FORTUNE MINERALS LIMITED

THE PROJECTS • THE PEOPLE • THE PLAN

ANNUAL REPORT 2004

CORPORATE PROFILE

Fortune Minerals Limited is a Toronto Stock Exchange listed natural resource company with interests in seven mineral deposits and a number of exploration projects in Canada. The Company's principal assets are the "world class" Mount Klappan anthracite coal deposits located near rail and port facilities in northwest British Columbia, and the NICO cobalt-gold-bismuth deposit near Yellowknife, Northwest Territories. Fortune also owns the Sue-Dianne copper-silver deposit, 25km north of NICO. Fortune is the operating partner in Formosa Environmental Aggregates Ltd., an industrial mineral company permitting the Greenock high-calcium chemical-grade limestone quarry in southwest Ontario.

ANNUAL MEETING

The Annual and Special Meeting of the Shareholders will be held at the Ontario Club, Engineers' Room, 30 Wellington St. W., Commerce Court South, 5th Floor, Toronto, Ontario, M5L 1A1 on the 22nd day of June, 2005, at 4:30 pm.

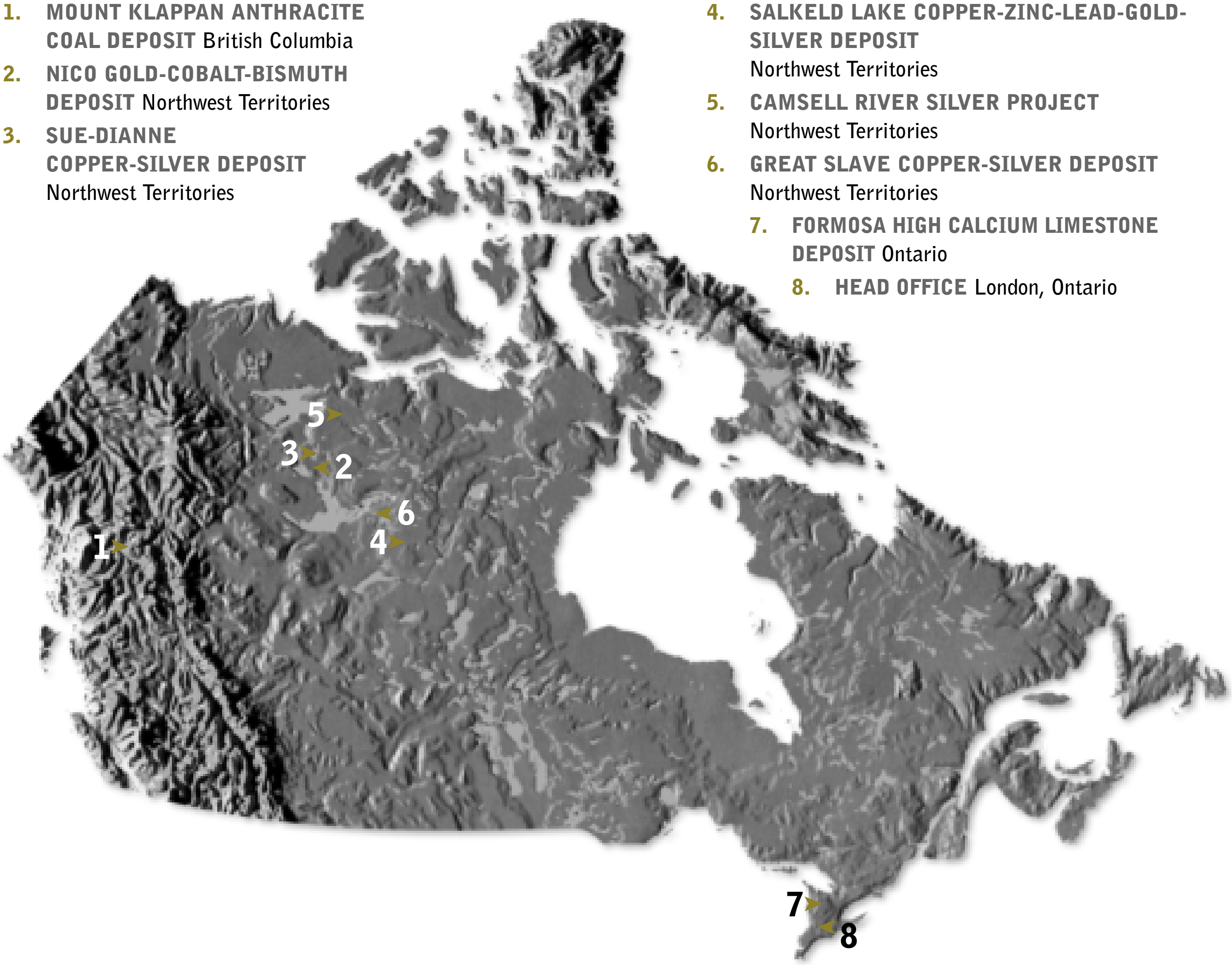
For those persons unable to attend, a second, informal meeting for informational purposes will be held at the London Club, 177 Queens Avenue, London, Ontario N6A 1J1 on the 23rd day of June, 2005, at 4:30 pm.

CONTENTS

04 2004 AND RECENT CORPORATE HIGHLIGHTS
06 CHAIRMAN'S REPORT
07 PRESIDENT'S REPORT
OPERATIONS REVIEW
09 MOUNT KLAPPAN PROJECT
14 NICO PROJECT
18 SUE-DIANNE PROJECT
19 OTHER PROJECTS
20 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS
29 AUDITOR'S REPORT
30 CONSOLIDATED FINANCIAL STATEMENTS
33 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FORTUNE PROPERTY INTERESTS

1. **MOUNT KLAPPAN ANTHRACITE COAL DEPOSIT** British Columbia
2. **NICO GOLD-COBALT-BISMUTH DEPOSIT** Northwest Territories
3. **SUE-DIANNE COPPER-SILVER DEPOSIT** Northwest Territories
4. **SALKELD LAKE COPPER-ZINC-LEAD-GOLD-SILVER DEPOSIT** Northwest Territories
5. **CAMSELL RIVER SILVER PROJECT** Northwest Territories
6. **GREAT SLAVE COPPER-SILVER DEPOSIT** Northwest Territories
7. **FORMOSA HIGH CALCIUM LIMESTONE DEPOSIT** Ontario
8. **HEAD OFFICE** London, Ontario



Property	Commodity Sought[1]	Hectares	Fortune Interest	Joint Venture Partner/ Earn-in Company
Mount Klappan	Anthracite Coal	15,094	100%[2]	
Nico	Co, Au, Bi, Cu	5,138	81%	Candou Industries Inc.
Sue-Dianne	Cu, Ag, Au	451	100%[2]	-
Salkeld Lake	Cu, Zn, Pb, Au, Ag	116	100%[2]	-
Camsell River	Ag	78	100%[2]	-
Great Slave	Cu, Au	2,069	100%[4]	Alberta Star Development Corp.
Formosa	High-Ca Limestone	107	30%[3]	Private Company

[1] Au = gold, Co = cobalt, Bi = bismuth, Cu = copper, Ag = silver, Zn = zinc, Pb = lead, Ca = calcium.

[2] Subject to third party royalties.

[3] Interest held through Formosa Environmental Aggregates Ltd.

[4] Alberta Star has an option to earn a 50% interest

2004 AND RECENT CORPORATE HIGHLIGHTS

MISSION STATEMENT:

Fortune Minerals is focussed on outstanding performance and growth of shareholder value through assembly and development of high quality mineral resource assets.

MOUNT KLAPPAN ANTHRACITE COAL PROJECT:

- Completed marketing studies indicating robust growth for anthracite in metallurgical applications, particularly PCI coal, sintering and blend coals used in the steel industry. Prices for some products have more than doubled and are expected to remain strong for the foreseeable future.
- Retained Marston Canada to conduct a full bankable feasibility study for the Lost-Fox deposit, which is expected to be complete in mid 2005.
- Announced updated in-pit resources for Lost-Fox that are two times larger than in-situ reserves used in the 1990 Gulf Canada feasibility study. This increase allowed for expansion of production to 3 million tonnes of clean coal/year in the initial operation.
- Commenced an Environmental Assessment for proposed Lost-Fox mine and concurrent permitting for production.

NICO COBALT-GOLD-BISMUTH PROJECT:

- Cobalt consumption increased more than 10% with strong prices above US$15/pound that are expected to remain high for the foreseeable future. Gold and bismuth also had moderate price increases.
- Retained Micon International and industry specialists to conduct a full bankable feasibility study to be complete in mid 2005.
- Expanded resources for feasibility due to higher metal prices and new mine plan focussed on underground mining.
- Confirmed grades and metal recoveries from processing a bulk sample in a mini-pilot plant at SGS Lakefield Research.
- Received permits to conduct underground bulk sampling and purchased equipment for site preparation.

MANAGEMENT APPOINTMENTS:

- Added new operational and financial strength to the management team with appointments of Jim Excell to the board of directors, Julian Kemp as VP Finance and CFO and Garett Macdonald as Engineering Manager.

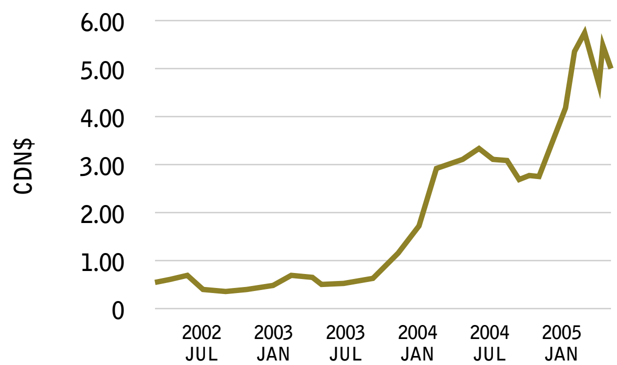
CAPITAL STOCK & FINANCIAL POSITION:

- Increased trading volumes and liquidity through expansion of our shareholder base with additional institutional investors and broader coverage by industry analysts.
- Raised net cash proceeds in excess of $22.5 million from equity financings in 2004 and an additional $2.0 million from exercise of agent over-allotment options subsequent to year-end.
- At year-end, had working capital of $24.6 million, no debt and total assets of $40.4 million.
- Increased Fortune's share price 192% from $1.88 at December 31, 2003 to $5.50 at year-end 2004 and market capitalization 273% from $47.5 to $176.9 million.

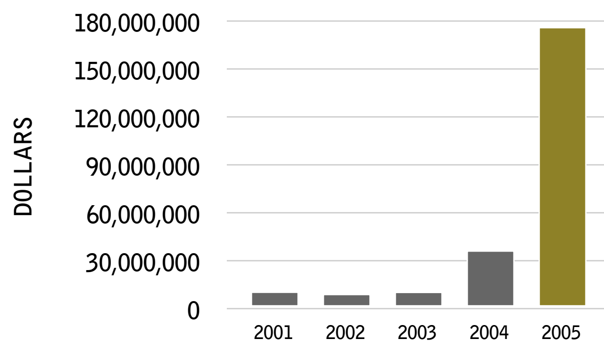
CORPORATE OBJECTIVES FOR 2005

- Complete positive feasibility studies for Lost-Fox and NICO allowing the Company to assess its financing alternatives for mine construction and development.
- Conduct Environmental Assessments and obtain requisite permits for construction of mines at Lost-Fox and NICO.
- Complete site preparation at Lost-Fox and NICO to commence development activities in 2006.
- Upgrade resources at Hobbit-Broach deposit for feasibility studies and expansion of total coal production.
- Execute financing alternatives to fund construction of Lost-Fox and NICO mines.
- Continue to expand investor base and improve liquidity of common shares.

