimated cash invested in its capital assets to date. The potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage or associated with compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings and competitive position of the Company.

Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size and grade, proximity to infrastructure, financing costs and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting and environmental protection. The Company has undertaken activities to reduce certain risks related to its major projects through: completion of extensive exploration and drilling programs; completion of numerous environmental baseline studies; pilot plant test work and process optimization and verification; and, investing in significant engineering studies for the mine planning, mine site buildings and equipment, infrastructure and processing facility.

Competition

The mineral exploration and mining business is competitive in all its phases. The Company competes with numerous other companies and individuals, including other resource companies with greater financial, technical and other resources than the Company, in the search for and the acquisition of attractive mineral properties, the acquisition of mining equipment and related supplies and the attraction and retention of qualified personnel. The Company will be constrained in its ability to manage the cost of salaries at NICO and the SMPP during construction and operations as Fortune may be competing for labour with the much larger diamond mining companies operating in the NWT and potash companies operating in Saskatchewan, respectively. Similar competition may exist in British Columbia during construction and operations of Arctos since there are other mining projects progressing in the region. The current estimate is that upwards of 1,000 additional employees in aggregate will need to be hired to operate NICO, the SMPP and Arctos. There is no assurance that the Company will continue to be able to compete successfully in the acquisition of building materials, sourcing equipment or hiring people.

Environmental and Climate Change Regulation

The operations of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means standards, enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The

Company has carried out and completed significant environmental base line studies and environmental monitoring to position the Company to successfully complete required environmental assessments; however, despite this, the Company has not been able to obtain certain environmental certificates in a timely manner due to the complexities of the regulatory requirements and process. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of future operations. The impacts of international or domestic climate agreements, carbon taxes and other potential climate change legislation are difficult to predict and are not yet fully understood, including impacts on capital and operating costs.

Estimates of Mineral Reserves and Resources May Not be Realized

The mineral reserve and resource estimates published from time to time by the Company with respect to its properties are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. Material changes in resources, grades, stripping ratios or recovery rates may affect the economic viability of projects. However, through extensive investment in exploration drilling, test mining, bulk sampling, engineering planning and pilot plant testing, the Company has substantially mitigated and reduced these risks. There is a risk that minerals recovered in small-scale laboratory and large scale pilot plant tests will be materially different under on-site conditions or in production scale operations. Short-term factors, such as the need for orderly development of deposits or the processing of new or different grades, may have an adverse effect on mining operations or the results of operations.

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

Health and Safety Matters

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

Mineral Projects

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

Property and Location	Commodity Sought ⁽¹⁾	Hectares	Fortune Interest
NICO (NWT)	Co, Au, Bi, Cu	5,140	100%
Arctos (BC)	Anthracite coal	16,411	80% ⁽²⁾
Sue-Dianne (NWT)	Cu, Ag, Au	451	100%
Salkeld Lake (NWT)	Cu, Zn, Pb, Au, Ag	116	100%
Camsell River (NWT)	Ag	78	100%

⁽¹⁾ Co = cobalt, Au = gold, Bi = bismuth, Cu = copper, Ag = silver, Zn = zinc, Pb = lead,

⁽²⁾ Subject to third party royalty of \$1 per tonne of coal delivered to the point of usage or sale.

NICO Gold-Cobalt-Bismuth-Copper Deposit

Set forth below is the summary section of a technical report entitled “*Technical Report and Updated Mineral Reserve Estimate and Front-End Engineering & Design (FEED) Study on the NICO Cobalt-Gold-Bismuth Deposit, Mazenod Lake Area, Northwest Territories, Canada*” dated July 2, 2012 (the “2012 NICO Report”) prepared by P&E in compliance with NI 43-101, with Eugene Puritch, P.Eng., Fred H. Brown, CPG PrSciNat, and James L. Pearson from P&E as the Qualified Persons responsible for the updated mineral reserves and with Alexander Duggan and Graham Peter Holmes from Jacobs and Eugene Puritch as the Qualified Persons responsible for updated

economics. The 2012 NICO Report was filed on SEDAR on August 16, 2012 and is available at www.sedar.com. The 2012 NICO Report supersedes reports previously filed and includes the most current and up-to-date information related to the NICO project. The following information is of a summary nature only and reference is made to the detailed disclosure contained in the 2012 NICO Report, which is incorporated herein by reference.

SUMMARY OF TECHNICAL REPORT AND UPDATED MINERAL RESERVE ESTIMATE AND FEED STUDY ON THE NICO COBALT-GOLD-BISMUTH DEPOSIT

Fortune Minerals Limited (“Fortune”) began a program of exploration for iron oxide-hosted copper gold deposits (IOCG or Hydrothermal Iron Oxide-Hosted Replacement deposits) in the Great Bear magmatic zone in the 1990’s. This led to the identification of the Lou Lake area as a prospective location and to the staking of the NICO claims which Fortune has been actively exploring since 1994. Significant Gold-Cobalt-Bismuth-Copper mineralization in a number of different zones on the property have been discovered, including the “Bowl Zone” in 1995, which hosts the currently known mineral reserves on the property.

After the initial discovery of surface mineralization in the western part of the Bowl Zone, a number of drilling campaigns, resource estimates and studies were carried out as described below, each campaign and study building on a more complete database than the previous one. Exploration work on the property or offsite studies have been conducted continuously since the Bowl Zone discovery. This zone is the principal mineralized zone of interest on the property and was the subject of an initial feasibility study by Micon International Limited (“Micon”) in 2007 and subsequently by additional advanced studies summarized in this report.

STUDY PARTICIPANTS AND RESPONSIBILITIES

Fortune engaged Jacobs Mineral Canada Inc., formerly Aker Solutions a division of Aker Solutions Canada Inc. (“Jacobs”), to produce Front End Engineering Design (“FEED”) reports regarding the development of the NICO Concentrator and related Saskatchewan Metals Processing Plant (“SMPP”). The scope included mineral and metallurgical plant design, project infrastructure, and development of process capital and operating costs.

The following firms were engaged by Fortune to provide specific project services listed below with inputs to the FEED and Technical reports related to their scope:

- P&E Mining Consultants Inc. (“P&E”) updated the geological model and prepared the updated mineral reserve estimates, as well as the mine plan, mining fleet selection, mine operating and capital costs, and production scheduling.
- Golder Associates Ltd. (“Golder”) completed geotechnical engineering, environmental baseline studies and modelling, the design of the water treatment and mine rock and thickened tails co-disposal facilities in the NT, and they are the lead consultants for the environmental assessment (“EA”) process in the NT.
- EBA Engineering Consultants Ltd. (“EBA”) completed the NICO site infrastructure geotechnical work and design of the NICO access road.
- MDH Engineered Solutions Corp. (“MDH”) was responsible for the SMPP environmental baseline studies and site geotechnical work, the design of the process residue storage facility and is the lead consultant for the EA review process in Saskatchewan.
- SGS Lakefield Research Limited (“SGS Lakefield”) completed the metallurgical test work and contributed to the SMPP design engineering.
- Dan Mackie Associates (“DMA”) designed the bismuth process building and equipment.
- Skybeco Inc., (“Skybeco”) conducted a metals price and marketing study.

A number of additional engineering consultants contributed to specific parts of the grinding, flotation and hydrometallurgical circuit designs and the metal marketing analysis.

All of the work was conducted to an accuracy of +/- 15% variance, except for the cobalt sulphate solvent extraction option, which was conducted with an overall accuracy of -10% to +25%.

The studies outlined in this report, have been prepared pursuant to the regulations and guidelines of NI 43-101FI.

PERSONAL SITE INSPECTIONS

The following site visits were carried out by the Qualified Persons:

- Marc Rougier of Golder visited the NICO property in September 2003 for three weeks and in September 2008 for three days as part of investigations to address the mining geotechnical and physical hydrogeology aspects of the project.

- Ken Bocking of Golder visited the NICO property from 06 July 2010 to 07 July 2010 in order to examine the site of the Co-disposal Facility (CDF) at the NICO mine site.
- Eugene Puritch of P&E Mining Consultants Inc., visited the NICO mine site on July 10 and 11, 2004 and on April 24, 2012. At that time a verification sampling program was undertaken.
- Graham Holmes of Jacobs Minerals Canada visited the NICO mine site on April 24, 2012.
- Alex Duggan of Jacobs visited the NICO mine and SMPP sites during the period of April 17 2012 through April 24, 2012.
- Wade Summers of MDH visited the SMPP site on June 9, August 11, and September 24, 2010 to conduct a biological assessment for the EIA.

PROPERTY DESCRIPTION AND LOCATION

The NICO project is found in National Topographic System (“NTS”) quadrant 85 N/10 at 63°, 33” N and 116°, 45” W in Canada’s Northwest Territories (“NWT”). The property is approximately 160 km by air to the northwest of Yellowknife, which is located on the north shore of Great Slave Lake.

The NICO Property consists of 10 mining leases covering approximately 5,140 ha. As of August 9, 2007, Fortune holds 100 % of the interest in the NICO Property after it purchased the minority interest previously held by Candou Industries Inc.

As of the effective date of this report the 10 mining leases that comprise the NICO Property are in good standing and can remain so until at least 2023.

GEOLOGY AND MINERALIZATION

The mineralization at NICO is hosted in brecciated clastic sedimentary rocks of the Treasure Island Group that were previously thought to be part of the nearby Snare Group. The deposit occurs near the unconformity with overlying felsic volcanic rocks of the Faber Group. The sedimentary and volcanic rocks are both intruded by feldspar +/- quartz +/- amphibole porphyritic felsic dykes that broadly coeval with and related to the Faber Group volcanics.

Ore is contained in a series of 40° north dipping stacked stratabound lenses of ironstone. The main mineralized lenses are referred to as the Upper, Middle and Lower Zones, which are up to 1.5 km in length, 550 m in width (down dip) and 70 m in thickness (across dip).

The host sedimentary rocks in the vicinity of the ore zones have been extensively hydrothermally altered to biotite amphibole ironstones and schists and biotite-amphibole-magnetite ironstones and schists, an alteration assemblage representing extensive addition of iron and potassium to the rocks. Ore is associated with the approximate 5% disseminated and fracture filling sulphide fraction. The minerals of economic interest are primarily native gold, a solid solution series between cobaltian arsenopyrite and cobaltite, bismuthinite, native bismuth and chalcopyrite.

The overlying and capping Faber Group volcanics have also been extensively hydrothermally altered on a nearly regional scale. They have experienced the emplacement of significant amounts of potassium and the associated development of microcline giving them a distinct and ubiquitous orange-pink hue.

Mineral resource estimates were previously prepared by Mumin in 1997 and 1998, SNC Lavalin in 1999, and Strathcona Mineral Services (Strathcona) in 2000 (presented in a scoping study in 2002), as well as an updated in-house estimate by Goad and Puritch in 2002. Two of these estimates were accompanied by scoping studies and preliminary economic evaluations. The study results were generally encouraging and each identified further drilling and/or mineralogical and metallurgical studies. In 2004, Micon was engaged to prepare an updated mineral resource estimate for the NICO deposit. Micon was then subsequently engaged, together with other engineering companies, to prepare a full feasibility study for the NICO project that was completed in February 2007 and was summarized in a technical report that was filed on the SEDAR website (www.sedar.com).

EXPLORATION STATUS

Since the 2007 Micon feasibility study and technical report considerable additional work has been conducted on the NICO project. This includes completion of an underground test mining program that had been initiated prior to the feasibility study. The program was comprised of approximately two kilometres of underground ramp development work and crosscuts through two levels of the Middle Ore Zone. A ventilation and emergency egress raise was also driven to the surface.

Approximately 200 tonnes of NICO ores were composited in two bulk samples from the underground test mining program emulating the grades of the underground ores and the open pit ores in the NICO mineral reserves. The samples were shipped to SGS Lakefield in Lakefield, Ontario for pilot plant processing in 2007. This pilot plant proved the process flow sheet, verified the production of cobalt and bismuth cathode products, and resulted in higher flotation recoveries than had been used in the previous Micon feasibility study. The economic impact of this metallurgical test work, together with updated metal price and currency exchange rate assumptions were used by Micon to prepare an updated financial model and was summarized in a news release, dated May 8, 2008.