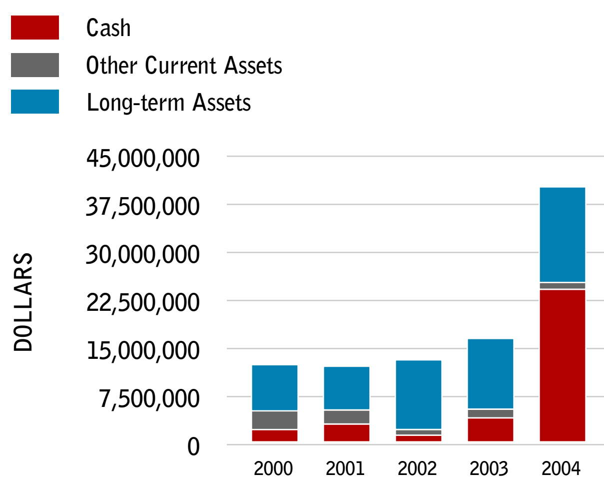
SHARE PRICE



MARKET CAPITALIZATION



ASSETS



CHAIRMAN'S REPORT

GEORGE M. DOUMET, M.SC., MBA, CHAIRMAN

We are now transforming the Company into a producer while maintaining our discovery and development power and accordingly, have recently added significant strength in operations and financial management and reporting.

Fortune Minerals Limited is focused on outstanding performance and growth through development of our high quality assets. The Company has an exceptional team of professionals with the energy it takes to deliver on our objectives. It is this team that acquired the Mount Klappan anthracite coal deposits and discovered our NICO cobalt-gold-bismuth deposit.

Our discovery and assembly of these high quality mineral resource assets has been accomplished in a financially responsible manner reflected in our strong balance sheet and excellent working capital position with no debt. Our efforts have been recognized with an increased profile for the Company in mining and financial communities and increased market capitalization. This is now providing improved access to capital to fund our long-term plans.

My fellow directors and I are extremely delighted by the geological and administrative team's accomplishments over many years under the leadership of Robin Goad. We are now transforming the Company into a producer while maintaining our discovery and development power and accordingly, have recently added significant strength in operations and financial management and reporting.

We welcome Jim Excell to our board of directors and also as an advisor to the Company. Jim is a metallurgical engineer who has more than 30 years of senior executive and operations experience with BHP Billiton. He has managed and developed some of the world's premier mining projects, including metallurgical and thermal coal operations in Australia and the United States and led permitting, construction, commissioning and operation of the $700 million Ekati Diamond Mine in the Northwest Territories. His outstanding leadership skills, extensive contacts in the worldwide mining industry, and proven relationships with governments and aboriginal peoples will be an asset.

Julian Kemp is a Chartered Accountant and our new Vice President Finance and Chief Financial Officer. He brings 16 years of experience in our industry, including acting in senior management positions with two gold producers, a coal producer and a mining contracting company.

Garett Macdonald, a mining engineer who recently completed an MBA, joins the Company as Engineering Manager. Garett has significant experience in energy, metals and aggregates projects having held positions in mine operations and engineering with Suncor Energy, Placer Dome and Teck Corp.

I am also very pleased to mention that Bill Breukelman, a long time director of the Company, received a Special Achievement Award from the Prospectors and Developers Association of Canada honouring his significant role in commercializing ICP-MS technology that has become the standard geochemical analytical equipment used in the mining and exploration industry today.

Fortune has positioned itself to succeed with the development, construction and operation of our Mount Klappan and NICO projects. As the Company grows, we remain committed to maintaining the highest standards of corporate governance and are privileged to have the expertise of David Knight, a director and Secretary of the Company, to advise on ever more complex rules and practices in this area.

We have the assets, the core financial structure and the people, which together with our focus and determination, we firmly believe will deliver long-term success for our shareholders.

LEFT TO RIGHT: JIM EXCELL, GARETT MACDONALD, AND JULIAN KEMP

On behalf of the Board of Directors,

George Doumet
Chairman

PRESIDENT'S REPORT

It is with great pleasure that I am able to report to shareholders that 2004 was another successful year in the growth of Fortune Minerals Limited.

In prior years, your company assembled an impressive portfolio of high-quality mineral resource projects through effective execution of exploration programs and a strategy of timely acquisitions. Comprehensive geological, engineering, metallurgical and environmental evaluations have been carried out on our projects, with concentration on the Mount Klappan coal project in northwest British Columbia and NICO cobalt-gold-bismuth deposit in the Northwest Territories. Fortune is well positioned to benefit from development of these assets during the current cycle of strong commodity prices and favourable capital markets. Management is very focussed on delivery of its strategy of transitioning the Company into a successful producer while maintaining its exploration and acquisition expertise in the pursuit of growth.

Fortune set a number of short-term goals for 2004 and 2005 in order to achieve the longer-term objectives of the Company. They included:

1) increasing our profile in the investment community to achieve greater capital market liquidity and appropriate valuation;
2) expansion of the board and management team with additional operational and financial capacity;
3) advancing the Company's two main projects through full feasibility level engineering and economic evaluations; and
4) complete environmental base line work to proceed through Environmental Assessments and permitting for timely mine construction.

ROBIN E. GOAD,
M.SC., P.GEO.,
PRESIDENT AND CEO

I am pleased to report that our objectives have been met or, are in progress for scheduled completion this year.

A high priority was given in 2004 to increase market awareness and improve our trading volumes, share price and market capitalization. We addressed this by initiating an investor relations program and by completing equity financings to raise capital and attract quality investors with minimal dilution. These financings raised net proceeds of approximately $24.5 million to fund operations and add financial strength to the Company. Fortune also established broader relationships with financial institutions and increased its coverage by respected industry analysts. Our shareholder base was expanded with the addition of more than 30 Canadian and international institutional investors. These initiatives were rewarded by an increase in trading volumes from 3.3 million shares in 2003 to 13.5 million in 2004. The price of our common shares appreciated from $1.88 at year-end in 2003 to $5.50 in 2004 with a concomitant increase in market capitalization from $47.5 million to $176.9 million. Significant progress was made with our market performance, but further improvements should be made and remains a priority for the current year.

Fortune's success in the mineral industry is a reflection of the commitment and quality of people on our board, management and exploration teams, and our long-term relationships with respected industry consultants. Our core team has worked diligently and effectively together for more than a decade and is a remarkable achievement in light of inherent cyclicality in our sector. We added significant executive management, engineering and financial strength to our organization over the past year and are ready to meet the challenges of making the transition to a successful producer. I join George Doumet, our Chairman in welcoming Jim Excell, Julian Kemp and Garett Macdonald to our management team. I am gratified by the quality of people we have been able to attract and can report that they have had immediate impact on the operation and stature of our organization.

Fortune commissioned two comprehensive bankable feasibility studies in 2004 in order to engineer and assess the economics of our two principal assets. Marston and Marston Inc., a globally recognized full services engineering company specializing in coal and oil sands projects is conducting the study on the Lost-Fox deposit at Mount Klappan through their Canadian associate. Marston has had significant history with this project, having prepared the resources and mine plan for the 1990 Gulf Canada feasibility study and our marketing and resource studies. Their comprehensive review of the Lost-Fox area resulted in a simpler interpretation of the geology and increase in the Measured and Indicated resource classes for the deposit. New in-pit resources are twice as large as the in-situ reserves used in the Gulf study and enabled us to increase the mandate of our feasibility study to assess 3 million tonnes of annual clean coal production. Mount Klappan economics are benefiting from high prices and growth in the use of anthracite in metallurgical applications, particularly pulverized coal injection (PCI) coal, which sells for in excess of US$100/tonne. Anthracite consumption is also growing in other steel industry applications such as sintering and as a blend coal used to reduce blast furnace coke. Marston expects to complete its study in mid 2005. Environmental baseline studies are also in progress to augment historical information with new data and will be used in support of the Environmental Assessment in progress. Additional drilling is planned this summer at Lost-Fox and Hobbitt-Broatch in order to upgrade resources to allow future expansion of production.

Management is very focussed on delivery of its strategy of transitioning the Company into a successful producer while maintaining its exploration and and acquisition expertise in the pursuit of growth.

Micon International Limited is leading the feasibility study assessing the NICO deposit, with Met-Chem Canada as subcontractor. Several respected industry specialists were also retained by Fortune to work on the project. The NICO feasibility study is assessing underground mining at the rate of 3,000 tonnes/day (1 million tonnes/year) in order to access the highest grades situated deeper in the deposit. Our objective is to maximize cash flow in the first years of production to repay capital and defer mining of lower grade mineralization in the pit, which would be phased in subsequent years. A small-scale pilot plant at SGS Lakefield Research was recently completed to simulate processing through to saleable products and verified grades and recoveries for feasibility. Project economics will be favourably impacted from strong metal prices, including cobalt, which sells for in excess of US$15/pound as a result of Asian growth and increasing consumption in rechargeable batteries, catalysts, and superalloys. Gold is trading at about US$425/ounce and bismuth at US$3.50/pound, both markets which show potential for significant increases. Micon also expects to complete their study in mid 2005. Environmental base line work is nearing completion at NICO and the Company will soon submit a project description for Environmental Assessment. An important milestone was also achieved by receipt of permits to conduct an underground bulk sampling program.

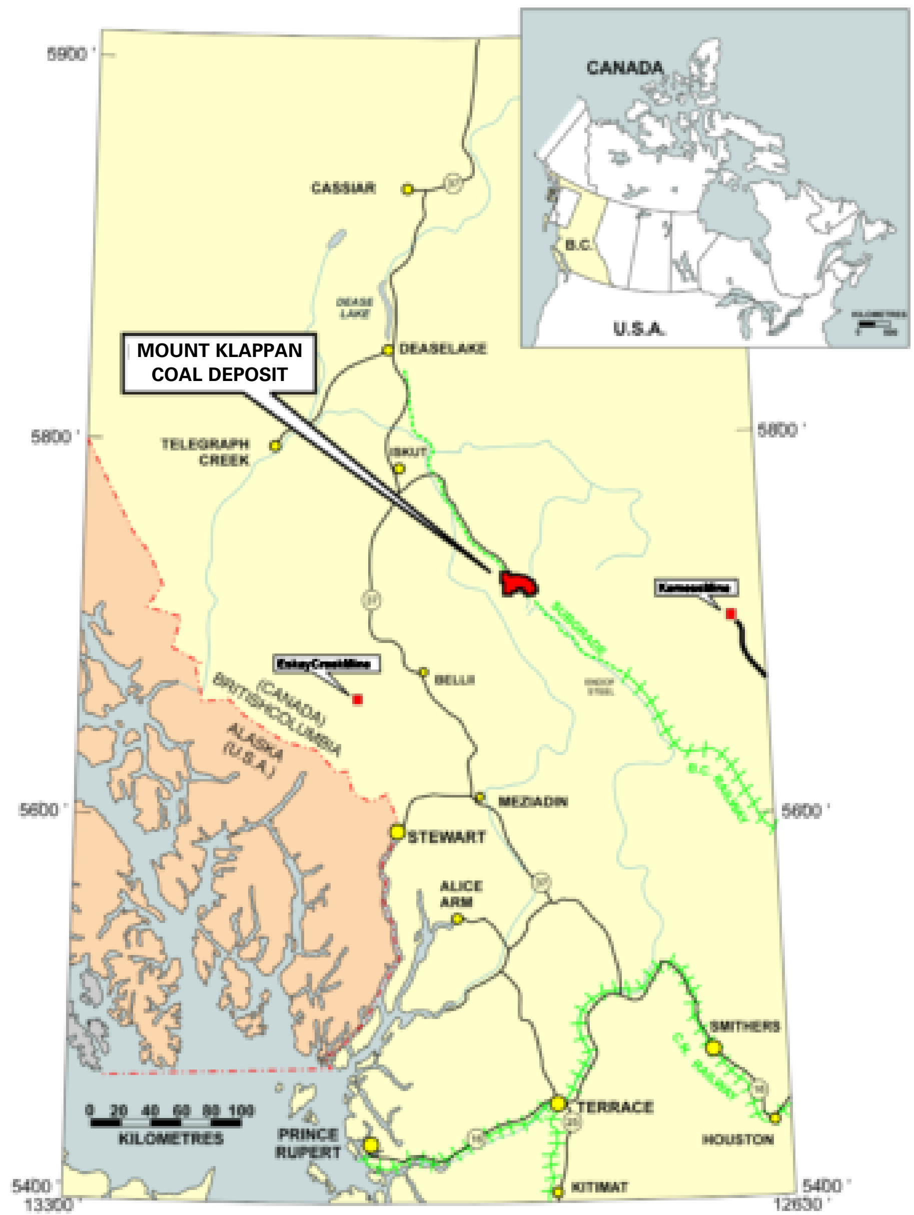
Fortune recently entered into an option agreement with Alberta Star Developments whereby they can earn a 50% interest in our Great Slave copper-gold project in the Northwest Territories. Previous work on this property identified an extensive 50 metre wide zone of copper mineralization with local very high concentrations of gold and silver. No systematic sampling was conducted for precious metals and presents an attractive opportunity to advance this project. We are pleased to have Alberta Star manage the potential of this interesting target while the Company's team concentrates on our core projects.

I would like to thank our institutional and other shareholders for their strong support over the past year. We are fortunate that the markets, assets, people and finance worthiness of our Company have converged to support our vision. I am confident Fortune Minerals can continue to deliver superior returns to its shareholders.

Robin E. Goad
President and Chief Executive Officer

MOUNT KLAPPAN ANTHRACITE COAL PROJECT

Fortune's Mount Klappan coal project in northwest British Columbia contains one of the world's largest undeveloped resources of high rank anthracite coal. The Company's lease consists of 150 km^2 straddling the BC Rail right-of-way, 150 km northeast of the port of Stewart and 330 km northeast of the port of Prince Rupert. The railway roadbed provides truck access to the site from Highway 37 and track has been installed to within 70 km south of the property. Fortune plans phased development of Mount Klappan with initial truck haulage of product to Stewart, and then to a load out facility to be constructed at the current terminus of track for haulage by unit train to Prince Rupert. Track would be extended to the site in conjunction with expansion of production.



MOUNT KLAPPAN AND B.C. RAIL RIGHT-OF-WAY AND ROADBED.

TEST MINING MOUNT KLAPPAN ANTHRACITE COAL FOR THE 1985-86 TRIAL CARGO.

HISTORY

The Mount Klappan lease was purchased in 2002 from a Canadian subsidiary of ConocoPhillips following its earlier takeover of Gulf Canada Resources Limited. Gulf acquired the initial exploration licenses in 1981 and conducted programs, totalling approximately $65 million for proposed development. Work included geology, rotary and core drilling, trenching, the driving of two exploratory adits, plus engineering, test burns, marketing, environmental and feasibility studies. A 200,000 tonne bulk sample was mined in 1985-86 and 100,000 tonnes of finished coal products produced in a pilot plant constructed at the site for trial cargos to customers in North America, Asia and Europe. Despite a positive feasibility study in 1990, no significant work was conducted after the bankruptcy of Olympia & York Developments, Gulf's controlling shareholder at that time.

ANTHRACITE COAL RESOURCES

There are 33 coal seams and carbonaceous horizons currently recognized at Mount Klappan up to 11.13 metres in true thickness, all of which consist of high rank anthracite coal. Resources are identified in four distinct areas of the property referred to as the Lost-Fox, Hobbitt-Broatch, Summit and Nass deposits. Several resource estimates were prepared for the entire property for both Gulf and Fortune, the most recent which was by Marston Canada Ltd. in 2004. For all four deposits they include Measured and Indicated resources totalling 231 million tonnes, plus 2.563 billion tonnes in the Inferred and Speculative classes. In 2005, Marston estimated in-pit resources for the initial open pit at Lost-Fox for the updated bankable feasibility study, which are 145.2 million tonnes in the Measured and Indicated classes.

MOUNT KLAPPAN COAL RESOURCES

MINERAL RESOURCE CATEGORY (millions of tonnes)

Area	Measured	Indicated	Demonstrated	Inferred	Speculative
Lost-Fox	107.9	109.5	217.4	91.5	749.6
Hobbit-Broatch	-	13.5	13.5	258.4	753.0
Summit	-	-	-	9.6	508.9
Nass	-	-	-	-	201.5
Total	107.9	123.0	230.9	359.5	2,213.0

Note: Demonstrated Resources are the sum of the Measured and Indicated Resources. Resource estimates prepared by Marston Canada Ltd. in 2004 in compliance with NI 43-101 with Richard Marston, P.E. as Qualified Person.

IN-PIT RESOURCES FOR THE LOST-FOX DEPOSIT

IN-SITU ANTHRACITE (Pit design at 10.3 bcm/tonne strip ratio – all figures in millions of tonnes, air dried basis)

Area	Measured	Indicated	Inferred
Lost-Fox Deposit	134.8	10.4	22.0

Resource estimates prepared by Marston Canada Ltd. in 2005 in compliance with NI 43-101 with Richard Marston, P.E., as Qualified Person.

ANTHRACITE MARKET

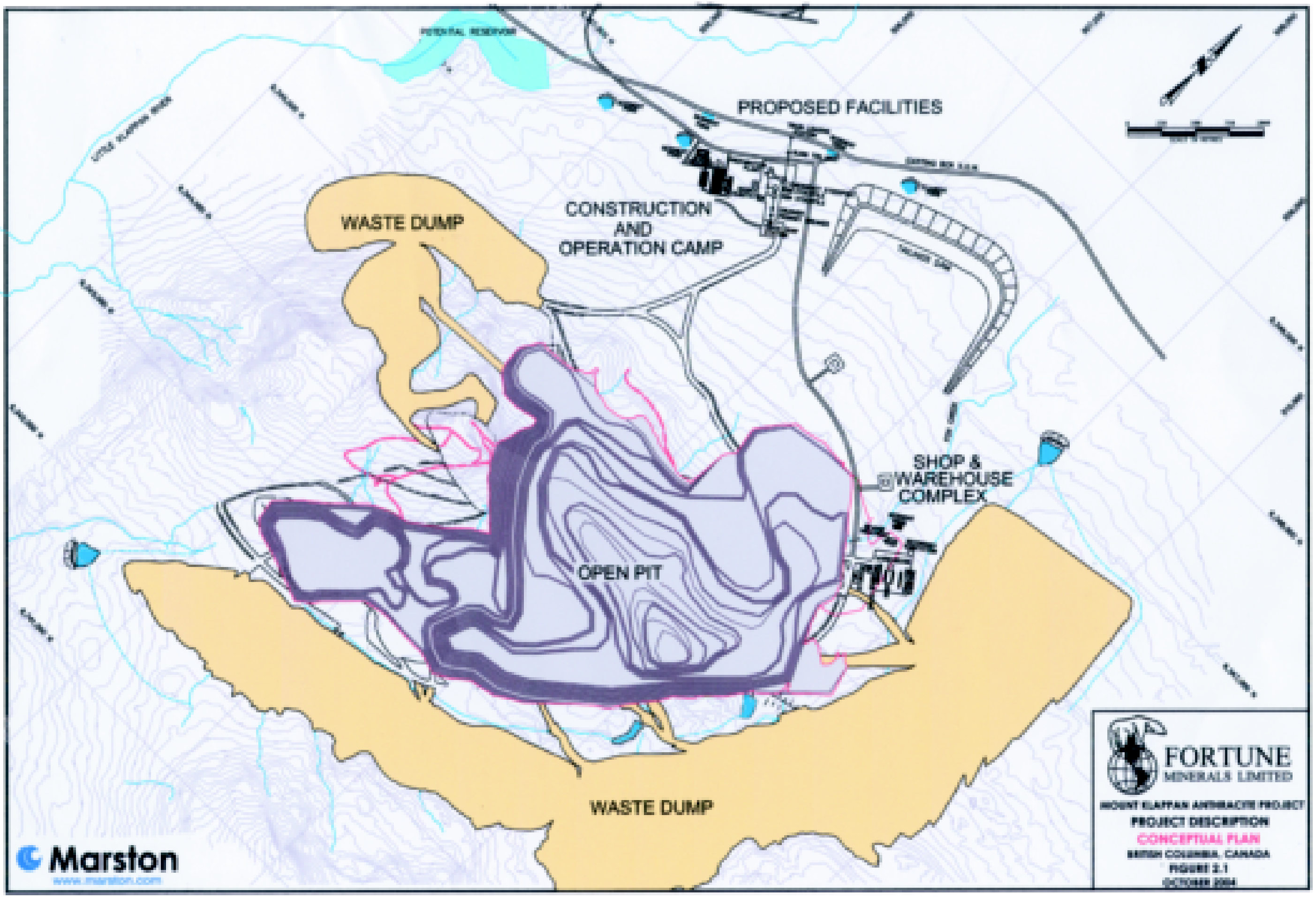
Anthracite is a "hard coal" with the highest rank, carbon and energy content, and lowest moisture and volatile content of all coals. Only about 1% of world coal reserves are anthracite grade. Unique properties make anthracite suitable for use in a broad range of metallurgical, thermal, water purification and composite materials applications. The most important market for Mount Klappan anthracite is pulverized coal injection (PCI) coal used in the steel industry as a source of fuel and carbon. PCI coal from anthracite is in particularly high demand because of its low volatile (gas) content and high energy. In addition, the natural high carbon content of anthracite makes it suitable for use as a blend coal to reduce coke consumption in the blast furnace. Low ash anthracite is also used as a reductant in aluminium and titanium processing, carbon filters for water purification, fuels for space heating, chemicals and composite materials. Higher ash anthracite is used in pelletizing and sintering in the steel industry, heating and cooking briquettes, and kiln fuels for the manufacture of cement. Approximately 37% of the world's electricity is generated from coal-based thermal power plants, many of which are configured to burn anthracite, and notably, it is the desired fuel for new clean gasification technologies. World annual production of anthracite is in excess of 300 million tonnes. Prices currently range between US$50 and US$250/tonne with metallurgical products selling for between US$75 and US$140/tonne.

PROCESSING MOUNT KLAPPAN ANTHRACITE COAL DURING THE 1985-86 TRIAL CARGO.

PRODUCT QUALITY

The proposed wash plant at Mount Klappan will use standard coal processing technology to maximize yield and production of high value products identified from market studies. Run-of-mine coal will be processed using conventional heavy media separation, cyclones and froth flotation to reduce ash and other impurities. Products would include anthracite with 8-14% ash contents used for metallurgical applications, and thermal products with 15-20% ash. Generally, the more premium (low ash) products produced result in more high ash products.