In 2009, Fortune made the decision to move the downstream processing of NICO concentrates to higher value metal products from the mine site to a property near Langham, Saskatchewan, approximately 26 kilometres northwest of the city of Saskatoon. This decision was made to mitigate the impact of higher diesel generated power costs at the NICO site after the Northwest Territories Power Corporation indicated that there would not be power available from the Snare electrical grid. The Saskatchewan site also had the additional benefit of being close to other services, process reagent sources, a skilled pool of engineers and chemical plant technologists and tax incentives that were offered by the Saskatchewan Government.

Between 2010 and 2012, an additional 30 tonne pilot plant was conducted on NICO ores at SGS Lakefield in Lakefield, Ontario. This pilot plant was conducted to test the impact of grade variability of ores during flotation, prove the production of a bismuth ingot product as well as a cobalt sulphate heptahydrate product, and also to prove gold and cobalt recoveries from blending the bismuth process residue with the cobalt concentrate autoclave feed in order to simplify the gold recovery circuit and mitigate the potential for gold recovery losses from refractory ores. The pilot plant was successful in achieving these objectives.

In 2010, an additional 38 holes were drilled into the NICO deposit to test for extensions to the deposit and extend the gold zones that were locally open for potential expansion. This program was successful in extending the overall strike length of the deposit, as well as expanding and better defining the deposit limits, including its gold-rich, high grade core and the crosscutting post mineral felsic intrusions. The infill drilling program was also successful in capturing resource blocks stranded from the main portion of the deposit in previous estimates.

Fortune has completed several phases of diamond drilling, totalling 326 holes, between 1996 and 2010 in the general vicinity of the NICO deposit. Most of the holes fall within the interpreted mineralized extents of the three tabular zones. Of the total holes drilled 299 were utilized for resource estimation. These holes are located between sections 1400 NW and 2800 NW. To date, gold-cobalt-bismuth-copper mineralization at the NICO deposit has been intersected over a strike length of over approximately 1,500 m and the deposit is now essentially closed off by drilling.

MINERAL RESOURCES

The mineral resource estimate presented herein has been prepared following the guidelines of the Canadian Securities Administrators' National Instrument 43-101 and Form 43-101F1 and in conformity with generally accepted "CIM Estimation of Mineral Resource and Mineral Reserves Best Practices" guidelines.

The mineral resource was constrained with a geological model prepared by Fortune and reviewed by the estimator.

Three mineralization domains and five lithological domains were modeled. Mineralization domains were defined by continuous mineralization and assay intervals equal to or greater than a calculated NSR value of \$40.00.

Within the domains a block model was reported by estimating a net smelter return (NSR) value for each block using parameters provided from the extensive metallurgical test work and mining scoping studies completed on the deposit. At the time of resource estimation it was anticipated that the upper portions of the deposit (to approximately 75 m below surface) would be mined by open pit methods and the remainder would be mined from underground in order to provide early access to the gold-rich mineralization at the core of the deposit.

All open pit mineral resources are reported against a \$46.00 NSR cut-off, as constrained within the optimized pit shell. Underground mineral resources are reported outside the optimized pit shell against an \$80 NSR cut-off. The effective date of this estimate is 30 November 2011.

The Mineral Resource Estimate is shown in the table below.

NICO ESTIMATED OPEN PIT AND UNDERGROUND MINERAL RESOURCES⁽¹⁾⁽²⁾⁽³⁾						
Area	NSR Cut-off \$CDN/t	Class	Tonnes x 1,000	Au g/t	Bi %	Co %
Open Pit	\$46	Measured	18,911	1.05	0.15	0.12
		Indicated	10,983	1.19	0.14	0.12
		M+I total	29,894	1.10	0.15	0.12
		Inferred	2	0.30	0.07	0.08
U/G	\$80	Measured	231	2.29	0.06	0.15
		Indicated	764	1.72	0.07	0.16
		M+I total	995	1.85	0.07	0.16
		Inferred	31	0.65	0.11	0.25

⁽¹⁾ Mineral resources are defined within an optimized pit shell that incorporates project metal recoveries, estimated operating costs and metals price assumptions.

⁽²⁾ Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, marketing, or other relevant issues. The mineral resources referred to herein were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council.

⁽³⁾ The quantity and grade of reported Inferred resources are uncertain in nature and there has been insufficient exploration to define these Inferred resources as an Indicated or Measured mineral resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured mineral resource category.

MINERAL RESERVES

Underground Reserve

The underground mineral reserves were re-estimated using a revised mine plan to extract high gold grade ore for the purposes of the present post-feasibility mining update study. The underground mineral reserves estimate used in the present study is presented in the table below.

UNDERGROUND MINERAL RESERVE ESTIMATES⁽¹⁾⁽²⁾					
Classification	Tonnes	Au (g/t)	Co (%)	Bi (%)	Cu (%)
Proven	282,100	4.93	0.14	0.27	0.03
Probable	93,900	5.60	0.11	0.19	0.01
Total	376,000	5.09	0.13	0.25	0.02

⁽¹⁾ Mine recovery and dilution are included in these quantities with metal grades

⁽²⁾ All of the material designated as Reserves in the underground was derived from Measured and Indicated Resources that have been demonstrated to be economic as result of the current study and are therefore designated as Proven and Probable Reserves using the Canadian Institute of Mining, Metallurgical and Petroleum, CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council on December 11, 2005 (the CIM Standards)

The existing exploration decline, completed in 2006, will be utilized for access to the underground stope mining areas. The proposed underground mine plan is based on a development program that includes: the extension of the existing 5 m x 5 m exploration decline to the 95 m level. There are a total of 21 blasthole stopes, life-of-underground-mine.

Open Pit Reserve

The open pit reserve estimate is based on dilution and extraction to bench defined mining outlines. The open pit mineral reserve estimate is shown in the table below and has been determined based on selection of blocks that are above the marginal economic NSR cut-off of C\$48.07 per tonne.

OPEN PIT RESERVES⁽¹⁾⁽²⁾				
Classification	Tonnes (k)	Au (g/t)	Co (%)	Bi (%)
Proven	20,513	0.94	0.11	0.15
Probable	12,099	1.05	0.11	0.13
Total	32,612	0.98	0.11	0.14

⁽¹⁾ Mine recovery and dilution are included in these quantities with metal grades

⁽²⁾ All of the material designated as Reserves in the underground was derived from Measured and Indicated Resources that have been demonstrated to be economic as result of the current study and are therefore designated as Proven and Probable Reserves using the Canadian Institute of Mining, Metallurgical and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council on December 11, 2005 (the CIM Standards)

Total Reserve

The total combined underground and open pit reserves are presented in the table below and are based on dilution and extraction to defined mining outlines.

TOTAL RESERVES⁽¹⁾⁽²⁾				
Classification	Tonnes (k)	Au (g/t)	Co (%)	Bi (%)
Proven	20,795	0.99	0.11	0.15
Probable	12,193	1.09	0.11	0.13
Total	32,988	1.02	0.11	0.14

⁽¹⁾ Mine recovery and dilution are included in these quantities with metal grades

⁽²⁾ All of the material designated as Reserves in the underground was derived from Measured and Indicated Resources that have been demonstrated to be economic as result of the current study and are therefore designated as Proven and Probable Reserves using the Canadian Institute of Mining, Metallurgical and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council on December 11, 2005 (the CIM Standards).

MINING

Mine Production Schedule

The mine production schedule assumes that open pit waste stripping will commence in July 2015 (month 19), open pit ore production in September 2015 (month 21), underground dewatering and rehabilitation of existing workings in May 2016 (month 29), underground ore and waste development starting in June 2016 (month 30) and underground stope starting in July 2016(month 31). Underground ore production will end in January 2017 (month 37). Open pit ore production will end in 2035 (year 22nd). The mine schedule is based on:

- The open pit mining operation will operate from September 2015 (month 21) to 2035 (year 22) and produce a total of 32,611,500 t grading 0.98 g/t Au, 0.14% Bi, 0.11% Co and 0.04% Cu.
- The underground mining operation will operate from May 2016 (month 29) to January 2017 (month 37) and produce a total of 376,000 t grading 5.09 g/t Au, 0.25% Bi, 0.13% Co and 0.02% Cu.
- The underground schedule is based on working 7 days per week.
- During the 8 months of underground production an average 1,544 tpd of underground ore will be supplemented with 3,106 tpd open pit ore.
- After the completion of the underground mining program, the open pit is scheduled to produce 4,650 tpd ore.

Underground Mine Development

An underground mining contractor will mobilize and setup on site in May 2016. It is assumed that mine dewatering and rehabilitation of the existing underground infrastructure will be completed during May 2016, by this contractor. Two trackless development crews are scheduled to start working during the first week of June 2016. Development Crew 1 (C1) will start with mine development on the 195 - 215 level area. Development Crew 2 (C2) will start with mine development on the 170 – 195 level area. Initially the contractor development crews will advance at a rate of 6.5 metres per day, single heading. Once established the contractor will advance at a rate of 8.0 metres per day, double heading. A summary of the level access and drift development schedule is presented in the table below.

MINE DEVELOPMENT SCHEDULE SUMMARY			
Level	Crew	Start Date	Finish Date
195-215	C1	June 1, 2016	Aug 2, 2016
170-195	C2	June 1, 2016	Sept 3, 2012
161	C1	July 28, 2016	Sept 5, 2016
135-141	C1	Aug 12, 2012	Oct 30, 2016
116-95	C2	Aug 24, 2012	Nov 26, 2016

Underground Stope Development

Once the access and footwall drifts have been completed to the first accessible stopes No. 21 and No. 1 on the 195-215 and 170-195 levels, development Crews 1 and 2 will proceed with stope development to all stopes as they become accessible. Development crews will excavate undercut cross-cuts, undercut slashes, slot raises and complete stope drilling in those stopes. A summary of the stope development schedule is presented in the table below.

STOPE DEVELOPMENT SCHEDULE SUMMARY			
Level	Crew	Start Date	Finish Date
195-215	C1	June 9, 2016	Sept 2, 2016
170-195	C2	June 11, 2016	Oct 25, 2016
161	C1	Aug 6, 2016	Nov 4, 2016
135-141	C1	Aug 17, 2016	Dec 17, 2016
116-95	C2	Sept 13, 2016	Jan 20, 2016

Underground Stopping

Stoping includes blasthole blasting, and mucking and truck haulage to surface. There will be one stope blasting crew, and an average 3 scooptram and 2.4 haulage truck drivers per day. A schedule summary of production blast hole blasting, mucking and truck haulage to surface is summarized in the table below.

PRODUCTION BLAST HOLE BLASTING, MUCKING AND HAULAGE SCHEDULE SUMMARY		
Level	Start Date	Finish Date
195-215	July 28, 2016	Sept 7, 2016
170-195	Sept 5, 2016	Oct 27, 2016
161	Nov 4, 2016	Nov 12, 2016
135-141	Nov 13, 2016	Dec 21, 2016
116-95	Dec 20, 2016	Jan 26, 2016

The underground mining method will be retreat transverse and longitudinal blast hole open stoping, using uppers, generally mined from the top down, without backfill. There are a total of 21 blasthole stopes. A summary of the stope mining sequence, location, names and ore production tonnages is presented in the table below.

SUMMARY OF U/G STOPE MINING SEQUENCE				
Level	Stope	Tonnes	Start Date	Finish Date
195 - 215	Stope 21	9,253	July 28, 2016	Aug 2, 2016
195 - 215	Stope 3	7,112	Aug 8, 2016	Aug 21, 2016
195 - 215	Stope 20	9,424	Aug 25, 2016	Aug 30, 2016
195 - 215	Stope 19	9,210	Sept 2, 2016	Sept 7, 2016
170 - 195	Stope 2	3,588	Sept 5, 2016	Sept 7, 2016
170 - 195	Stope 1	13,740	Sept 13, 2016	Sept 21, 2016
170 - 195	Stope 4	10,137	Sept 28, 2016	Oct 3, 2016
170 - 195	Stope 18	15,140	Oct 10, 2016	Oct 18, 2016
170 - 195	Stope 17	8,207	Oct 18, 2016	Oct 23, 2016
170 - 195	Stope 16	6,456	Oct 24, 2016	Oct 27, 2016
161 - 161	Stope 15	14,735	Nov 4, 2016	Nov 12, 2016
135 - 141	Stope 5	11,558	Nov 13, 2016	Nov 20, 2016
135 - 141	Stope 14	10,601	Nov 22, 2016	Nov 28, 2016
135 - 141	Stope 13	10,393	Nov 30, 2016	Dec 6, 2016
135 - 141	Stope 6	11,695	Dec 6, 2016	Dec 9, 2016
135 - 141	Stope 11	8,472	Dec 17, 2016	Dec 22, 2016
116 - 95	Stope 9	2,971	Dec 20, 2016	Dec 22, 2016
116 - 95	Stope 8	6,968	Dec 25, 2016	Dec 29, 2016
116 - 95	Stope 7	5,994	Jan 2, 2017	Jan 5, 2017
116 - 95	Stope 12	10,474	Jan 11, 2017	Jan 17, 2017
116 - 95	Stope 10	12,788	Jan 19, 2017	Jan 26, 2017
Total		198,917		

Capital Costs – Underground Mine

The underground mining manpower and equipment requirements are based on contractor estimates for contractor supplied underground services and P&E estimates for Fortunes' supplied underground services. The site already has a ditching excavator, explosive and detonator magazines, and a propane-fired mine air heater.

Pre-production Underground Capital Costs

All underground pre-production costs will be capitalized. The underground pre-production period will start early May 2016 and end on May 31, 2016. A summary of 2016 pre-production capital costs is presented in the table below.

SUMMARY OF 2016 UNDERGROUND PRE-PRODUCTION CAPITAL COSTS	
Description	Estimated Cost (\$)
Contractor Mobilization and Dewatering	1,356,248
Diesel Fuel	50,381
Fortunes Indirect Labour	22,362
Fortunes Support Equipment	574,426
Electric Power	171,205
Total Estimated Cost	2,174,623

Underground Sustaining Capital Costs

A summary of sustaining capital purchases in 2016 and 2017 is presented in the table below.

SUMMARY OF SUSTAINING CAPITAL COSTS			
Description / Year	2016 (\$)	2017 (\$)	Total (\$)
Contract Mining	31,135,493	1,932,360	33,067,853
Diesel Fuel	1,100,838	49,373	1,150,210
Fortunes Indirect Labour	557,545	91,760	649,306
Fortunes Support Equipment	140,270	27,579	167,849
Electric Power	1,737,018	305,214	2,042,232
Sample Preparation & Assaying	86,518	7,483	94,001
Total Estimated Cost	34,757,683	2,413,768	37,171,451

Underground Mine Operating Cost

All underground operating costs are capitalized.

ENVIRONMENTAL

A Developer Assessment Report (“DAR”) was submitted to the Mackenzie Valley Environmental Impact Review Board in May 2011. The following are high level summaries of the impact predictions to the biophysical environments from the NICO Project, which were presented in the DAR:

Changes to the biophysical environment from the NICO Project are not predicted to result in significant adverse residual impacts to valued ecosystem components. Consequently, the NICO Project is not predicted to have significant adverse impacts on traditional and non-traditional land use practices.

The active mine area will be small (approximately 485 hectares (“ha”), with limited changes made to the natural flow of water. The NICO Project will have a minimal effect on water quantity, air, soils, vegetation, and wildlife and fish health. Closure, caribou and water quality have been identified as the most important concerns related to the environment by the communities. People should not be able to observe a change in the availability of wildlife due to effects of the NICO Project, relative to current natural changes in population size. Changes in water, soils, and plants caused by the NICO Project in the small area at and near the mine site will not affect the health of wildlife, or the health of people that eat wildlife.

Fortune has prepared an Environmental Impact Statement (“EIS”) to obtain environmental approval to construct the SMPP to meet global demands of high-value metal cathode products. On 19 July 2010, Fortune submitted an Environmental Project Proposal for the proposed SMPP to the Saskatchewan Ministry of Environment (“MOE”). The MOE determined that an EIS was required for the project. MOE released draft Project Specific Guidelines (PSGs) for the development on 21 January 2011. The PSGs were finalized on 31 March 2011 after a review and input from the public. The EIS document addresses the items identified in the PSGs. Numerous options and

alternatives for the proposed SMPP project have been considered by Fortune. These include alternatives for the selection of the site, processing facility and site layout, water supply, water and residue storage, process solution disposal, and the metallurgical processes. Fortune is confident that the proposed plans to construct the SMPP have considered all viable options to ensure that potential environmental impacts are avoided and/or minimized. Fortune is committed to preventing or reducing adverse environmental effects associated with the project, wherever possible. General mitigation measures planned for this project include the following:

- Obtaining all required permits and approvals prior to construction;
- Using best practice, environmentally sound construction methods (i.e. minimal clearing, salvaging topsoil, etc.);
- Construction of appropriate containment systems (i.e. berms, perimeter ditches, ditches and ponds with engineered liners, etc.);
- Use of best available technologies to reduce water, power, and energy use;
- Use of best available technologies to reduce air emissions; and
- Development and implementation of a site Environmental Monitoring Program.

These measures are intended to provide effective long-term containment and mitigation of environmental impact. Residual effects, following the mitigation measures, are expected to the terrain, air emissions, soils, vegetation, surface water runoff, land use, and socio-economics; however, these effects have an environmental consequence rating of low to minor. Impacts beyond the site boundaries are expected to be minimal. A summary of the predicted environmental effects is provided in the EIS and continual environmental monitoring during the facility operation and closure will ensure the appropriate mitigation measures are applied. Considering the potential impacts of the SMPP on the surrounding environment, there are no predicted cumulative effects from the proposed project. The area immediately surrounding the proposed development is dominated by agricultural activities and the processing of metal concentrates has a negligible effect on this surrounding land use.

SMPP Water Management

Fresh, Fire and Potable Water

The groundwater well system supplies fresh water for the process plant.

The fresh water tank has a capacity of 760 m³, equivalent to 3.5 hours of usage.

Flotation Process Water

Flotation process water is collected from overflows from the cobalt concentrate and bismuth concentrate thickeners. A nominal fresh water flow of 4.2 m³/h is added as make-up. The flotation process water tank has a capacity of 90 m³, equivalent to 1.7 hours usage.

Hydrometallurgical Process Water

Hydrometallurgical process water is collected from agitator seal cooling water return and treated RO water, with 21.3 m³/h of fresh water make-up. The treated RO water flow rate is 31 m³/h.

Demineralized Water and Steam Boiler

The demineralized water treatment plant produces 10 m³/h of demineralized water to be pumped to boilers and various other users in the plant.

Permitting

The NICO Project is regulated by the Wek'èezhì Land and Water Board ("WLWB") under the Mackenzie Valley Resource Management Act ("MVRMA"). The Tłı̨chǫ Government and the WLWB regulate the use of settlement and Crown land and water in their respective settlement areas.

The Mackenzie Valley Review Board (“MVRB”) is established under the authority of the MVRMA to review the potential environmental effects of developments proposed within the Mackenzie Valley area of the NWT. There are 3 stages in the environmental assessment process (“EAP”) in the Mackenzie Valley. The MVRB provides the following description of the stages:

- Preliminary Screening
- Environmental Assessment
- Regulatory Phase

Progress under the EAP has led to significant milestones which to date have included: submission of the DAR, [the Northwest Territories analogue to an Environmental Impact Statement], on 20 May 2011, and a Technical Session held in Yellowknife, NWT from 7 to 9 February 2012. Public Hearings are tentatively scheduled for the week of August 27-31, 2012.

The NICO Project is anticipated to have significant positive impacts on the economics of the Tłı̄ch̄o communities, and both positive and negative (but not significant) impacts on the social and cultural environments. Following the public hearing noted above the MVRB will make a recommendation to the Federal Minister and, assuming the recommendation is affirmative, the file will be returned to the WLWB for the regulatory stage of permitting. The regulatory phase involves the development and issuance of a water license and land use permit that defines the specific conditions under which the mine must be constructed and operated. Once these authorizations are in place, other permits, licenses, and authorizations can be obtained.

Fortune and the Tłı̄ch̄o Government have signed a Co-operative Relationship Agreement for the NICO Project. This agreement establishes the framework and path forward for further negotiations, defines primary liaison officials, and sets the communication protocol for the two parties. The Tłı̄ch̄o Government and Fortune have also signed an Environmental Assessment Funding Agreement to support the Tłı̄ch̄o Government with their review of the NICO Project DAR.

Fortune has also agreed to fund a Traditional Knowledge (“TK”) Study that will focus on providing traditional knowledge and land use practice information for the environmental review of the NICO Project. This study, which will be carried out by the Tłı̄ch̄o Government, will contribute to the environmental assessment process.

As previously stated, the EIS for the SMPP has been submitted to the MOE, who act as the project coordinator for an interdepartmental and intergovernmental (i.e. federal government) technical review of the EIS. A preliminary review is complete and preliminary Technical Review Comments (“TRC”) has been issued to Fortune. Fortune is in the process of addressing the preliminary TRCs and will submit an addendum document with the EIS for the creation of final TRCs by MOE. It generally takes 60 days to complete a review of the revised EIS and creation of final TRCs. If further revisions are required, the review process may require an additional 30 to 45 days to review the revised EIS. Once MOE is satisfied the items have been properly addressed, it will issue a final TRC document and release the EIS and addendum documents for a public review for a minimum of 30 days.

Additional permit, license, approval, and notification requirements that are anticipated to be required for the SMPP, once ministerial approval is received, include, but may not be limited to:

Aeronautical Obstruction Clearance	Closure Notice
Notice of Work Close to Railways	Commencement of Work Notice
Air Emissions Permits – Permit to Construct Alter, or Extend Fuel Burning Equipment/ Permit to Operate Fuel Burning Equipment	Facility Closure Approval (during operation) – Decommissioning and Reclamation Plan Approval
Aquatic Habitat Protection Permit	Gas Permit
Boiler Licenses	Groundwater Investigation Permit (received for EIS)
Business name registration	Electrical Permits
Overweight/Over Dimension Permit	Pipeline Work License – license to construct, alter, operate, or abandon a pipeline
Pollutant Control Facility Permits – Approval to Construct, Alter or Extend a Pollutant Control Facility/Approval to Operate a Pollutant Control Facility/Approval to Decommission and Reclaim a Pollutant Control Facility	Plumbing Permit
Release from Site (after successful completion of the decommissioning and reclamation plan)	Sign Permit (off premise)
Storage Facility (Hazardous Goods) Permits/Licence – Approval to construct a Hazardous Substance or Waste Dangerous Goods Storage facility/Approval to operate a Hazardous Substance or Waste Dangerous Goods Storage facility/ Approval to decommission a Hazardous Substance or Waste Dangerous Goods Storage facility	Vendor’s License/Consumer Permit
Wastewater Disposal Well Permit	Water Rights License
Building Permit – Construction or Alternation of a Building/Authorization of Construction and Approval of Fire Prevention/Protection Systems	Discretionary Use Approval (may be part of the rural municipality zoning bylaw)
Overweight Permit (possibly during construction)	Road Haul Agreement (municipality)

Each permit/license may have a different regulatory agency responsible for issuing a permit/license and the application submittal time and/or regulatory agency processing time will vary for each permit/license.

Tailings

NICO Mine Tailings and Waste Co-disposal Facility

The mining process will generate a total of 29.9 Mt of tailings and 96.9 Mt of mine rock. Both these waste streams will be disposed together in a facility referred to as Co-disposal Facility (“CDF”).

The CDF will be contained by a Perimeter Dyke comprising a prism of mine rock at least 25 m thick. The Perimeter Dyke will be raised continually in 5 m lifts using the upstream construction method. Inside the Perimeter Dyke, the CDF will comprise a “layer cake” of alternating layers of mine rock and tailings about 5 m thick. The Perimeter Dyke will be free draining but it will retain tailings particles. Five Seepage Collection Ponds (“SCPs”) will be constructed downstream of the CDF at topographically low areas (Figure 18.3) to intercept any tailings water that may seep through the Perimeter Dyke. Water collected in the SCPs will be pumped to the Process Plant for re-use.