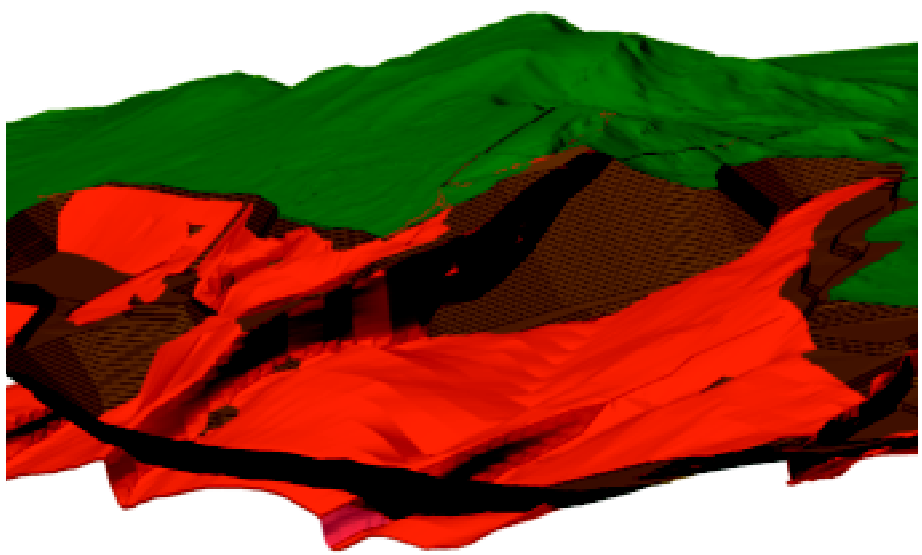
	12% Ash SINTERING PRODUCT (50 x 0 mm) (air-dried)	**8% Ash PCI PRODUCT** (35 x 0.5 mm) (air-dried)	**THERMAL PRODUCT** (0.5 x 0 mm) (air-dried)
Ash (wt%)	12.0%	7.5%	20.3%
Gross Calorific Value (MJ/kg)	30.3	32.2	26.7
Gross Calorific Value (kcal/kg)	7,235	7,693	6,379
Gross Calorific Value (Btu/lb)	13,023	13,847	11,483
Total Moisture (wt%)	9.0%	8.5%	10.0%
Residual Moisture (wt%)	0.9%	0.9%	1.1%
Volatile Matter (wt%)	6.6%	6.7%	6.4%
Fixed Carbon (wt%)	80.5%	85.0%	72.2%
Sulphur (wt%)	0.5%	0.5%	0.6%
HGI	40 - 45	40 - 45	40 - 45



CONCEPTUAL PLAN FOR THE PROPOSED LOST-FOX MINE.

FEASIBILITY STUDIES AND ENVIRONMENTAL ASSESSMENT

Gulf commissioned a bankable feasibility study in 1990, which assessed the economics of an open pit mine and wash plant for the Lost-Fox deposit. This study showed an attractive rate of return for the development but is now out of date. In 2004, Fortune retained Marston to prepare an updated bankable feasibility study to reflect current market, site conditions and resources for the deposit. New in-pit resources for the initial open pit at Mount Klappan were announced in 2005 that are twice the size of the in-situ reserves used in the Gulf study. This allowed for expansion of the feasibility mandate to



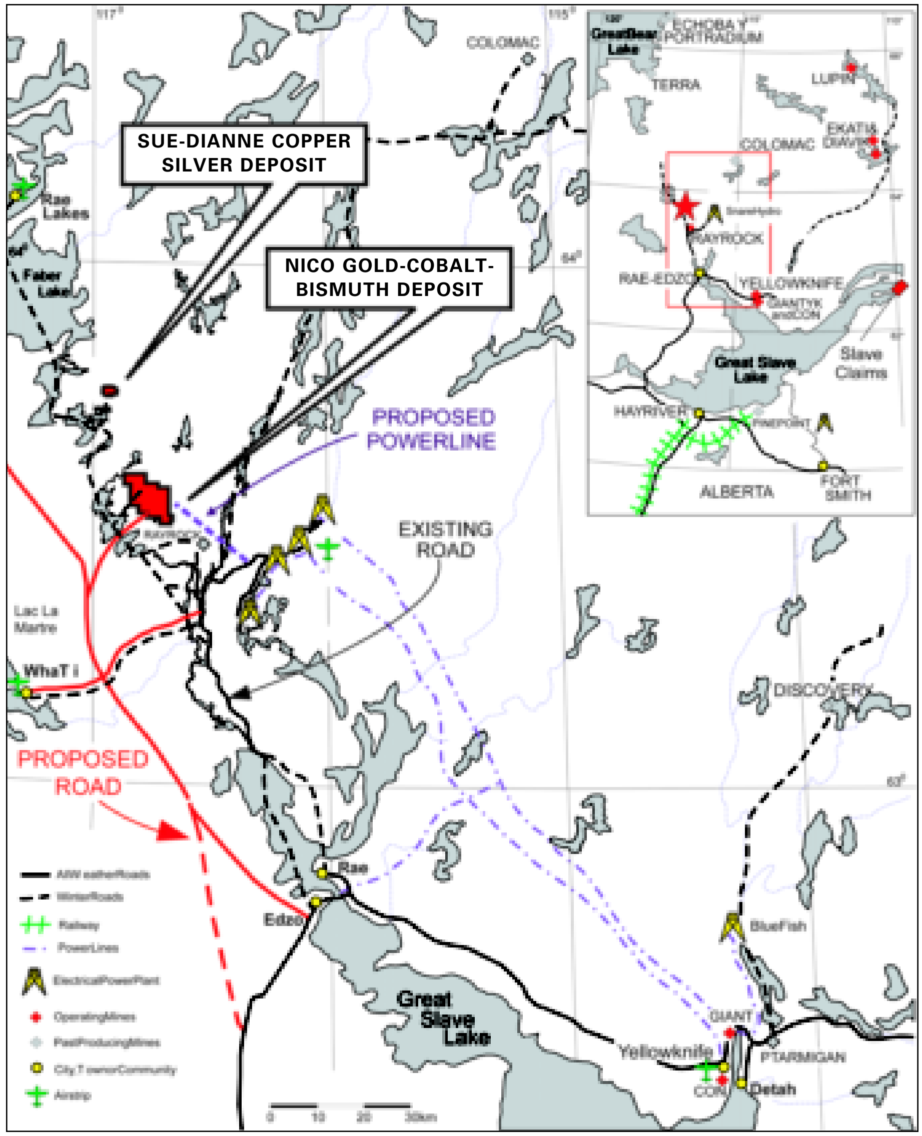
BLOCK MODEL AND PIT OPTIMIZATION FOR THE LOST-FOX DEPOSIT.

ODELIA DENNIS IS AN ENVIRONMENTAL SCIENTIST WHO RESIDES IN ISKUT AND WORKS FOR RESCAN TAHLTAN ENVIRONMENTAL CONSULTANTS WHO ARE CONDUCTING BASELINE ENVIRONMENTAL STUDIES FOR THE MOUNT KLAPPAN SITE.

assess open pit mining of up to 3 million tonnes of clean coal per year (4.84 million tonnes run-of-mine coal). The new Marston study contemplates a wash plant constructed at the site to produce the products identified from market studies. Related infrastructure would include a camp constructed at the site to accommodate approximately 220 employees working on a rotational basis. The study is also assessing a phased start up, including potential for early production under a small mine permit, and incremental increases in production tied to infrastructure development. The updated study is expected to be complete in mid 2005.

Fortune retained Rescan Environmental Services and Rescan Tahltan Environmental Consultants to collect environmental data and assist the Company with permitting of the project. Although Gulf completed extensive environmental surveys and "Stage 2" of the Environmental Assessment process, standards have increased and additional baseline work is required. Fortune has submitted a project description and received its Section 10 order initiating the Environmental Assessment process. The company is also working cooperatively with the Tahltan First Nation to maximize benefits to local communities.

NICO COBALT-GOLD-BISMUTH PROJECT



Fortune's 81% owned NICO project in the Northwest Territories, is a significant deposit of cobalt containing approximately 1 million ounces of by-product gold and it is one of the largest known resources of bismuth in the world. The deposit is situated on 10 leased claims located 160 km northwest of the City of Yellowknife, the regional centre of government and an existing mining community. There is also a process plant in Yellowknife capable of treating cobalt concentrates produced from the NICO deposit. NICO is only 20 km east of the Snare hydro complex and its related infrastructure of roads and an airstrip. NICO is currently accessed from a government winter road to the communities of Wha Ti, and Rae Lakes, which is planned to be re-aligned to an all-land route for eventual all-weather capability.

THE PEOPLE

KATHY NEALE, PH.D., EXPLORATION MANAGER, WORKING AT THE NICO SITE.

MINERAL RESOURCES

Updated mineral resource estimates for the NICO deposit were prepared by Micon International Limited in 2004 based on operating costs and net smelter return (NSR) cut-off values using conservative, long-term metal price scenarios (US$375/oz gold, US$10/lb cobalt and US$3.25/lb bismuth). New estimates are in progress using current metal prices and US$:C$ exchange rates for use in the bankable feasibility study. The underground and pit, Measured and Indicated resources at US$10/pound cobalt are 13.4 million tonnes and at US$15/pound cobalt are 24.6 million tonnes.

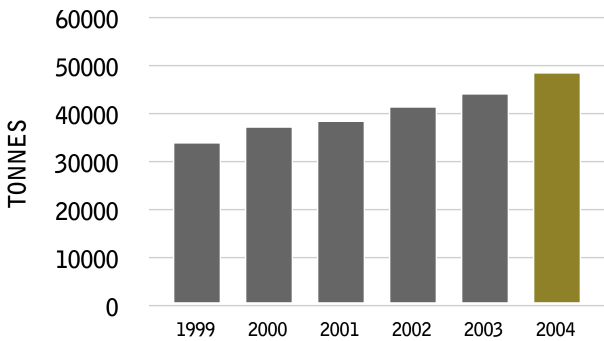
FROM LEFT TO RIGHT: ERIC FIER, EBA ENGINEERING TAILINGS ENGINEER, ROBIN GOAD, FORTUNE PRESIDENT AND CEO, ED HOEVE, EBA ENGINEERING CIVIL ENGINEER, AND EUGENE PURITCH, P&E MINING CONSULTANTS MINING ENGINEER OVERLOOKING THE PROPOSED NICO PLANT SITE.

SENSITIVITY OF MEASURED & INDICATED, UNDERGROUND & PIT MINERAL RESOURCES TO NSR CUT-OFF

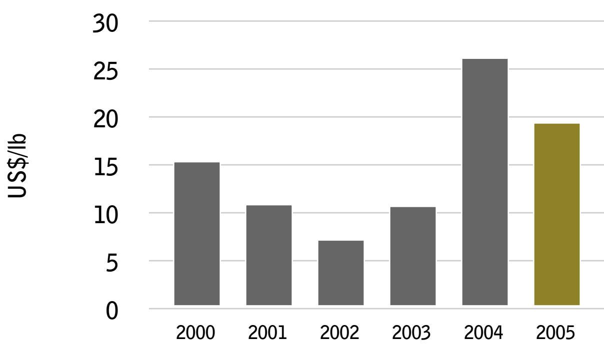
(US$375/oz Au, US$10/lb Co, US$3.25/lb Bi) NSR Cut-off ($C/t)	TONNES	Au (g/t)	Co (%)	Bi (%)	NSR (C$/t)	Gross Metal Value (C$/t)
$100	1,031,735	8.19	0.15	0.21	$133	$206
$70	2,924,869	5.02	0.17	0.23	$100	$159
$50	6,088,021	3.26	0.17	0.22	$79	$127
$20	29,819,415	1.09	0.12	0.14	$40	$67
$10	57,225,948	0.65	0.09	0.10	$28	$48
Underground Resource @ $50 Cut-off	5,123,000	3.44	0.16	0.21	$79	$127
Open Pit Resource @ $20 Cut-off	8,231,000	0.48	0.13	0.14	$34	$62
Total	13,354,000	1.62	0.14	0.16	$52	$87
(US$375/oz Au, US$15/lb Co, US$3.25/lb Bi)						
Underground Resource @ $50 Cut-off	9,566,000	2.14	0.15	0.19	$82	$124
Open Pit Resource @ $20 Cut-off	15,012,000	0.31	0.11	0.11	$40	$64
Total	24,578,000	1.02	0.12	0.14	$56	$87

Resource estimate were prepared by Micon International Limited in 2004 in compliance with NI 43-101 and Terrence Hennessey, P.Geo. and Eugene Puritch, P.Eng. as Qualified Persons.

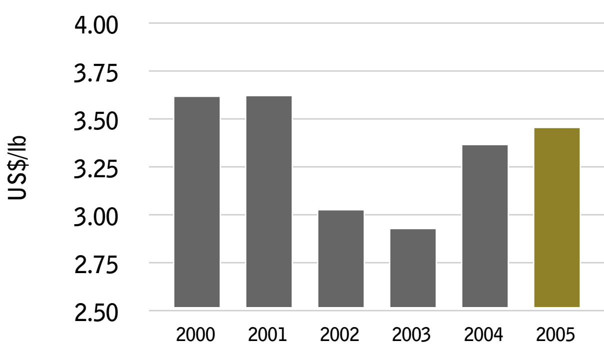
COBALT MARKET



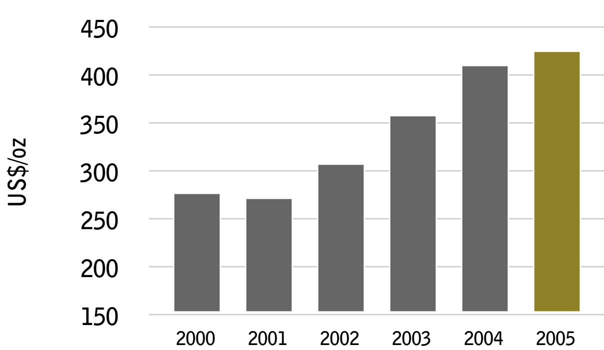
AVERAGE COBALT PRICE



AVERAGE BISMUTH PRICE



AVERAGE GOLD PRICE

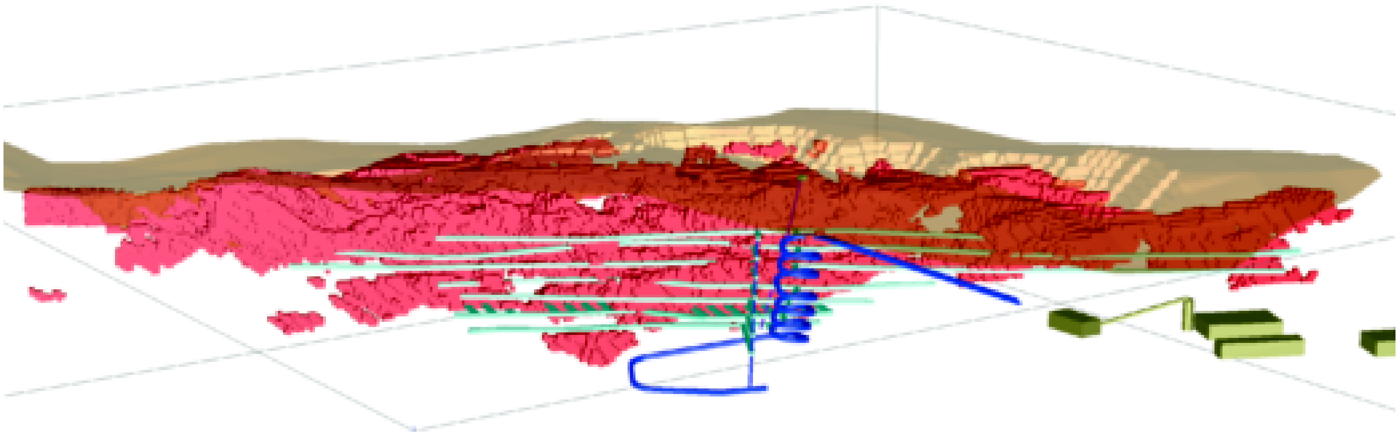


COBALT & BISMUTH MARKETS

NICO contains significant resources of cobalt, gold and bismuth. The market for gold is known within the investment community, but cobalt and bismuth fundamentals are less universally understood. Cobalt is a high-strength, magnetic metal that is used for various metallurgical applications, including superalloys in the aerospace industry, cutting tools, cemented carbides and magnets. The largest growth in the cobalt market however, is in chemicals which include food additives (vitamin B12), pigments, and catalysts used for petroleum refining, to bond steel belted radial tires and in other chemical processes. The largest growth in consumption of cobalt chemicals is in the manufacture of high performance rechargeable batteries such as nickel metal hydride, lithium ion and nickel cadmium batteries used in portable telephones, computers, power tools, toys and other electronic devices. Growth in the use of hybrid-electric and electric vehicles is also expected to have significant impact on cobalt demand. The cobalt market is presently about 49,500 tonnes (excluding scrap), representing an increase of more than 10% over the prior year. Notably, annual growth in the cobalt market has averaged between 5 and 6% for the past two decades. The current price for 99.8% metal is about US$17/pound and prices have generally been in the range of US$15 to US$25/pound for the past 2 years.

Bismuth is a remarkable metal with unique physical properties, including very high density, low melting temperature and it is one of the few metals which expands upon solidification. It is also a relatively uncommon metal with an abundance in the Earth's crust similar to silver. Bismuth is used in chemicals and fusible alloys, particularly dimensionally stable alloys due to its expansion characteristics. It is also scientifically recognized as one of the safest metals with anti-bacterial properties and is therefore used in pharmaceuticals, medicines, bandage dressings, cosmetics and medical devices. With physical properties otherwise similar to lead, the long-term fundamentals for bismuth have become very attractive due to increasing industrial application because of lead-toxicity issues. Manufacturers are generally reducing use of toxic metals at source and are looking for "greener" alternatives. New uses for bismuth therefore include lead-free solders for plumbing and electronics, brasses, alloys used in hot-dip galvanizing, paint pigments, ammunition, radiation shielding and free-cutting steel. Current consumption of bismuth is approximately 7,000 tonnes/year. The long-term price of bismuth has averaged approximately US$4/pound, although the metal is currently trading at US$3.50/pound. Because most bismuth is traditionally sourced as a by-product from lead, further decreases in lead consumption will also have an impact on bismuth supply.

FEASIBILITY STUDY AND ENVIRONMENTAL ASSESSMENT



NICO BLOCK MODEL AND CONCEPTUAL MINE PLAN.

In 2004, Fortune retained Micon International Limited to prepare a full bankable feasibility study assessing the economics of the NICO deposit. Met-Chem Canada Inc. is assisting Micon as subcontractor as well as number of respected industry consultants providing metallurgical, mining, and environmental expertise. The study is assessing production of 3000 tonnes of ore/day (1 million tonne/year), all of which would be initially mined from underground sources. The mining method contemplated is blasthole with cemented paste fill. Open pit mining would be phased in later years in order to defer mining lower grade ores and the cost of pre-stripping.

A mini-pilot plant was recently completed at SGS Lakefield Research verifying the recoveries and grades for the NICO process flowsheet. The proposed plant incorporates conventional crushing and grinding followed by two-stage flotation to generate auriferous cobalt and bismuth concentrates. An important economic characteristic of the NICO deposit is that all of the valuable metals are contained in the 5% sulphide fraction, and can be concentrated after one stage of simple flotation. More expensive downstream processing is carried out on only a small component of the original ore. The bismuth concentrate would be treated with cyanide to recover gold and then sold to a smelter as part of an off-take agreement with a significant bismuth consumer. Cobalt concentrates conversely, would be processed in an autoclave and gold circuit. Fortune is currently negotiating with a company to acquire their autoclave and strip circuit from a mine scheduled to close. Acid pressure oxidation at 180ºC liberates cobalt from the host sulphide minerals into solution, which is then purified by ion exchange for precipitation as cobalt carbonate or electrowon to metal. Cyanide treatment of the autoclave residue recovers gold as doré.

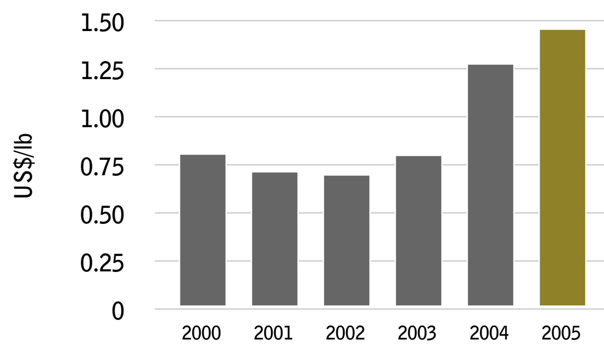
JOE FERRON, PH.D., HEAD OF HYDROMETALLURGY WITH SGS LAKEFIELD RESEARCH AND AL HAYDEN, P.ENG., INDEPENDENT HYDROMETALLURGIST SUPERVISING THE COMPANY'S MINI-PILOT PLANT AT LAKEFIELD RESEARCH.

Related infrastructure at the NICO site would include tailings facilities and camp to accommodate 165 employees out of a 295-person work force rotating through the site. Fortune is also working with the Federal and Territorial Governments, Tlicho First Nation and NWT Power Corp. to upgrade local infrastructure to all-weather road access and address power requirements. Fortune has also been working with Golder Associates to conduct the requisite environmental baseline studies for submission of a project description to commence an Environmental Assessment and concurrent mine permitting.

SUE-DIANNE PROJECT

Fortune owns a 100% interest in the Sue-Dianne copper-silver deposit located on a lease 25 km north of NICO and 160 km northwest of Yellowknife. Sue-Dianne contains near-surface resources of 24 million tonnes amenable to open pit extraction with a low strip ratio. The upper 10 million tonne part of the deposit contains higher-grades, averaging 1% copper. Metallurgical tests on composite core samples at Lakefield Research achieved high recoveries for copper, silver and gold in a bulk flotation concentrate. Acid pressure oxidation at 180ºC also produced high recoveries from concentrate using similar conditions to the NICO test work and can produce saleable cathode copper. Sue-Dianne is a potential future source of incremental mill feed to extend the life of the NICO process plant. The deposit is also open for possible expansion to the east at depth.

AVERAGE COPPER PRICE



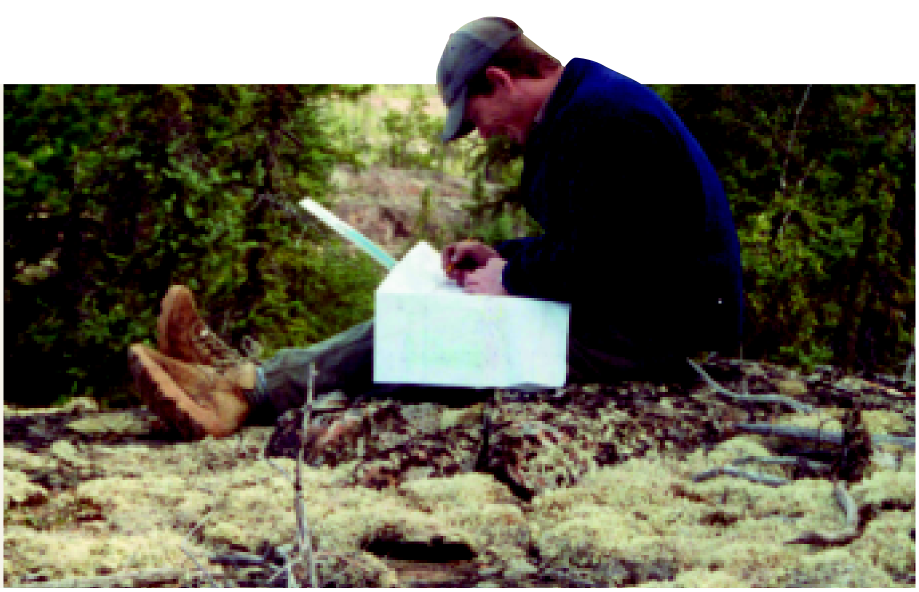
SUE DIANNE RESOURCE ESTIMATES

TONNAGE (Tonnes)	CLASS	COPPER (%)	SILVER (g/tonne)
24,259,200 (@ 0.10% Cu cutoff)	Measured & Indicated	0.56	2.2
17,330,100 (@ 0.25% Cu cutoff)	Measured & Indicated	0.72	2.7
10,569,800 (@ 0.50% Cu cutoff)	Measured & Indicated	0.95	3.3

Mineral resources were calculated in 1998 by Hamid Mumin Ph.D., P.Eng. in accordance with the guidelines established by the CIM Ad Hoc Committee Report, CIM Bulletin, September, 1996. These were the standards used for later development of National Instrument 43-101.