SMPP Waste and Tailings Disposal

A process residue storage facility (“PRSF”) will be used to permanently store process residues generated from the metals processing plant. It is expected that approximately 158,000 tonnes of residue will be produced each year. The PRSF will be an engineered containment facility, designed to minimize the potential impact to the surrounding environment.

The PRSF will be divided into cells to provide containment and storage of the process residue. This cellular design minimizes the active footprint, will allow for liner repairs (if required), and enable active decommissioning throughout the project life.

A 'dry tomb' approach was selected for containment and long-term storage of the SMPP residue, such that each cell is constructed above the groundwater table and capped with a 'store and release' engineered cover system after being filled with residue.

Each SMPP cell will have a dual containment liner and a leak detection system. The primary liner will be a composite liner consisting of a geomembrane placed directly over approximately 0.45 m of compacted soil. Leak detection is provided by a geocomposite material installed beneath the primary liner. Secondary containment is provided by approximately 0.2 m of a compacted soil liner under the geocomposite material. There is approximately 9 m to 18 m of low conductivity till between the base of the PRSF and the Dalmeny Aquifer, providing a high level of secondary containment for the process residue.

A leachate collection system was also provided for each cell to collect any fluid (i.e. leachate, precipitation, snowmelt, etc.) that accumulates when the cell is open.

Perimeter ditches around the PRSF facility and a runoff collection pond dedicated to the PRSF will collect any runoff once the cells are capped, prior to the establishment of vegetation. This collected runoff may be directed to the process water storage pond, for use in the facility, or monitoring may indicate its suitability to be released to the environment

Water Supply

NICO Site Water Management

The major components of the water management system of the Project will comprise: Lou Lake, the CDF Reclaim Pond, five SCPs, a Surge Pond, Open Pit sumps, a Process Plant Runoff Pond, sewage treatment plant ("STP") and an Effluent Treatment Facility ("ETF").

During Operation: Lou Lake will be the source of fresh water for Process Plant use, dust control, and potable water. The Surge Pond will temporarily store contact water pumped back from the SCPs and the Reclaim Pond. Water will be pumped from the Surge Pond either to the Process Plant for reuse or to the Effluent Treatment Facility (ETF) for treatment. Treated water from the ETF will be pumped through a diffuser directly into Peanut Lake. Water balance analysis indicates that the average flow discharged into Peanut Lake will be a relatively small flow of about 290,000 m³/year.

Marketing

Cobalt

Fortune has engaged Skybeco to prepare cobalt and bismuth market assessments and pricing forecasts. According to Skybeco, the long-term outlook for cobalt is generally positive. Despite the numerous projects previously expected to bring large cobalt supply quantities on-stream, many of these have not materialized as projected.

It is anticipated that 2012 will see a small surplus of refined Co supply over demand, but it is expected that this situation will switch to a small deficit in 2013. Demand will again exceed supply in 2014 and 2015, though supply of refined 99.8% cobalt cathode will increase as Chinese refiners ramp up production to keep up with battery demand in Asia.

It is anticipated that cobalt market prices will experience primarily sideways movement while markets adjust to the financial tension in Europe and a slightly slower growth rate in China over the mid-year months. Sometime approaching late third quarter 2012, it is anticipated prices will begin to buoy upwards as cutbacks of marginal producers start to make themselves felt. Towards end 2012 it is forecast pricing of high grade cobalt metal to be in the \$16/lb range. While fluctuations will always be a part of market prices, longer term pricing beyond 2012 is expected to move within the range of US\$18/lb to US\$22/lb. Cobalt sulphate heptahydrate, the cobalt product used

broadly for the manufacture of lithium ion and nickel metal hydride batteries as well as other chemicals, trades at an average 21% premium over 99.8% cobalt metal.

Bismuth

According to Skybeco, bismuth supply is expected to remain stable during 2012 and 2013; many of the smaller mines in China will be forced to discontinue operations as a result of environmental clampdowns by the government and/or the unfavourable economic operating conditions prevailing at this time.

Demand growth for bismuth is expected to be in the 8% to 10% range annually over the coming 3 years. Bismuth demand is forecasted to enjoy healthy growth due to its role as a non-toxic substitute for lead, especially in such applications as free cutting (machining) steels and coppers/brasses.

With continued healthy bismuth demand growth and supply being kept in check, prices for 99.995% bismuth ingot are forecasted to increase by US\$1.50 in 2013 reaching \$14.00/lb, and then hitting \$15.50/lb by the end of 2014. Longer term pricing may see even higher pricing if growth momentum in lead-substitution applications is speeded along by regulations/legislation.

Process Plant

The NICO plant is a conventional concentrator that will be located in the NWT with an ore production rate of 1.7 Mt/a. The process includes crushing, screening, material handling, grinding, gravity concentration, flotation, concentrate thickening, packaging, tailings handling and transportation. The concentrate will be transported by road and rail to the SMPP for metal separation and further refining.

The metallurgical processing plant in Saskatchewan includes multi-step polymetallic extraction processes after re-grinding the bulk concentrate and secondary flotation to produce separate gold-bearing cobalt and bismuth concentrates. These are subjected to chloride leach electrorecovery, autoclave pressure oxidation, cobalt precipitation, copper re-leach and cementation, cobalt dissolution, ion exchange with precipitation of zinc and nickel, cobalt electrowinning and/or crystallization of cobalt sulphate heptahydrate, autoclave residue cyanidation, and gold recovery and refining. The unwanted solids of the process are sent to an onsite process residue storage facility. The brine stream is subject to reverse osmosis before injection into a saline aquifer. The cobalt cathode, electrowon bismuth, copper cement, gold doré, nickel and zinc carbonate products are packaged and shipped to various end users

Project Execution

The NICO plant will be built in 12 months after completion of the all-weather road (“AWR”). The project will require delivery of materials on site at least 6 months prior to the opening of the AWR. The SMPP plant will be constructed to coincide with production of ore concentrate from NICO.

Capital and Operating Expenses

The following table shows the projected average annual metal production for each of NICO’s component commodities.

AVERAGE METAL PRODUCTION							
	Gold (oz)	Cobalt		Bismuth		Copper	
		(lbs)	(tonnes)	(lbs)	(tonnes)	(lbs)	(tonnes)
Average Annual	40,500	3,473,586	1,576	3,681,824	1670	559,397	254
LOM Total	800,091	69,471,715	31,512	73,636,474	33,401	11,187,946	5,079

The cash cost net of by-product credits for gold, cobalt and bismuth were determined for several of the metal price cases and are shown in the table below.

PROJECTED OPERATING CASH COSTS FOR THE COBALT METAL OPTION				
Metal Price – Exchange Rate Cases	Cash Cost Equivalent Oz Au	Cash Cost Net of By-Product Credits		
	Gold \$US/equivalent oz	Gold US\$/oz	Cobalt \$US/lb	Bismuth \$US/lb
Base Case	831.30	(356.70)	(0.81)	(8.63)
3-Year Trailing Average	859.94	(77.23)	1.98	(5.79)
Current	990.44	142.52	(1.07)	(4.83)
Escalated	943.87	(551.70)	(4.58)	(13.05)

The underground mining fleet is assumed to be provided by contracted service and the cost of the equipment is built into the operating costs for the underground part of the mine. It is expected that the open pit mine fleet will be leased. Payback is approximately 6.8 years for the Base Case cobalt metal option.

The overall capital cost investment for both sites is summarized in the table below.

SUMMARY OF OVERALL CAPITAL COSTS	
Site Location	Projected Capital Cost
NICO Site	C\$M 210.1
SMPP Site	C\$M 230.3
Total Direct / Indirect & contingencies	C\$M 440.5
Sustaining Capital LOM	C\$M 113.5

The life of mine (“LOM”) average operating costs for the NICO project are shown in the table below.

SUMMARY OF OPERATING COSTS (LOM) FINANCIAL MODEL	
Activity	Unit Costs
Open Pit Mining Including Stripping	C\$ 8.67/tonne of ore processed
Underground Mining	C\$ 99.34/tonne of ore processed
Processing (includes milling, transportation & refining)	C\$ 43.91/tonne of ore processed
General and Administrative Costs / Shared Services / Camp	C\$ 8.36/tonne of ore processed
Total Costs LOM	C\$ 61.97/tonne of ore processed

Project Economic Analysis

Economic Analysis

The internal rate of return (“IRR”), and 7% and 5% discounted net present value (“NPV”) for the NICO project have been determined for a variety of commodity price and U.S. dollar (“\$US”) to Canadian dollar (“C\$”) exchange rate cases, and also for two separate cobalt product options.

NICO ECONOMICS												
Metal Price & Exchange Rate Case	Cobalt Metal Option						Cobalt Sulphate Option					
	Pre-Tax			After Tax			Pre-Tax			After Tax		
	IRR %	\$M NPV (7%)	\$M NPV (5%)	IRR %	\$M NPV (7%)	\$M NPV (5%)	IRR %	\$M NPV (7%)	\$M NPV (5%)	IRR %	\$M NPV (7%)	\$M NPV (5%)
Base Case Prices	10.8	164.5	293.2	9.6	101.0	207.1	14.0	308.5	466.0	12.4	212.6	338.7
3-yr Trailing Average Prices	7.4	17.1	114.6	6.6	(15.3)	69.0	10.5	146.8	270.0	9.3	86.7	188.4
Current Prices	7.1	2.1	99.7	6.2	(30.6)	53.4	9.6	109.5	228.2	8.5	57.6	156.8
Escalated Prices	13.9	315.2	477.8	12.3	214.9	344.7	17.1	467.1	660.1	15.2	332.4	483.7
Optimistic Prices	18.3	539.5	749.8	16.3	387.5	551.3	21.6	707.0	951.1	19.3	514.5	702.3

Note: Base Case Price assumptions are US\$1,450/roy ounce (“oz”) for gold, US\$20/pound (“lb”) for cobalt, US\$11/lb for bismuth and US\$3.50/lb for copper at an exchange rate of US\$ 0.95 = C\$ 1. The 3-year Trailing Average Prices Case are as at May 31, 2012 and are US\$1,359.94/oz for gold, US\$18.53/lb for cobalt, US\$9.83/lb for bismuth and US\$3.51/lb for copper and an exchange rate of US\$ 0.98 = C\$ 1. The Current Price Case uses prices as at May 31, 2012 and are US\$1,558.00/oz for gold, US\$15.23/lb for cobalt, US\$10.55/lb for bismuth and US\$3.40/lb for copper and an exchange rate of US\$ 0.97 = C\$ 1. The Escalated Price Case uses metal price assumptions of US\$1,800.00/oz for gold, US\$22.50/lb for cobalt, US\$12.50/lb for bismuth and US\$4.00/lb for copper and an exchange rate of US\$ 1 = C\$ 1. For the Optimistic Price Case uses US\$2,000.00/oz for gold, US\$25.00/lb for cobalt, US\$15.00/lb for bismuth and US\$4.50/lb for copper at an exchange rate of US\$ 1 = C\$ 1. The estimated costs for the cobalt metal option were developed to an accuracy of ±15%. The estimated costs for the cobalt sulphate solvent extraction option were developed to an overall accuracy of -10% to +25% with cost estimates for the cobalt sulphate circuit having scoping level accuracy (e.g. ±40%).

Conclusions and Recommendations

The following conclusions and recommendations regarding the NICO project were derived from the present engineering and design study.