THE PEOPLE

DEREK MULLIGAN, HON. BSC., EXPLORATION MANAGER, MAPPING IN THE NICO/SUE-DIANNE AREA.



OTHER PROJECTS

Fortune has a number of other exploration properties in the Northwest Territories. They include the Great Slave copper-gold project south of the East Arm of Great Slave Lake under option to Alberta Star Development Corp. Copper, gold and silver mineralization has been identified up to 50 metres wide along a 4km strike length within the Murky Lake Fault. Limited drilling in the 1960's included a 27.7 metre intersection averaging 0.7% copper, 1.2 grams/tonne gold and 152 grams/tonne silver, including narrower intervals up to 153 grams/tonne gold (4.44 ounces/ton) over 0.61 metres. Despite these grades, there is no evidence of systematic analysis of precious metals or follow-up work and presents a compelling target for further exploration.

Fortune is involved in the industrial minerals business through its 30% managing interest in Formosa Environmental Aggregates Ltd. Formosa owns 107 hectares in the Municipality of Brockton, South Bruce County, Ontario, where it intends to develop the Greenock Quarry. The property contains 15 million tonnes of high-calcium chemical limestone, grading 99% $CaCO_3$. It is the purest known resource of high-calcium limestone in Ontario and has markets in chemical, agricultural, environmental and construction applications. Formosa has received its requisite zoning and official plan amendments, but is awaiting receipt of a license from the Ministry of Natural Resources. The Company plans to develop the west side of the deposit before proceeding to mine the remainder of the property after completing additional environmental work.

THE PEOPLE

JENNIFER GAUTHIER, OFFICE ADMINISTRATOR, HAS BEEN WITH THE COMPANY FOR 10 YEARS. NOTABLY, HER FAMILY OWNS THE FARM ADJACENT TO FORTUNE'S PROPOSED GREENOCK QUARRY AT FORMOSA, ONTARIO.

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

YEAR ENDED DECEMBER 31, 2004

SELECTED ANNUAL INFORMATION

	2004	2003	2002
Total revenues	$112,451	$46,677	$47,534
Net loss	(1,338,868)	(601,494)	(217,292)
Loss per common share	(0.05)	(0.03)	(0.01)
Total assets	40,450,651	17,663,062	12,653,900
Total long term financial liabilities	–	–	–

SUMMARY OF QUARTERLY RESULTS

				2004				2003
	Dec-31	Sep-30	Jun-30	Mar-31	Dec-31	Sep-30	Jun-30	Mar-31
Revenues	$ 13,671	$ 1,938	$ 67,544	$ 29,298	$ 12,485	$ 10,504	$ 19,510	$ 4,178
Net loss	(631,706)	(121,200)	(80,222)	(505,740)	(63,494)	(61,002)	(133,224)	(343,774)
Loss per share	(0.02)	(0.01)	—	(0.02)	—	—	(0.01)	(0.02)

JULIAN B. KEMP, BBA, C.A., VICE PRESIDENT FINANCE AND CFO

OVERVIEW

Fortune Minerals Limited ("Fortune" or the "Company") is a natural resource company with diversified assets, all of which are located in Canada. Fortune is involved in the exploration and development of coal, specialty metals, base metals, precious metals and industrial mineral properties, primarily in British Columbia, the Northwest Territories, and Ontario. Fortune's most significant properties are the Mount Klappan anthracite coal project and the NICO gold-cobalt-bismuth deposit. Through Formosa Environmental Aggregates Ltd. ("Formosa"), a 30%-owned industrial mineral company, Fortune is also managing, permitting and developing a high calcium limestone quarry in Ontario.

For the year and quarter ended December 31, 2004, Fortune incurred a net loss of $1,338,868 or $0.05 per share and $631,706 or $0.02 per share, respectively. For the corresponding periods in 2003, the Company incurred a net loss of $601,494 or $0.03 per share and $63,494 or $nil per share, respectively. The increase in the loss for the year and quarter are principally the result of the increased costs for stock compensation, regulatory compliance, administrative expenses and public relations activities. Exploration expenditures on Fortune's properties totalled $2,461,620 in 2004 compared to $1,562,080 in 2003 of which $2,152,520 and $1,498,891, respectively, was expended directly by Fortune. The remainder was funded by joint venture companies. Total resource property expenditures reflected on the balance sheet as deferred exploration expenditures were $11,296,536 as at December 31, 2004 as compared to $9,156,715 at December 31, 2003.

RESULTS OF OPERATIONS

REVENUES

Fortune's primary source of revenue is from interest income, which increased to $112,451 in 2004 compared to $46,677 in 2003. The increased revenue was the result of higher working capital balances. The Company invests its surplus cash in low risk liquid investments. These types of investments typically have low yields. Given the high cash balances at the end of 2004 and depending on the timing and level of development expenditures, management anticipates 2005 revenues to increase over 2004.

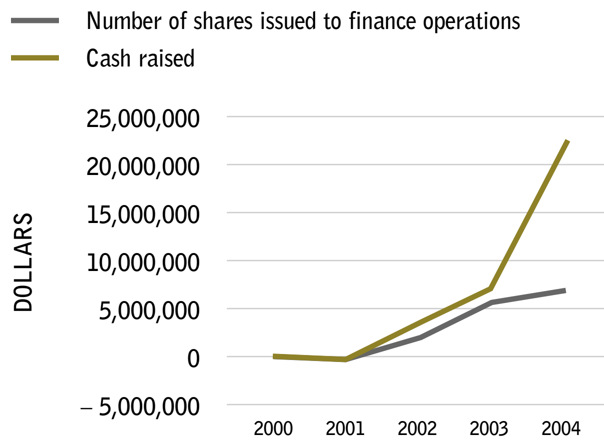
EXPENSES

Expenses increased significantly in 2004 to $1,438,621 compared to $787,671 in 2003. Administrative expenses, which include expenses relating to the operation of the Company not directly attributed to exploration, increased to $427,970 in 2004 from $217,493 in 2003. Public relations expenses increased to $207,840 in 2004 from $110,291 in 2003. The Company, in order to meet increased regulatory requirements and additional business activities, incurred higher audit and accounting fees, legal fees, insurance costs, consulting fees, salaries, promotional expenses, shareholder communications costs, listing fees and travel expenses. Stock compensation expense recorded as a result of stock options granted to directors and a new consultant during 2004 totalled $800,000 compared to $455,950 in 2003.

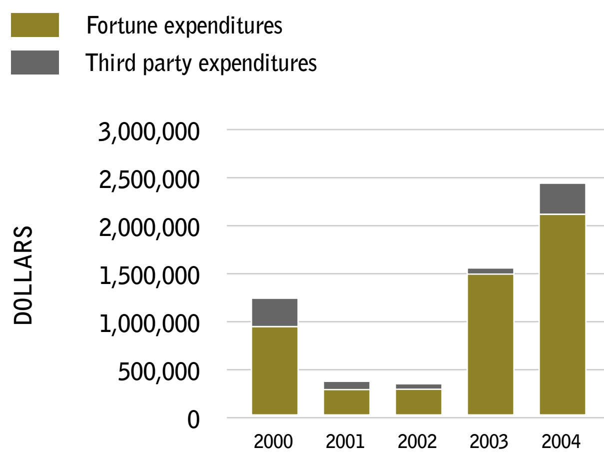
CASH FLOW

Cash used in operating activities increased slightly to $257,622 from $212,876 in 2003. Higher cash operating costs and increased accounts receivable were offset by an increase in accounts payable and accrued liabilities. Cash used in investing activities decreased significantly to $1,039,662 in 2004 from $2,202,975 in 2003. The 2004 figure includes deferred exploration expenditures of $2,000,501 partially offset by a net decrease in short-term investments of $1,000,282. The 2003 figure includes deferred exploration expenditures of $1,389,599 and a net increase in short-term investments of $799,154. The Company raised net proceeds of $22,591,674 in 2004 from the issuance of 6,870,825 shares compared to $5,106,652 in 2003 from the issuance of 5,715,202 shares and 1,806,750 warrants. The majority of the funds were raised in the fourth quarter for both 2004 and 2003. In 2004, 328,560 warrants were issued to selling agents as compensation compared to 285,275 in 2003.

HISTORY OF EQUITY RAISED



EXPLORATION EXPENDITURES



LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2004, Fortune had cash and cash equivalents of $24,642,774, short-term investments of $268,872 and working capital of $24,616,500, with no debt. The Company's principal operational objectives for 2005 are to complete bankable feasibility studies on the Mount Klappan and NICO properties and complete certain drill programs and site preparation, with a view to developing those properties and commence production within the next two years. Budgeted expenditures for 2005 to complete the studies are approximately $3 million for Mount Klappan and $2.5 million for NICO. The Company currently has sufficient resources to complete the studies and otherwise fund its operations. Additional financing will be required by the Company in order to pursue further development of its major projects.

TRANSACTIONS WITH RELATED PARTIES

During 2004 the Company paid Robin Goad, the President and CEO of the Company, $200,000 for geological consulting and administrative consulting services on behalf of the Company.

Candou Industries Ltd. ("Candou"), a company controlled by George Doumet, the Chairman of the Company, owns an 18.91% interest in the NICO claims. At December 31, 2004, the Company's accounts receivable included $309,100 for expenditures incurred on behalf of Candou.

CRITICAL ACCOUNTING ESTIMATES

INTERESTS IN MINING PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

In accordance with the Company's accounting policies, acquisition costs and exploration expenditures relating to mineral properties are deferred until the properties are brought into commercial production or disposed. Amortization will commence when a property is put into commercial production. As the Company does not currently have any properties in commercial production, no amortization has been recorded.

Mineral reserve and mineral resource estimates are not precise and also depend on statistical inferences drawn from drilling and other data, which may prove to be unreliable. Future production could differ from mineral resource estimates for the following reasons:

(a) Mineralization or formation could be different from those predicted by drilling, sampling and similar tests;

(b) The grade of mineral resources may vary from time to time and there can be no assurance that any particular level of recovery can be achieved from the mineral resources; and

(c) Declines in the market prices of contained minerals may render the mining of some or all of the Company's mineral resources uneconomic.

Any of these factors may result in impairment of the carrying amount of interests in mining properties or deferred exploration expenditures.

ENVIRONMENT

Fortune is committed to a program of environmental protection at its development projects and exploration sites. Fortune was in compliance with government regulations in 2004. The Company has provided a letter of credit in the amount of $210,000 and a $15,900 deposit to be held against future environmental obligations with respect to the Mount Klappan property.