Interpretation and Conclusions

- The NICO deposit currently being developed by Fortune is a new cobalt-gold-bismuth-bearing IOCG deposit located 160 km northwest of Yellowknife in the NWT. A 2011 mineral Resource Estimate, prepared by P&E concluded that the deposit shows good continuity of mineralization and consequently the NICO deposit resources were entirely in the Measured and Indicated category. The resource estimate is suitable for use in an economic evaluation of a mining operation including Front-End Engineering and Design (Feed) level studies as presented in this report.
- The pit slope design investigations indicate an engineering geology model comprised of strong competent rock masses. Results indicate that bench geometries with an inter-ramp slope angles of 50°.
- Underground geometries were based on the same engineering geology model as the open pit. Recommended maximum hydraulic radius (“HR”) for unsupported walls ranges from 4.5 m (Hanging wall stability) to 6.6 m (sidewall stability). Systematic ground support, such as cable bolts, is not required.
- Pit/underground workings interactions were assessed with respect to induced stresses on the pillars as the pit deepens. To mitigate the hazard of open pit mining above unfilled workings, void filling of stopes beneath the pit floor working areas, walls or ramps will be accomplished from the open pit, as part of safe mining practices.
- The mining process will generate a total of 29.9 Mt of tailings and 96.9 Mt of mine rock at the NICO site. Both these waste streams will be disposed together in a facility referred to as the CDF. The CDF will be entirely located within the valley of the Grid Ponds and will be contained on all sides by a Perimeter Dyke.

- Runoff and bleed water from the tailings deposition will be “reclaimed” back to the process plant for reuse. The major components of the water management system of the Project will comprise: Lou Lake, the CDF Reclaim Pond, five SCPs, a Surge Pond, Open Pit sumps, a Process Plant Runoff Pond, sewage treatment plant (STP) and an ETF.
- A DAR was submitted to the Mackenzie Valley Environmental Impact Review Board in May 2011. Changes to the biophysical environment from the NICO Project are not predicted to result in significant adverse residual impacts to valued ecosystem components. Consequently, the NICO Project is not predicted to have significant adverse impacts on traditional and non-traditional land use practices.
- For closure, a soil cover will be placed over the entire CDF facility. Seepage water will be routed through Wetland Treatment Systems into NICO Lake. The ETF will be maintained on site for 10 years as a backup to the Wetland Treatment Systems.
- The NICO Project is anticipated to have significant positive impacts on the economics of the Tłı̨ch̨o communities, and both positive and negative (but not significant) impacts on the social and cultural environments. The NICO Project is a small development compared to other mines in the NWT, but it will contribute to the overall labour, financial, physical, human, and social resources of both the NWT and more specifically the nearby communities.
- The FEED study completed for the NICO Project is comprehensive covering all the main Project elements of mineral processing at the concentrator and hydromet processing at SMPP. The following is concluded:
 - Available data is sufficient to meet the requirements of a FEED study.
 - The project is technically viable, subject to further works to be carried out in the detailed engineering.
 - The process plant is designed for approximately a 20 year Life of Mine at a production rate of approximately 1.7 Mt/a.
- The most crucial element for project execution will be the construction of the all-weather road to allow year round access and the implementation of standard northern construction methodology.
- The projected economic outcome of the project has been demonstrated using a discounted after-tax cashflow model
- Potential significant risks and uncertainties that could reasonably be expected to offset the projected economic outcome include:
 - Cobalt product Option: the technical and economic viability of the cobalt metal option has been demonstrated. However based on the results of the economic analysis the cobalt sulphate option offers a higher IRR and NPV in comparison to the cobalt metal option and appears promising.
 - It is assumed that an all-weather access road to the NICO site will be built before the commencement of the main construction and available over the life of the project. The project schedule and operating cost estimates include allowances for envisaged delays / lost time due winter weather conditions. The cost estimates do not however include costs for a winter road or additional indirect operating costs due to schedule extending delays.
 - There is a possibility that additional higher NSR value ore, in relation to typical NSR values for ROM pit ore, could be extracted from the underground mine during the early phase of the project.

Recommendations

Geotechnical

- It is recommended that a geotechnical assessment of the exposed development ramp and drifts be carried out as part of any remediation work following dewatering and updated as additional drifts are advanced/excavated in order to confirm the rock mass fabric and parameters used in these geotechnical studies.
- The open pit and underground geotechnical analyses have been carried out based solely on results of previous investigation drilling and summaries, completed prior to 2005. It is recommended that these numerical analyses be re-visited as soon as the presently flooded underground workings have been pumped out and a geotechnical assessment of the exposed development and test stope completed and rock mass parameters confirmed.

Metallurgical and Processing

- Initiate and complete remaining process testwork and investigations.
- Confirm concentrate feed rate and specification.
- Complete a HAZOP review to assess the FEED design from the operations viewpoint.

It is recommended that the following items be further reviewed and discussed in the next round of detailed engineering studies:

- An opportunity exists for the replacement of the existing primary Jaw crusher with either a Sandvik hybrid crusher, or by engineered blasting. It is believed that the hybrid crusher option, as offered by Sandvik, could further reduce capital costs. However, since the hybrid crushing is relatively new to hard rock mining, sufficient due diligence and review must be performed.
- There is also the opportunity to reduce the cost of the primary crusher by employing engineered blasting technique at the mine to decrease the size of the blasted ROM ore. More investigation is required at the next phase of the Project to determine if this technique is suitable.
- Knelson modelled the potential gravity gold recovery of a conceptual stream that took on the characteristic of a blend of 50/50 P3 and P4 composite. The results obtained from the model should be considered very preliminary at this stage and further bench-scale work with representative drill core could be considered, in order to provide a more definitive prediction of the overall gold recovery benefit.
- The 2007 pilot plant conducted at SGS Lakefield showed that the feed size to flotation can have an impact on bulk flotation performance. Further testwork is recommended to determine the optimal feed size to bulk flotation.
- It is recommended that a sample of the bulk concentrate intermediate product is provided to the vendor for confirmatory testing for filter selection and sizing.
- The recoveries in the second pilot plant were lower than the results from the FLEET model (first pilot plant). Additional tests are recommended to verify earlier pilot recovery results and regrind mill sizes.
- A list of opportunities and recommendations to be further reviewed and discussed in detail engineering are briefly summarized below.

Regrind and Flotation

- A further review in DE should be conducted to optimize the size, quantity and configuration of the two 355-kW SMDs proposed for re-grinding.

Ion Exchange – Continuous Versus Fixed Bed

- Further testwork is recommended to assess continuous IX columns as previous testwork was on fixed bed IX columns. CIX columns could be more cost effective.

Design of Cobalt Electrowinning Circuit

- Further testwork is recommended to confirm adequate deposition of cobalt pucks at higher current density and higher cobalt electrolyte concentration.

Cyanide Destruction

Cyanide destruction has been specified by Fortune to complete a testwork program to evaluate cyanide destruction options from the SMPP plant. Cyanco Canada will obtain the autoclave residue and perform cyanidation testwork on the material.

- The most suitable cyanide destruction method was not determined by the release of this report destruction; testwork by Cyanco Canada is in-progress and should be reviewed to determine the best methodology.

Other Opportunities and Recommendations

Further review is recommended on potential layout changes, vendor packages and other process engineering changes as provided in the list of recommendations to the client in the FEED report. Similarly, a complete review is recommended on the list of risk and opportunities provided to the client in the FEED report.

Cobalt Sulphate Option

A scoping level study as described in Item 24 Other Relevant Data has been completed with provisional results from flowsheet modelling provided by SGS. When the final results and report have been received the flowsheet can be optimized and the changes implemented.

Bismuth Processing Plant (BiPP)

A review the BiPP design and equipment list was conducted to provide an interim report that identifies potential cost saving if certain process optimizations can be achieved. The following test and reviews are proposed:

- Leach Temperature Optimization testwork
- Electrowinning testwork to optimize the cathode/anode current density.
- Density optimization of the bismuth concentrate should be implemented if a supply of bismuth concentrate becomes available.
- Further work should be conducted to determine if the iron levels in anolyte are acceptable for direct injection to the saline aquifer.
- The electrical design philosophy should be reviewed for some potential cost savings with alternate suppliers, components and reducing some redundant processors and network.
- In the detailed engineering a control estimate should be produced that will update the CAPEX (and OPEX) estimates to current costing

Cobalt Sulphate Option Recommendation

It is recommended that Fortune carry out the further engineering for the cobalt sulphate circuit along with supporting metallurgical testwork to improve the overall accuracy of the cobalt sulphate option cost estimates to bring the overall accuracy of the cobalt sulphate option cost estimate to $\pm 15\%$ accuracy and that the economic analysis be re-run before deciding to proceed with this option.

Mining

The underground mine will be developed and operated by a contractor. This underground work will have to be well coordinated with the open pit operation to attain overall anticipated tonnage and grade results.

Marketing

The long-term outlook for cobalt is generally positive. While fluctuations will always be a part of market prices, longer term cobalt pricing beyond 2012 is expected to move within the range of US\$18/lb to US\$22/lb. Bismuth supply is expected to remain stable during 2012 and 2013. Demand growth for bismuth is expected to be in the 8% to 10% range annually over the coming 3 years. Bismuth prices are forecasted to increase by US\$1.50 in 2013 reaching \$14.00/lb, and then hitting \$15.50/lb by the end of 2014.

Arctos Anthracite Coal Project

Set forth below are the summary, mining methods, project infrastructure, capital and operating costs and economic analysis sections of a technical report entitled “*Technical Report on the 2012 Update of the Arctos Anthracite Project Mine Feasibility Study*” dated November 28, 2012 (the “2012 Arctos Report”). Edward H. Minnes, P.E., of Marston is the Qualified Person responsible for the preparation of the 2012 Arctos Report in compliance with NI 43-101. The 2012 Arctos Report was filed on SEDAR on November 29, 2012 and is available at www.sedar.com. The following information is of a summary nature only and reference is made to the detailed disclosure contained in the 2012 Arctos Report, which is incorporated herein by reference.

EXTRACTS FROM TECHNICAL REPORT ON THE 2012 UPDATE OF THE ARCTOS ANTHRACITE PROJECT MINE FEASIBILITY STUDY

Summary

The Arctos Anthracite Property (Property), formerly known as the Mount Klappan Coal Project, comprises approximately 16,411 hectares (ha) located in northwestern British Columbia that are licensed for coal exploration and development by Arctos Anthracite Joint Venture (Arctos). Gulf Canada Resources Ltd. (Gulf) originally licensed and explored the Property during the 1980s and commenced development of the Arctos Anthracite Project (Project) to explore for and produce anthracite from the Property. Conoco Canada Resources Ltd. (Conoco) later acquired Gulf, and in 2002, Fortune Minerals Ltd., a majority partner in Arctos, purchased the Project from Conoco.

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

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

Gulf’s drilling and sampling programs to delineate resources focused primarily on the Lost-Fox Area. Between 1982 and 1988, Gulf conducted a series of summer field programs and geologic studies. The fieldwork consisted of surveys and trenching to map near-surface anthracite sub-crops, drilling and logging to locate anthracite seams at depth and collection of core samples for analysis, and driving adits to collect bulk samples from two of the thickest seams. In addition, in 1985 and 1986, Gulf excavated a test pit and mined and processed bulk samples from the I Seam for pilot plant analysis and potential customer test shipments. Gulf’s major field programs ended in 1988.

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

In 2002, Fortune acquired the Project and is currently performing geologic, environmental, and mine planning studies to develop the Lost-Fox Area. Fortune has continued this work with a drilling program in the Lost-Fox Area in 2005. As part of the 2002 acquisition due diligence and subsequent block modeling in early 2004 of Gulf’s data and geological work, Golder-Marston verified and reported Gulf’s resource estimates for the Project under Paper 88-21 of the Geological Survey of Canada, entitled “A Standardized Coal Resource/Reserve Reporting System for Canada” (GSC 88-21).

In 2012, Arctos commissioned Golder-Marston to prepare an update to the 2005 feasibility study to produce anthracite from the Lost-Fox Area of the Project. The title of this study is the “2012 Update of the Mount Klappan Anthracite Project Lost-Fox Area Mine Feasibility Study” (2012 FS). Part of the 2012 FS scope of work was to incorporate new 2005 drilling data, and produce an updated geologic model for use in the 2012 FS.

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

Resources for the Lost-Fox Area were disclosed in a document titled “Technical Report on the Update to the 2010 Update to the 2005 Lost-Fox Area Feasibility Study.” In that report, Marston reported, under GSC 88-21, Measured and Indicated resources of 143.3 Mt, and 15.7 Mt of Inferred resources.

These resources were based on a conceptual pit design with a cut-off strip ratio of 15:1 bcm/tonne of product for a 50 mm x 0 mm sized product with an average ash content of 10 percent on air dried basis (adb).

This Technical Report presents resource and reserve estimates based on the completed 2012 Feasibility Study. The 2012 FS was based on producing a 10 percent ash product that is standard for the PCI markets. Based on this assumption, the 20:1 conceptual pit developed for the 2012 FS was used to define the limits of in situ resources for the Lost Fox Area. The resource estimates are classified as Measured, Indicated and Inferred according to the CIM Definition Standards on Mineral Resources and Mineral Reserves (CIMDS) prepared by the CIM Standing Committee on Reserve Definitions. These were adopted by the CIM Council on November 14, 2004 and updated November 22, 2010, and are incorporated by reference in National Instrument 43-101 (NI 43-101). For coal resource estimates, the CIMDS incorporates by reference the guidelines of GSC 88-21.

Golder-Marston’s Measured and Indicated anthracite resource estimates in the 2012 FS Report are presented in the table below. The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce Mineral Reserves.

Lost-Fox Area Estimated Anthracite Resources

IN SITU TONNES (MT)	
Measured	Indicated
172.4	20.4

Note: Conceptual Pit at 20 bcm per 10% Ash, adb Product Tonne Cut-off Strip Ratio

In addition to the measured and indicated resource, there were 12.1 Mt of inferred coal resources identified in the Lost Fox Area.

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

In accordance with CIMDS, Golder-Marston estimated Lost-Fox anthracite reserves based on a 25-year mine plan and associated economic studies. The reserves were estimated within an ultimate pit designed on the economics developed for the 2012 FS. For initial pit designs, Golder-Marston used Lerchs-Grossmann (LG) pit optimization tools, which are a standard in the mining industry. A series of nested pits were developed based on a range of commodity prices and estimated unit costs for mining, processing, and transporting coal to port.

The nested LG pits were then used as a guide to design a series of phased mining pits and develop a mining sequence to maximize NPV over the life of the current project. The reserves within the ultimate pit were used to develop a 25-year mine life at a nominal production rate of 3 million tonnes per annum (Mtpa). The resulting mining sequence and detailed annual production statistics were used to develop detailed operating and infrastructure

cost estimates. For a range of assumed anthracite sales prices, annual cash flows were estimated to calculate internal rates of return. At Arctos' estimated price of US\$175 per tonne FOBT over the mine life, the pre-tax net present value (NPV) of the project at 8% discount rate is \$616 million with an internal rate of return (IRR) of 17%. The ultimate pit is shown in, Figure 15.1, 3 Mtpa Ultimate Pit Design of the 2012 Arctos Report. All dollar values are reported in Canadian Dollars unless otherwise stated.

Lost-Fox Area anthracite reserve estimates are based on the 2012 FS. In accordance with CIMDS, the reserve estimates include adjustments to the in situ coal estimates for mining losses, out of seam dilution, and changes in moisture for run-of-mine (ROM) coal. In order to provide a more thorough understanding of the mine economics, the plant yield and clean coal reserves are included. These Lost-Fox anthracite reserve estimates are shown in the table below.

Lost-Fox Area Anthracite Reserves

ROM Tonnes (Proven & Probable) (Mt)	Yield %	10% Ash (Adb) Clean Coal Reserves (Mt)			Waste (Mbcm)	Clean Coal Strip Ratio (Bcm/ tonne)
		Proven	Probable	Total		
124.9	55.4	64.4	4.8	69.2	780.8	11.3

Based on the 2012 FS, Golder-Marston concludes the following:

1. If favorable markets continue for metallurgical coal the 2012 FS indicates that the Lost-Fox Mine can be a viable mining operation assuming all environmental, permitting and financing hurdles can be overcome.
2. The 2012 FS indicates that the Lost-Fox Mine contain Proven and Probable Reserves of 124.9 million ROM tonnes that, at an average plant yield of 55.4 percent, will produce 69.2 million tonnes of marketable coal at 10 percent ash (adb).
3. The Lost-Fox Area contains Measured and Indicated Resources of 192.8 million tonnes that include the Proven and Probable Reserves.

Recommendations

1. Golder-Marston recommends that Arctos perform a field testing program to identify any sources of ground water, permafrost or other conditions that may impact the stability of the proposed rock placement strategy and perform additional drilling to provide data for testing and stability analysis of the proposed rock storage piles.
2. Golder-Marston recommends that Arctos commence further gathering and examination of geotechnical data in areas of planned ultimate pit walls as well as employ safe mining practices to ensure a greater degree of certainty regarding slope stability. The exposure of permafrost or bentonite may have a negative impact on slope stability and must be taken into account.
3. Arctos should engage in discussions with the federal and provincial government, and other potential users of the rail line for the purposes of investing in the rail facilities to reduce Arctos' share of the capital costs of upgrading the rail.
4. Arctos should commence bulk testing designed to provide further information on large size fraction yields and middlings re-crush yields. Testing should also be performed to confirm the product quality of the 15% ash sinter product and to optimize the yield and economics of the two products.
5. Golder-Marston recommends that Arctos commence with the Project assuming that the strong low-volatile PCI coal market outlook continues and that all permits can be obtained.

Mining Methods

Mining Operations

The mine plan and production schedule is based on an ultimate pit shell, which was derived using Lerchs-Grossman optimization and a price of \$150/tonne for PCI coal. The design pit slope highwall of 45° was used to ensure all material was properly accounted for outward from the coal block at depth and is consistent with and based on a geotechnical analysis of the final pit slopes. The footwall followed the floor of the lowest coal seamed mined with dips varying from approximately 15° to 45°.

Rock storage piles were developed to minimize haulage and associated costs as well as to minimize their weight per unit area for stability purposes. The overall angle of the external rock storage piles is 14° (4:1) with 54-meter benches provided at 20-meter intervals.

The ultimate pit has been scheduled to produce up to 3Mtpa of clean coal product. The operation is planned to use surface open-pit mining methods using shovels, trucks, and ancillary equipment. The mine uses standard open-pit mining equipment that is diesel powered. The equipment includes hydraulic shovels and backhoes for mine rock removal and coal mining, rotary drillings for drilling and blasting, rear-dump off-highway mine trucks and standard auxiliary equipment such as dozers, graders, fuel and lube trucks, maintenance trucks and other items.

A summary of the proposed production schedule is shown in the table below. The production period spans a 25 year mine life with construction operations beginning in Year -1 and mining operations continuing until the reserve is depleted in Year 25. The Arctos Anthracite Project is scheduled to produce approximately 69.2M clean coal tonnes over the mine of life. The average clean coal-stripping ratio is 11.3 bcm of mine rock per clean coal product tonne.

Arctos Anthracite Production Forecast

Mine Year	Total Stripping Volume (000s bcm)	ROM Coal Production (000s tonnes)	ROM Stripping Ratio (bcm/ROM tonne)	Product Coal Tonnage (000s tonnes)	Product Stripping Ratio (bcm/product tonne)
Year -1	3,026	55	55.1	0	0
Year 1	9,376	708	13.2	0	0
Year 2	27,329	3,895	7	2,780	9.8
Year 3	29,525	4,803	6.1	3,004	9.8
Year 4	33,744	4,732	7.1	3,009	11.2
Year 5	31,024	4,563	6.8	3,012	10.3
Year 6	32,491	5,096	6.4	3,008	10.9
Year 7	32,806	4,929	6.6	3,020	10.8
Year 8	34,832	5,714	6.1	3,004	11.6
Year 9	33,480	5,909	5.7	3,027	11.1
Year 10	34,692	5,916	5.9	2,928	11.8
Year 11	35,178	5,917	5.9	2,982	11.8
Year 12	35,015	5,397	6.5	3,010	11.6
Year 13	34,981	5,206	6.7	3,003	11.6
Year 14	34,577	5,779	6	3,007	11.5
Year 15	35,005	5,148	6.8	3,011	11.6
Year 16	35,052	5,334	6.6	3,000	11.7
Year 17	35,428	5,705	6.2	2,942	12.0
Year 18	35,096	5,832	6	2,875	12.2
Year 19	35,018	5,725	6.1	3,048	11.5
Year 20	35,175	5,562	6.3	2,959	11.9
Year 21	34,171	5,580	6.1	3,006	11.4
Year 22	32,246	5,898	5.5	3,065	10.5
Year 23	30,597	5,470	5.6	3,029	10.1
Year 24	27,012	5,191	5.2	3,008	9.0
Year 25	3,555	984	3.6	505	7.0
TOTAL	780,428	125,049	6.2	69,242	11.3

Project Infrastructure

The Arctos Anthracite project is accessible by road and rail. Arctos will develop the infrastructure necessary to support mine development and operations, and the transportation of anthracite coal to world markets.

The road access route to the mine for over-the-road vehicles carrying workers, materials and supplies will be the Ealue Lake Road and the Dease Lake Extension railroad grade on the northern side of the project location, as shown in Item 5, Figure 5.1 of the 2012 Arctos Report.

The access route by rail to the property location will undergo a series of upgrades to existing track as well as the construction of track in some areas. The rail right of way extends from the end of the existing rail at Minaret, through the northern end of the Property and on towards the town of Dease Lake. The sub-grade for this right-of-

way has been completed, except for a 24 km section north of the Kluatantan River and a similar distance north of the Stikine River. Clean coal will be transported by rail 1,390 km from the mine site to the Ridley Coal Terminal at Prince Rupert where it will be able to be shipped to international markets. The details for the required track infrastructure is shown in Item 5, Figure 5.3 of the 2012 Arctos Report.

The proposed on-site mine infrastructure includes a work camp complex, coal processing plant, train loadout, administration, and maintenance facilities. The processing plant has a capacity of 3.0 Mtpa clean coal. Clean coal will be loaded onto trains by a rail loadout facility capable of loading a 12,500-tonne unit train in less than six hours. Details of major on-site mine facilities infrastructure can be seen in Item 5, Figure 5.2 and Figure 18.1 of the 2012 Arctos Report.

Capital and Operating Costs

Mine Capital and Operating Cost Estimates

Golder-Marston prepared capital cost estimates for the mine equipment based on budget quotations from mining equipment suppliers. Golder-Marston compiled all other capital cost estimates for infrastructure and facilities from independent engineering firm, CDG Engineers Inc. Estimated capital expenditures are summarized in the table below.

Capital Expenditure Summary (\$1,000's)

	Initial (\$)	Sustaining (\$)	Total (\$)
Mine	192,044	589,186	781,230
Off site Transportation	330,410	-	330,410
On site Infrastructure ⁽¹⁾	259,598	3,804	263,402
Other ⁽²⁾	6,559	39,980	46,539
Total	788,611	632,970	1,421,581

⁽¹⁾ Water Management

⁽²⁾ Mine Facility General Maintenance & Prep Plant Sustaining Capital

Production costs and capital requirements were estimated assuming all mining, coal processing and coal handling functions are directly performed by Arctos using company-owned equipment and company employees. Ex-mine coal transportation costs would be paid by Arctos using Canadian National (CN) Rail services. For the purpose of cost estimates, the camp operation, employee transport, and vessel loading services were assumed to be provided by contractors or other third parties. The operational costs reflect updated 2012 Feasibility Study budgetary prices. Ridley Terminal does not require capital investment to begin shipping coal.

Economic Analysis

Economic Model and Sensitivity Analysis

The cash flow for the Project is presented in Table 22.1, Estimated Cash Flow Summary, in the 2012 Arctos Report. The cash flow was calculated on an annual basis using proven and probable mineral reserves only. The cost and cash flow estimate is on a 100 % equity basis and does not include interest payments or other financing charges. The NPV at an 8 % discount rate was estimated at \$615.9 million before tax and \$405.8 million after tax with an IRR of 17.0 % before tax and 14.7 % after tax, respectively.

The table below, Sensitivity Analysis for Various Rail Investment Levels, shows the sensitivity analyses for various rail investment levels; the table following, Sensitivity Analysis to Changes in Price, OPEX & CAPEX, shows the sensitivity analyses to changes in price, Opex and Capex. The tables provide sensitivity analyses with variants in prices, exchange rates, capital costs and operating costs. Changes in coal grades or ranks would affect sales prices.