RISK AND UNCERTAINTIES

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

NATURE OF MINERAL EXPLORATION AND MINING

At the present time the Company does not hold any interest in a mining property in production. The Company's viability and potential success lie in its ability to develop, exploit and generate revenue from mineral deposits. The exploration and development of mineral deposits involve significant financial risk over a significant period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of a mine may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that the current or proposed exploration programs on exploration 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, environmental damage and possible legal liability for any and all damage. The activities of the Company may be subject to prolonged disruptions due to weather conditions depending on the location of the operations in which the Company has interests. Hazards, such as unusual or unexpected formation, rock bursts, pressure, cave-ins, flooding or other conditions may be encountered in the drilling and removal of material. While the Company may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks are such that liabilities could exceed policy limits or could be excluded from coverage. There are also risks against which the Company cannot insure or against which it may

THE PEOPLE

SUSAN ANDERSEN, BOOKKEEPER
MAINTAINS QUALITY RECORDS
TO HELP MANAGE THE COMPANY.

elect not to insure. The potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage or associated with compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings and competitive position of the Company and, potentially, its financial position.

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

FLUCTUATING PRICES

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

PERMITS AND LICENSES

The operations of the Company require licenses and permits from various governmental authorities. The Company believes that it presently holds all necessary licenses and permits required to carry on with activities which it is currently conducting under applicable laws and regulations and the Company believes it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in regulations and in various operating circumstances. There can be no assurance that the Company will be able to obtain all necessary licenses and permits required to carry out exploration, development and mining operations at its projects.

COMPETITION

The mineral exploration and mining business is competitive in all its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company, in search for and the acquisition of attractive mineral properties. The ability of the Company to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable properties or prospects for mineral exploration. There is no assurance that the Company will continue to be able to compete successfully with its competitors in acquiring such properties or prospects.

ENVIRONMENTAL 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 or 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 stricter standards, and 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 cost of compliance with changes in governmental regulations has the potential to reduce the profitability of future operations.

ESTIMATES OF MINERAL RESOURCES MAY NOT BE REALIZED

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

The Company has engaged expert independent technical consultants to advise it with respect to mineral 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.

DEPENDENCE ON KEY PERSONNEL

Fortune is dependent on the services of its senior management, including Robin Goad, its President and Chief Executive Officer, and a small number of skilled and experienced employees and consultants. The loss of any such individuals could have a material adverse effect on Fortune's operations.

LIMITED FINANCIAL RESOURCES

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

FORWARD-LOOKING STATEMENTS

This discussion contains certain forward-looking statements relating but not limited to the Company's operations, anticipated financial performance, business prospects and strategies. Forward-looking information typically contains statements with words such as "anticipated", "believe", "expect", "plan" or similar words suggesting future outcomes. 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. In addition, the Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or otherwise.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, short-term investments, accounts receivable, investment in and advances to affiliated company, accounts payable and accrued liabilities and income taxes payable. The fair values of these financial instruments are not materially different from their carrying values. It is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The Company mitigates its risk by holding its short-term investments with large financial institutions.

ADDITIONAL INFORMATION

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

SHARE DATA

As at March 18, 2005, the date of issue of this discussion, the Company had 32,749,673 common shares issued and outstanding, as well as: (a) warrants to purchase an aggregate of 1,629,296 common shares expiring at various dates between May 30, 2005 and June 23, 2006 and exercisable at various prices between $1.50 and $4.25 per share; and (b) options to purchase an aggregate of 1,607,400 common shares expiring at various dates between May 20, 2006 and October 15, 2009 and exercisable at various prices between $0.69 and $3.45 per share.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2004

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements, the Management Discussion and Analysis, and all other information in this annual report are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements have been prepared by management in accordance with accounting principals generally accepted in Canada. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis given currently available information in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the consolidated financial statements.

The Company maintains systems of internal accounting and administrative controls in order to provide, on a reasonable basis, assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board, and a majority of its members are outside directors. The Committee meets with management as well as the external auditors to discuss auditing matters and financial reporting issues and to review the annual report, the consolidated financial statements and the external auditors' report. The Committee reports its findings to the Board for consideration when approving the consolidated financial statements for issuance to the shareholders. The Committee also considers, for review by the Board and approval by the shareholders, the engagement or reappointment of the external auditors.

The consolidated financial statements have been audited by Ernst & Young LLP, the external auditors, in accordance with generally accepted auditing standards on behalf of shareholders. The external auditors have free access to the Audit Committee.

Robin Goad
President and
Chief Executive Officer

Julian Kemp
Vice President Finance and
Chief Financial Officer

AUDITORS' REPORT

To the Shareholders of
Fortune Minerals Limited

We have audited the consolidated balance sheets of Fortune Minerals Limited as at December 31, 2004 and 2003 and the consolidated statements of loss and retained earnings (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2004 and 2003 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

London, Canada,
February 11, 2005.

Chartered Accountants

CONSOLIDATED BALANCE SHEETS

Incorporated under the laws of Ontario

As at December 31	2004	2003
ASSETS		
Current assets		
Cash and cash equivalents [note 9[a]]	$ 24,642,774	$ 3,348,384
Short-term investments [note 3]	268,872	1,269,154
Accounts receivable [note 10]	446,629	132,173
Prepaid expenses	17,865	13,275
	25,376,140	4,762,986
Reclamation bond [note 6[b]]	225,900	210,000
Investment in and advances to affiliated company [note 4]	379,440	370,661
Capital assets, net [note 5]	19,355	9,420
Interests in mining properties [note 6]	3,153,280	3,153,280
Deferred exploration expenditures [note 6]	11,296,536	9,156,715
	40,450,651	**17,663,062**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	676,405	113,919
Income taxes payable	83,235	60,938
Total current liabilities	**759,640**	**174,857**
Future income taxes [note 8]	4,000,000	2,660,000
Total liabilities	**4,759,640**	**2,834,857**
SHAREHOLDERS' EQUITY		
Share capital [note 7]	36,179,828	14,804,848
Contributed surplus [note 7[d]]	1,348,840	522,146
Deficit	(1,837,657)	(498,789)
	35,691,011	**14,828,205**
	40,450,651	**17,663,062**

See accompanying notes

On behalf of the Board:

Robin Goad
Director

William A. Breukelman
Director

CONSOLIDATED STATEMENTS OF LOSS AND RETAINED EARNINGS (DEFICIT)

Years ended December 31	2004	2003
REVENUE		
Interest and other income	$ 112,451	$ 46,677
EXPENSES		
Administrative expenses	427,970	217,493
Public relations	207,840	110,291
Stock compensation expense [note 7[d]]	800,000	455,950
Amortization	2,811	3,937
	1,438,621	**787,671**
Loss before other items	**(1,326,170)**	**(740,994)**
Write-off of interest in mining operations	12,698	–
Loss before income taxes	**(1,338,868)**	**(740,994)**
Provision for (recovery of) income taxes [note 8]		
Current	–	17,000
Future	–	(156,500)
	–	(139,500)
Net loss for the year	**(1,338,868)**	**(601,494)**
Retained earnings (deficit), beginning of year	(498,789)	102,705
Deficit, end of year	**(1,837,657)**	**(498,789)**
Basic and diluted loss per share [note 7[f]]	(0.05)	(0.03)

See accompanying notes

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31	2004	2003
OPERATING ACTIVITIES		
Net loss for the year	$ (1,338,868)	$ (601,494)
Add (deduct) items not involving cash		
Amortization	2,811	3,937
Future income taxes	–	(156,500)
Stock-based compensation	800,000	455,950
Write-off of interest in mining operations	12,698	–
	(523,359)	**(298,107)**
Changes in non-cash working capital balances related to operations		
Accounts receivable	(314,456)	1,502
Prepaid expenses	(4,590)	(13,275)
Accounts payable and accrued liabilities	562,486	71,716
Income taxes payable	22,297	25,288
Cash used in operating activities	**(257,622)**	**(212,876)**
INVESTING ACTIVITIES		
Advances to affiliated company	(8,779)	(9,152)
Net decrease (increase) in short-term investments	1,000,282	(799,154)
Purchase of capital assets	(14,764)	(5,070)
Posting of reclamation bond	(15,900)	–
Increase in deferred exploration expenditures	(2,000,501)	(1,389,599)
Cash used in investing activities	**(1,039,662)**	**(2,202,975)**
FINANCING ACTIVITY		
Proceeds on issuance of shares and warrants, net	22,591,674	5,106,652
Increase in cash and cash equivalents	21,294,390	2,690,801
Cash and cash equivalents, beginning of year	3,348,384	657,583
Cash and cash equivalents, end of year	**24,642,774**	**3,348,384**

See accompanying notes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2004

1. NATURE OF OPERATIONS

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

The Company currently operates in one geographic region, Canada, and in one industry segment, mining.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and are within the framework of the significant accounting policies summarized below. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. The reported amounts and note disclosure are determined using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of actions. Actual results, however, may differ from the estimates used in the consolidated financial statements.

[a] Principles of consolidation

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the consolidated financial position and results of operations of the Company and its wholly-owned subsidiaries Fortune Minerals NWT Inc. and Fortune Coal Limited. All intercompany transactions and balances have been eliminated.

The investment in and advances to affiliated company are recorded at cost.

[b] Short-term investments

Short-term investments consist of marketable securities and guaranteed deposits and are recorded at the lower of cost and market value.

[c] Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization of computer and office equipment is recorded using the declining balance method at a rate of 30% and 20%, respectively.

[d] Mineral properties and deferred exploration expenditures

The Company defers acquisition costs and exploration expenditures relating to mineral properties until the properties are brought into commercial production, disposed, or the mineral property is no longer economically viable or there is a permanent impairment in value, at which time the deferred costs will be written off. Payments received for exploration rights on the Company's mineral properties are treated as cost recoveries and reduce the cost of deferred exploration expenditures related to the mineral claims.

[e] Income taxes

The Company follows the liability method of tax allocation in accounting for income taxes. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities, and measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse.

[f] Administrative expenses

Administrative and general expenses are charged to operations as incurred.

[g] Stock-based compensation plans

The Canadian Institute of Chartered Accountants ["CICA"] has amended CICA 3870, Stock-based Compensation and Other Stock-based Payments, recommending the recognition of an expense for option awards using the fair value method of accounting. The Company prospectively adopted the recommendations of CICA 3870 for new awards granted on or after January 1, 2003.

[h] Financial instruments

The Company's financial instruments consist of cash and cash equivalents, short-term investments, accounts receivable, investment in and advances to affiliated company, accounts payable and accrued liabilities and income taxes payable. The fair values of these financial instruments are not materially different from their carrying values unless otherwise noted. It is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The Company mitigates its risk by holding its short-term investments with large financial institutions.

[i] Loss per common share

Basic loss per share is calculated by dividing net income for the period by the weighted average number of common shares outstanding in each respective period. Diluted loss per share reflects the potential dilution of securities by adding other common stock equivalents in the weighted average number of common shares outstanding during the period, if dilutive, and is calculated using the treasury stock method.

3. SHORT-TERM INVESTMENTS

	2004		2003	
	Cost	**Market Value**	**Cost**	**Market Value**
Marketable securities	$ 268,872	$ 268,872	$ 1,269,154	$ 1,269,154

At December 31, 2004, marketable securities consist of a variable rate bond which had a coupon rate of 2.5% during the year, and matures June 21, 2007.