Sensitivity Analysis for Various Rail Investment Levels

Pre-Tax Internal Rate of Return and NPV (C\$ Millions) at 8% discount factor						
Fortune Rail Capital Expenditure	Product Sales Prices (US\$/t)					
	US \$150/t		US\$175/t		US \$200/t	
	IRR	NPV 8%	IRR	NPV 8%	IRR	NPV 8%
100 percent	7.5%	-31M	17.0%	616M	24.8%	1,246M
75 percent	8.9%	47M	19.1%	688M	27.7%	1,326M
50 percent	9.5%	120M	21.7%	758M	31.0%	1,394M

Pre-Tax Internal Rate of Return and NPV (C\$ Millions) at 8% discount factor						
Fortune Rail Capital Expenditure	Sales Prices (US\$/t)					
	US \$150/t		US\$175/t		US \$200/t	
	IRR	NPV 8%	IRR	NPV 8%	IRR	NPV 8%
100 percent	6.3%	-94M	14.7%	406M	21.5%	883M
75 percent	7.5%	-28M	16.5%	466M	24.0%	949M
50 percent	8.9%	38M	18.7%	525M	26.8%	1,004M

Sensitivity Analysis for Various Rail Investment Levels

% Change		Pre Tax			After Tax		
		IRR	NPV 8% (\$)	NPV 10% (\$)	IRR	NPV 8% (\$)	NPV 10% (\$)
Price	-10	10.6%	166,698	34,889	9.1%	60,450	(46,129)
		17.0%	615,935	411,940	14.7%	405,771	246,197
	+10	22.6%	1,062,342	784,869	19.6%	744,243	530,297
Opex	-10	20.8%	916,526	663,516	18.1%	634,867	439,058
		16.9%	615,935	411,940	14.7%	405,771	246,197
	+10	12.3%	320,351	163,825	11.1%	178,438	53,738
Capex	-10	19.0%	701,801	493,764	16.5%	476,228	314,534
		16.9%	615,935	411,940	14.7%	405,771	246,197
	+10	15.0%	530,083	329,936	13.1%	334,876	177,216

Payback

As shown in the economic model section, on a 100 % equity basis with no interest charges, the payback period for the Lost-Fox Project under the 3 Mtpa case is approximately 7.7 years on an after-tax basis at an 8% discount rate.

Mine Life

The mine life of the Lost-Fox operation is approximately 25 years with the reserves currently delineated. Additional exploration potential exists in the Hobbit-Broatch area.

ENVIRONMENTAL STUDIES AND PERMITTING

Fortune previously submitted a project description to the British Columbia Environmental Assessment Office and received Section 10 and 11 Orders indicating that the EA process has started and defines the scope, procedures and methods required for the EA of Fortune's project. Draft Terms of Reference were issued in 2006 and public comments were received, however, the process was put on hold by Fortune while a strategic partner was being sought. With the funding provided by POSCAN and the formation of the Arctos JV, the permitting process is being re-initiated and an updated project description, gap analysis of environmental studies to be completed and work plan development is currently underway. Fortune is working with the local communities to explain the project and its benefits and potential impacts and currently has an EA Cooperation Agreement with the Tahltan. Development of Arctos will bring long-term employment to an area already adversely impacted by the downturn in the forestry industry as well as provide important infrastructure for the benefit of other projects and the public.

Fortune previously retained the services of Rescan Environmental Services Limited and Rescan Tahltan Environmental Consultants to conduct extensive environmental baseline studies and to assist the Company in preliminary permitting activities for Arctos. The Company has now retained Stantec Consulting to lead environmental studies along the proposed extension to the Dease Lake rail line and Arctos property and to prepare an updated project description to re-start the EA process.

Fortune intends to construct and operate an environmentally sustainable project for the benefit of all stakeholders.

Other Northwest Territories Properties

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

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

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

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

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

DIVIDENDS

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

DESCRIPTION OF CAPITAL STRUCTURE

Fortune's authorized share capital consists of an unlimited number of common shares ("Common Shares") without par value, of which 121,276,976 are outstanding as at the date hereof. Holders of Common Shares are entitled to one vote per share at any meeting of the shareholders of the Company, to receive dividends as and when declared by the Board of Directors, and to receive pro rata the remaining property and assets of the Company upon its dissolution or winding-up. The holders of Common Shares have no pre-emptive, redemption, subscription or conversion rights. Modifications to the rights, privileges, restrictions and conditions attached to the Common Shares (including the creation of another class of shares that ranks prior to or on a parity with the Common Shares) requires an affirmative vote of two-thirds of the votes cast at a meeting of the holders of Common Shares.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed on TSX under the symbol "FT" and on the OTCQX under the symbol "FTMDF". The following table summarizes the range of trading prices and monthly volumes of Common Shares on the TSX for the most recently completed financial year:

Month	TSX			OTCQX ⁽¹⁾		
	High (Cad \$)	Low (Cad \$)	Volume	High (US \$)	Low (US \$)	Volume
January	1.04	0.74	2,965,776			
February	1.05	0.96	2,034,651			
March	0.99	0.90	2,092,383			
April	0.94	0.71	630,083			
May ⁽¹⁾	0.79	0.65	742,315	0.73	0.65	40,175
June	0.70	0.53	860,452	0.69	0.53	100,200
July	0.65	0.53	365,749	0.61	0.56	10,900
August	0.63	0.57	1,103,422	0.65	0.56	14,415
September	0.59	0.53	1,045,075	0.60	0.54	46,300
October	0.52	0.43	2,803,284	0.53	0.43	259,913
November	0.50	0.44	1,037,305	0.50	0.45	101,922
December	0.50	0.43	1,495,417	0.48	0.42	249,760

⁽¹⁾ Fortune shares began trading on the OTCQX effective May 17, 2012.

Prior Sales

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

Stock options issued during the most recently completed financial year:

Date of Grant	Date of Expiry	Number of Options Granted	Exercise Price of Options Granted
March 22, 2012	March 23, 2017	155,000	\$0.94
May 14, 2012	May 14, 2017	80,000	\$0.71
November 20, 2012	November 20, 2017	150,000	\$0.47

Subsequent to December 31, 2012, on January 31, 2013, 2,900,000 stock options were issued pursuant to the Company's stock option plan.

ESCROWED SECURITIES

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

Designation of Class	Number of Securities held in Escrow	Percentage of Class
Common Shares	900,000	0.7%

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

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

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

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

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

Name, Municipality of Residence and Present Position with the Company	Principal Occupation	Director Since
GOAD, ROBIN E. Arva, Ontario President, Chief Executive Officer and Director	Geologist/Mining Executive	1989
DOUMET, GEORGE M. ⁽¹⁾ Vancouver, British Columbia Director and Honorary Chairman	President and Chief Executive Officer, Federal White Cement Ltd. (specialty cement manufacturer)	1995
BREUKELMAN, WILLIAM A. ⁽¹⁾⁽²⁾ Mississauga, Ontario Director	Chairman, Gedex Inc. (imaging technology development company), Chairman and Principal of Business Arts Inc (technology incubation firm)	1995

Name, Municipality of Residence and Present Position with the Company	Principal Occupation	Director Since
CLOUTER, CARL L. Gander, Newfoundland Director	Commercial Pilot/President, Clouter Enterprises Ltd. (real estate investment company)	1988
KNIGHT, DAVID A. Oakville, Ontario Secretary and Director	Partner, Norton Rose Canada LLP, Barristers & Solicitors	2000
EXCELL, JAMES D. ⁽²⁾ Kelowna, British Columbia Director	President and CEO of Abucus Mining and Exploration Corp. (mineral exploration and development company)	2005
NAIK, MAHENDRA ⁽¹⁾⁽²⁾ Unionville, Ontario Chairman	Chartered Accountant and Chief Financial Officer, Fundeco Inc. (private investment company)	2006
CURRIE, JAMES A. Abbotsford, British Columbia Director	Chief Operating Officer for Elgin Mining Inc. (public mining company)	2008
CHEN, SHOU WU (GRANT) Hong Kong, China Director	Deputy Chairman and CEO, China Mining Resources Group Limited (public mining company)	2010
KEMP, JULIAN B. London, Ontario Vice President Finance and Chief Financial Officer	Chartered Accountant/Mining Executive	N/A
ROMANIUK, MIKE A. London, Ontario Vice President Operations	Mining , Process and Geological Engineer/Mining Executive	N/A

⁽¹⁾ Members of the Audit Committee

⁽²⁾ Members of the Compensation Committee

Each of the directors and officers of the Company has held his present principal occupation noted above for the past five years except for:

- Mr. Excell, who prior to July 2010 was President of Narego Solutions Inc. (private consulting company) and prior to 2008 was the President and Chief Executive Officer of North American Palladium Inc.;
- Mr. Chen, who prior to 2009 was the Senior Vice President of Standard Bank in the People's Republic of China in the mining and metals division;
- Mr. Currie, who prior to August 2012 was the Chief Operating Officer at Kimber Resources and between 2008 and 2011 was Executive Vice President Operations and Chief Operating Officer for New Gold Inc., during a period in 2008 was Vice President Operations of the Company, and prior to April 2008 was Vice President of Operations for Miramar Mining Corporation; and
- Mr. Knight, who prior to January 1, 2012 was a partner with Macleod Dixon LLP. On January 1, 2012 Macleod Dixon LLP merged with Norton Rose OR LLP to form Norton Rose Canada LLP.

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

As at the date hereof, the directors and officers of the Company as a group owned beneficially, directly or indirectly, or exercised control or discretion over an aggregate of 24,704,614 common shares of the Company, which is equal to approximately 20% of the issued and outstanding shares of the Company.

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

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

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

Shou Wu (Grant) Chen, M.B.A., M.Sc., Director, Hong Kong, China.

Grant Chen is the Deputy Chairman and CEO of China Mining Resources Group Limited, a Hong Kong based company that mines and processes molybdenum, copper, zinc and other metal products in China and invests in Canadian mining companies. Grant previously worked as a geologist in the precious metals sector in China and then as an analyst and merchant banker, and subsequently, Senior Vice President in the Mining and Metals Division for Standard Bank. Mr. Chen has more than 11 years of additional experience working in the precious metals sector and was a council member for the China Gold Society and a research professor in the Shenyang Institute of Geology and Mineral Resources of the Ministry of Land and Resources, PRC.

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

Carl Clouter is a commercial pilot who owned a charter airline service in the Northwest Territories. Carl has been active in mineral exploration and prospecting carried out in conjunction with more than 36 years of flying throughout remote areas of Canada. Carl also served as a Sentencing Justice of the Peace and a member of the board for the mineral development assistance program for the Government of the Northwest Territories.

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

Jim Currie is a mining engineer with over 34 years of experience in the mining industry, having worked on projects in North and South America, Asia and Africa. Currently, Jim is Chief Operating Officer for Elgin Mining Inc., a public company focused on gold mining and development. Prior to this, Jim was briefly Chief Operating Officer with Kimber Resources Inc., prior to which he was Executive Vice President and Chief Operating Officer with New Gold Inc. Previously, Jim was Vice President Operations with Miramar Mining Corp., General Manager in Mauritania for First Quantum Minerals Ltd., and has worked for a number of other major mining companies.

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

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

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

Jim Excell is President and CEO of Abacus Mining and Exploration Corp., a mineral exploration and development company with advanced-stage projects located in the prolific Afton Mining Camp near Kamloops, British Columbia. Jim was previously the CEO of Narego Solutions Inc., a private consulting company. During a career spanning more than three decades with BHP Billiton, Jim served as a senior executive and managed and developed some of the world's premier mining projects. They included metallurgical and thermal coal mines in Australia and the United States and the Ekati Diamond Mine and Island Cooper Mine in Canada. More recently, Jim was the CEO of North American Palladium Inc., a mining company involved in the production of platinum group metals, nickel and copper. Jim is also a director of Canterra Resources Ltd., Advanced Explorations Inc., Rainy River Resources Inc. and the Prospectors and Developers Association of Canada.

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

Robin Goad is the President and CEO of Fortune. He is a geologist with more than 30 years of experience in the mining and exploration industries. Robin previously worked for major mining companies including Noranda and Teck, and as a consultant for junior resource companies and government in Canada and internationally. He co-founded Fortune in 1988. Robin has previously been a director of other junior resource companies listed for trading on the TSX and TSX Venture Exchange and is currently a director and vice president of the Northwest Territories and Nunavut Chamber of Mines.

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

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

Mahendra Naik, CPA, CA, Chairman, Unionville, Ontario.

Mahendra Naik is a Chartered Accountant and was one of the founding directors and key executives in starting IAMGOLD Corporation, a TSX and NYSE listed gold mining company. As Chief Financial Officer from 1990 to 1999, he was involved in the negotiations of the Sadiola and Yatela mine joint ventures with Anglo American and the US\$400 million in project debt financings for development of the mines. In addition, he was involved in more than \$150 million in equity financings including the IPO for IAMGOLD. Mahendra is currently the Chief Financial Officer of Fundeco Inc., a private investment company and a director and member of the audit and compensation committees for IAMGOLD. In addition, Mahendra is a director and member of audit and compensation committees of FirstGlobalData Limited, Goldmoney Network Limited and Jameson Bank.

Julian Kemp, BBA, CPA, CA, C.Dir. Vice President Finance and Chief Financial Officer, London, Ontario.

Julian Kemp is a Chartered Professional Accountant, Chartered Accountant with more than 25 years of professional experience primarily in the mining and exploration industries. Julian has had a progressive career having previously worked for various junior resource companies exploring, developing and mining coal and precious metals both in Canada and internationally. Mr. Kemp also serves as a director of Rubicon Minerals Corporation (TSX:RMX, NYSE.A:RBY), Claim Post Resources Inc. (TSX-V:CPS), Commonwealth Silver and Gold Mining Inc. (Private Company), Marathon Gold Corporation (TSX:MOZ) and previously served as an officer and/or director of other TSX and TSX Venture Exchange listed mineral exploration and mining companies.

Mike Romaniuk, B.A.Sc., P.Eng., Vice President Operations, London, Ontario.

Mike Romaniuk has extensive global engineering, mining, mineral processing and smelting operations, and construction experience gained from more than 25 years in the sector primarily with Xstrata Nickel and Falconbridge. His career includes senior positions in charge of Sudbury's integrated operations, the Koniambo ferronickel project as well as the development of other mines and facilities in the Falconbridge group.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

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

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

occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

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

Grant Chen, a director of the Company, is also Deputy Chairman and Chief Executive Officer of China Mining Resources Group Limited ("China Mining"). Dealings in shares of China Mining on the Hong Kong Stock Exchange have been suspended since October 11, 2011 pending investigations by Hong Kong regulatory authorities in relation to certain previous transactions involving China Mining. China Mining has publicly announced that its understanding is that neither China Mining itself nor any director or member of staff of China Mining other than one executive director is the subject of such investigation.

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

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

Conflicts of Interest

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

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

LEGAL PROCEEDINGS

Fortune was not a party to any material legal proceedings during the financial year ended December 31, 2012. Fortune is not a party to and none of Fortune's properties is the subject of any current material legal proceedings.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer of Fortune, no person or company that is the direct or indirect beneficial owner of or who exercises control or direction over more than 10 percent of Fortune's common shares, and no associate or affiliate of any of the foregoing, has or has had any material interest, direct or indirect, in any transaction during the three most recent financial years or during the current financial year that has materially affected or will materially affect the Company except Grant Chen, through his position as Deputy Chairman and CEO of China Mining Resources Group Limited which has invested in various equity financings by the Company. At the date hereof, China Mining Resources Group Limited is a direct or indirect beneficial owner and exercises control or direction over approximately 13% of Fortune's common shares.

TRANSFER AGENTS AND REGISTRARS

Computershare Investor Services Inc. at its principal office in Toronto is the registrar and transfer agent for the Common Shares.

MATERIAL CONTRACTS

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

INTERESTS OF EXPERTS

Certain disclosure with respect to the Company's properties contained herein or in other filings made by the Company under National Instrument 51-102 during, or relating to, the Company's most recently completed financial year is derived from reports prepared by Golder Associates Ltd., with Edward H. Minnes, Kenneth Bocking and Marc Rougier as the Qualified Persons, P&E Mining Consultants Inc., with Eugene Puritch, Fred H. Brown, James L. Pearson, Wayne Ewart Tracy Armstrong and David Orava as the Qualified Persons, SGS with Alex Mezie as the Qualified Person, Jacobs Engineering Group Inc, with Alexander Duggan, Graham Peter Holmes, Tim Hayes and Diogenes Uceda as the Qualified Persons, MDH Engineered Solutions, with Wade Sumners as the Qualified Person, Dan Mackie and Associates Ltd., with Dan Mackie as the Qualified Person and EBA Engineering Consultants Ltd., with Bill Horne as the Qualified Person. As at the date hereof, each of such persons owns directly or indirectly, less than 1% of the outstanding shares of the Company.

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

AUDIT COMMITTEE

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

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

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

Relevant Education and Experience

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

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

Pre-Approval Policies and Procedures

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

External Auditor Service Fees

Audit Fees

The aggregate audit fees billed by the Company's external auditors during the financial year ended December 31, 2012 were \$47,000 (2011 – \$42,500).

Audit-Related Fees

The aggregate audit-related fees billed by the Company's external auditors during the financial year ended December 31, 2012 were \$71,000 (2011 - \$175,141). These billings primarily related to quarterly review procedures and a small portion related to internal control testing.

Tax Fees

The aggregate tax fees billed by the Company's external auditors during the financial year ended December 31, 2012 were \$38,650 (2011 – \$41,600). These billings related to the preparation of the December 31, 2011 income tax returns of the Company and its subsidiary and associated companies and tax advisory services pertaining to the NICO and SMPP projects.

All Other Fees

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

ADDITIONAL INFORMATION

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

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under equity compensation plans is contained in the Company's information circular for its most recent annual meeting of shareholders. Additional financial information is provided in the Company's audited consolidated financial statements and management's discussion and analysis for its most recently completed financial year ended December 31, 2012.

SCHEDULE "A" - AUDIT COMMITTEE CHARTER

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

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

SCHEDULE “B” - GLOSSARY OF MINING TERMS

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

“ adit ”	A near horizontal passage from the surface by which a mine is entered and dewatered.
“ anthracite ”	A hard, compact variety of mineral coal that has the highest carbon count and energy content and contains the least volatile and moisture contents of all coals.
“ assay ”	An analysis to determine the presence, absence or concentration of one or more chemical components.
“ autoclave ”	Processing equipment using an oxidation process in which high temperatures and pressures are applied to convert refractory sulphide mineralization into amenable oxide ore.
“ base line ”	A surveyed condition and reference used for future surveys generally for determining changes from the original condition.
“ base metal ”	A metal such as copper, lead, nickel, zinc or cobalt, of comparatively low value and relatively inferior in certain properties (such as resistance to corrosion) compared to noble metals such as gold, silver or platinum.
“ bogs ”	Peat-covered or peat-filled wetlands, which generally have a high water table, are very acidic and low in nutrients.
“ coal licenses ”	A form of license under the <i>Coal Act</i> (British Columbia) granting exclusive rights to explore for coal.
“ cyanidation ”	A process extracting gold and silver from their ores by treatment with dilute solutions of potassium cyanide or sodium cyanide.
“ deposit ”	A mineralized body which has been physically delineated by sufficient drilling, trenching, and/or underground work, and found to contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures; such a deposit does not qualify as a commercially mineable ore body or as containing mineral reserves, until final legal, technical and economic factors have been resolved.
“ development ”	The preparation of a known commercially mineable deposit for mining.
“ doré ”	A mixture of gold and silver, with minor other constituents, produced by smelting the material from the electrowinning cells. Doré requires further refining, generally not done at a mine site, to yield gold and silver.
“ environmental assessment ” or “ EA ”	Examination of a development proposal’s potential to cause environmental, social and economic effects and the proposed mitigation to those effects.
“ feasibility study ”	Engineering study that is designed to define the technical, economic and legal viability of the mineral project with a high calibre of reliability, contains detailed supporting evidence, and has a firm conceptual framework which can be used for more detailed construction designs and drawings. The study is of sufficient detail and accuracy to be used for the decision to proceed with the project and for financing.
“ flotation ”	A process of concentration in which levitation in water of particles heavier than water is obtained with the use of chemical reagents, typically used in processing of coal or sulphide minerals with the aid of a reagent and the desired product becomes attached to air bubbles in a liquid medium and floats as a froth.
“ flow sheet ”	A diagram of a sequence of processes in the treatment of metals.
“ footprint ”	The land or water area covered by a project. This includes direct physical coverage (i.e., the area on which the project physically stands) and direct effects (i.e., the disturbances that may directly emanate from the project, such as noise).
“ g/t Au ”	Grams of gold per metric tonne.
“ grade ”	The quality of an ore or metal content.
“ hydrometallurgical ”	Pertaining to the treatment of ores, concentrates and other metal-bearing materials by wet processes, usually involving the solution of some component, and its subsequent

	recovery from the solution.
“internal rate of return” or “IRR”	A method used to analyze investments which reflect and account for the time value of money. The IRR is the discount rate which makes the net present value of all-future cash flows (positive and negative) equal to zero. When the IRR is greater than the required rate of return – called hurdle rate in capital budgeting – the investment is acceptable.
“land use permit”	A permit that allows the use of land for activities related to a project. It defines the terms and conditions that govern the activities allowed under the permit.
“leach”	The process of extracting minerals from a solid by dissolving them in a liquid, either in nature or through an industrial process.
“mineralization”	A concentration of minerals within a body of rock.
“mineral reserves”	A <i>mineral reserve</i> is the economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes allowances for dilution and losses that may occur when the material is mined.
“mineral resources”	<p>A <i>mineral resource</i> is a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the earth’s crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.</p> <p><i>measured resources:</i> A measured resource is that part of a mineral resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.</p> <p><i>indicated resources:</i> An indicated resource is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and test information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.</p> <p><i>inferred resources:</i> An inferred resource is that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.</p> <p><i>speculative resources:</i> A resource classification unique to coal with a relatively low degree of geological assurance based on extrapolation of a few data points over large distances, restricted to regions where extensive coal exploitation has not yet taken place.</p>
“mineral claim”	That portion of public or private mineral lands which a party has staked or marked out in accordance with federal, provincial or state mining laws to acquire the right to explore for and exploit the minerals under the surface
“net present value” or “NPV”	A method used to evaluate the difference between the present value of all estimated cash inflows and outflows of an investment using a given rate of discount. Generally

	the discount rate reflects the marginal cost of capital of a company or a hurdle rate. If the discounted cash inflows exceed the discounted outflows, the investment is considered economically feasible.
“net smelter return” or “NSR”	The net amount received from the sale of metal products produced from a property after deducting all freight and downstream treatment charges from processing to saleable metal products, but excluding mining, milling and general administrative expenditures.
“pilot plant”	A small chemical processing system which is operated to generate information about the behavior of the system for use in design of larger facilities.
“pulverized coal injection” or “PCI”	A process involving the direct injection of pulverized coal into a blast furnace as a means of increasing blast furnace productivity and reducing the consumption of more expensive coking coals.
“run-of-mine (“ROM”) coal”	Coal which has been mined prior to screening, washing or any other treatment.
“scoping study”	A study or assessment of the potential economics of a mineralized deposit on a preliminary basis.
“stope”	An underground excavation formed by the extraction of ore.
“strike length”	The physical distance in which the direction or trend taken by a structural surface such as bedding, or a fault plane, as it intersects the horizontal.
“strip ratio”	The unit amount of spoil or overburden that must be removed to gain access to a unit amount of ore or mineral material.
“sulphide”	An anion (an ion with more electrons than protons, giving it a net negative charge) of sulfur in its lowest oxidation number of -2
“sulphide mineral” or “sulphide concentrate”	A mineral or concentrate containing sulphide as its major anion.
“tailings”	Material rejected from a mill after most of the recoverable valuable minerals have been extracted. Normally consists of ground up rock in the sand to silt size range.
“waste rock”	All rock materials, except ore and tailings, that are produced as a result of mining operations.
“water license”	A license that permits the use of water, or the deposit of waste, or both