4. INVESTMENT IN AND ADVANCES TO AFFILIATED COMPANY

	2004	2003
Formosa Environmental Aggregates Ltd.		
Common shares [30% interest]	$ 149,281	$ 149,281
Advances [non-interest bearing with no fixed terms of repayment]	230,159	221,380
	379,440	**370,661**

5. CAPITAL ASSETS

Capital assets consist of the following:

	2004		2003	
	Cost	**Accumulated amortization**	**Cost**	**Accumulated amortization**
Office equipment	$ 37,586	$ 26,242	$ 30,053	$ 23,338
Computer equipment	43,684	35,673	36,453	33,748
Organization costs	1,109	1,109	1,109	1,109
	82,379	**63,024**	**67,615**	**58,195**
Less accumulated amortization	63,024		58,195	
Net book value	**19,355**		**9,420**	

6. INTERESTS IN MINING PROPERTIES

	2004	2003
Mazenod Lake Area, Northwest Territories [a]	$ 9,164	$ 9,164
Mount Klappan Property, British Columbia [b]	3,144,116	3,144,116
	3,153,280	**3,153,280**

[a] Mazenod Lake Area, Northwest Territories

Property	Percentage Ownership
Sue-Dianne	100%
Olym-Pic-Dam	100%
NICO	81%

A net smelter return of 1.5% and a net profit interest of 15% is payable to third parties from the Sue-Dianne property.

[b] Mount Klappan Property, British Columbia

Fortune Coal Limited, a wholly-owned subsidiary, acquired the Mount Klappan coal holding lease and a technical database from a third party for approximately $3.1 million and replacement of a $210,000 reclamation bond held in trust for the Government of British Columbia for roads constructed at the site. During the year, Fortune Coal Limited posted an additional reclamation bond of $15,900 held in trust for the Government of British Columbia with respect to this property.

The vendor is entitled to receive from the Company a royalty of $1 per tonne of coal produced and sold from the property.

Deferred exploration expenditures for the above interests are as follows:

			2003			2004
	Balance Dec. 31/02	**Expenditures**	**Balance Dec. 31/03**	**Expenditures**	**Write-offs**	**Balance Dec. 31/04**
Mt. Klappan	$ 120,000	$ 441,797	$ 561,797	$ 638,211	–	$ 1,200,008
NICO	5,392,478	1,039,271	6,431,749	1,479,544	–	7,911,293
Sue-Dianne	1,954,625	5,129	1,959,754	2,989	–	1,962,743
Olym-Pic-Dam	161,922	–	161,922	–	–	161,922
Other	28,799	12,694	41,493	31,775	(12,698)	60,570
	7,657,824	**1,498,891**	**9,156,715**	**2,152,519**	**(12,698)**	**11,296,536**

7. SHARE CAPITAL

[a] Authorized: Unlimited number of common shares

[b] Issued and outstanding common shares:

		2004		2003
Common shares				
Beginning of year	# 25,290,748	$ 14,058,463	# 19,575,546	$ 10,043,342
Issued as a result of:				
Public offering of shares[1]	4,706,000	20,000,500	—	—
Private placement of shares[2]	924,000	3,003,000	5,449,002	4,859,865
In lieu of fees	—	—	23,600	15,000
Exercise of warrants	820,825	1,201,023	—	—
Exercise of options	420,000	419,484	242,600	193,748
Share issuance costs, net of tax	—	(2,188,963)	—	(687,992)
Future tax impact of renunciation of development costs expended	—	(1,340,000)	—	(365,500)
End of year [e]	**32,161,573**	**35,153,507**	**25,290,748**	**14,058,463**

	2004		2003	
Warrants				
Beginning of year	# 2,092,025	$ 746,385	# 1,384,663	$ –
Issued as a result of:				
Private placement of units	–	–	1,806,750	549,689
Exercise of units	118,800	53,460	–	–
In lieu of fees	328,560	573,060	285,275	196,696
Exercised	(820,825)	(346,584)	–	–
Expired	–	–	(1,384,663)	–
End of year	**1,718,560**	**1,026,321**	**2,092,025**	**746,385**
Total common shares and warrants		**36,179,828**		**14,804,848**

1 On December 23, 2004, the Company completed a public offering pursuant to a short form prospectus that resulted in the issuance of 4,706,000 common shares at a price of $4.25 per share. Included with the offering was a 30-day option whereby the agent at its discretion could purchase an additional 470,600 common shares at a price of $4.25 per share. Subsequent to year end the agent exercised this option in full.

2 On March 10, 2003, the Company completed a private placement that resulted in the issuance of 560,572 flow-through common shares at a price of $0.70.

On August 5, 2003, the Company completed a private placement that resulted in the issuance of 375,000 flow-through common shares at a price of $0.67 per share.

On September 15, 2003, the Company completed a private placement that resulted in the issuance of 899,930 flow-through common shares at a price of $0.67.

On October 6, 2003, the Company completed a private placement that resulted in the issuance of 643,500 units at a price of $0.70. Each unit consisted of one common share [528,500 issued on a flow-through basis] and one half of one warrant to purchase a common share. Each whole warrant is exercisable for a period of one year at a price of $0.80.

On November 28, 2003, the Company completed a private placement that resulted in the issuance of 2,970,000 units at a price of $1.25. Each unit consisted of one common share and one half of one warrant to purchase a common share. Each whole warrant is exercisable at a price of $1.50 until May 30, 2005.

On July 30, 2004, the Company completed a private placement that resulted in the issuance of 924,000 flow-through common shares at a price of $3.25 per share.

[c] The following table summarizes information about the share warrants outstanding at December 31, 2004:

	Share warrants outstanding and exercisable		
Range of exercise prices	**Number Outstanding at December 31, 2004**	**Weighted-Average Remaining Contractual Life (years)**	**Weighted-Average Exercise Price**
$ 1.50	1,390,000	0.4	$ 1.50
$ 3.25	46,200	1.0	3.25
$ 4.25	282,360	1.5	4.25
	1,718,560		

In addition to the above share warrants were warrants to purchase 237,600 units at a price of $1.25 until May 30, 2005. Each of these units consisted of one common share and one half of one warrant to purchase a common share. Each of these full warrants to purchase a common share was exercisable at a price of $1.50 until May 30, 2005. During 2004, all 237,600 warrants to purchase units and all 118,800 underlying warrants to purchase common shares were exercised.

[d] At December 31, 2004, the Company has a fixed stock-based compensation plan. Under the Plan, the Company may grant options to eligible individuals for up to 2,300,000 shares of common stock. The exercise price of each option is equal or higher than the market price of the Company's stock on the date of grant and an option's maximum term is 10 years. Options are granted and their terms determined at the discretion of the Board of Directors.

Stock compensation expense of $800,000 [2003 - $455,950] has been recorded and $150,000 [2003 - $107,550] has been capitalized to deferred exploration expenditures for the estimated fair value of 500,000 [2003 - 1,670,000] options granted and vested during the year. Share capital was increased and contributed surplus decreased by $123,306 [2003 - $41,354], representing the fair value compensation recorded for options exercised during the year, and contributed surplus was increased by $950,000 [2003 - $563,500], representing the fair value compensation recorded.

The fair value of the options granted were estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions: risk free interest rate of 3.45%, expected dividend yield of 0%, expected volatility of 0.58 to 0.64 and expected option life of four to five years. The weighted-average fair value of the options granted during the year is $1.90.

The Black-Scholes model, used by the Company to calculate option values, as well as other accepted option valuation models, was developed to estimate fair value of freely tradable, fully transferable options, which significantly differ from the Company's stock option awards. These models also require four highly subjective assumptions, including future stock price volatility and expected time until exercise, which greatly affect the calculated values. Accordingly, management believes that these models do not necessarily provide a reliable single measure of the fair value of the Company's stock option awards.

A summary of the status of the Company's stock option plan as at December 31, 2004 and 2003, and changes during the years ending on those dates is presented below:

	2004		2003	
	Number of shares	**Weighted-Average Exercise Price**	**Number of shares**	**Weighted-Average Exercise Price**
Options outstanding, beginning of year	1,527,400	0.72	1,160,000	2.59
Granted	500,000	3.39	1,670,000	0.72
Exercised	(420,000)	0.71	(242,600)	0.63
Expired	–	–	(1,060,000)	2.79
Options outstanding, end of year	**1,607,400**	**1.55**	**1,527,400**	**0.72**

The following summarizes information about the options outstanding at December 31, 2004:

	Options outstanding and exercisable		
Range of exercise prices	**Number Outstanding at December 31, 2004**	**Weighted-Average Remaining Contractual Life (years)**	**Weighted-Average Exercise Price**
$ 0.69	428,700	1.4	$ 0.69
$ 0.75	678,700	3.1	0.75
$ 3.30	200,000	4.8	3.30
$ 3.45	300,000	4.2	3.45
	1,607,400		

[e] At December 31, 2004, 900,000 [2003 - 900,000] issued common shares are being held in escrow, subject to certain production thresholds for the NICO property.

[f] The weighted average number of common shares outstanding was 26,335,084 [2003 - 20,989,690].

During the year, warrants to purchase nil [2003 - 1,841,400] common shares were not included in the computation of diluted loss per share because the exercise prices of these warrants were greater than the average market price of the common shares. Also, options to purchase 1,607,400 [2003 - 1,527,400] common shares and warrants to purchase 1,718,560 [2003 - 369,425] common shares were not included in the computation of diluted loss per share because including them in the calculation would have been anti-dilutive.

8. INCOME TAXES

The Company has non-capital loss carryforwards totaling $1,386,000 which expire beginning in 2010 and undeducted share issuance costs of $2,179,000. In addition, the Company has Ontario corporate minimum tax credits of $34,000 which expire in 2009. The benefit of these amounts has not been recorded in the consolidated financial statements.

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

	2004	2003
Future tax assets		
Net operating loss carryforwards	$ 500,000	$ 136,500
Undeducted share issuance costs	787,000	203,000
Ontario corporate minimum tax	34,000	34,000
	1,321,000	**373,500**
Less valuation allowance related to operating losses, share issuance costs, and corporate minimum tax	(1,321,000)	(373,500)
	–	–
Future tax liabilities		
Book value of deferred exploration expenditures in excess of tax value	(4,000,000)	(2,660,000)
Net future tax liability	**(4,000,000)**	**(2,660,000)**

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

	2004	2003
Combined Federal and Provincial income tax rate	41.12%	40.12%
Corporate income tax at statutory rate	$ (550,500)	$ (297,300)
Increase (decrease) in taxes resulting from:		
Reduction in substantively enacted tax rates	–	(156,500)
Benefit of losses and corporate minimum taxes for which no tax benefit has been recorded	172,500	90,000
Non-deductible stock compensation expenses	329,000	169,000
Large Corporations tax	–	17,000
Resource allowance	49,000	38,300
	–	(139,500)

9. STATEMENT OF CASH FLOWS

[a] Cash and cash equivalents consist of cash on hand and balances with banks, and short-term fixed income deposits with maturity dates shorter than three months.

	2004	2003
Cash on hand and balances with banks	$ 1,026,863	$ 77,241
Short-term fixed income deposits	23,615,911	3,271,143
	24,642,774	**3,348,384**

[b] Supplemental cash flow information

	2004	2003
Income taxes paid	$ 57,837	$ 24,026
Income taxes received	9,253	37,894
Interest received	91,527	33,847

10. RELATED PARTY TRANSACTIONS

During the year, the Company paid the managing director $200,000 [2003 - $120,600] for third party geological consulting and for administrative consulting services on behalf of the Company.

A company controlled by a director owns an 18.91% interest in the NICO claims in the Mazenod Lake Area, Northwest Territories. At December 31, 2004, accounts receivable includes $309,100 [2003 - $54,037] for expenditures incurred on behalf of this company.

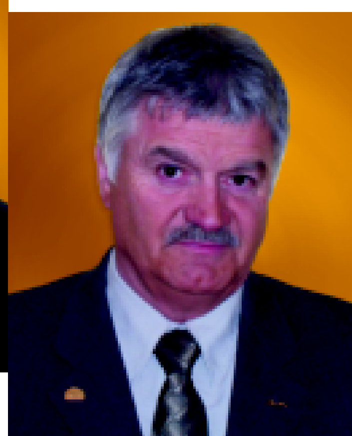
DIRECTORS, OFFICERS & MANAGERS

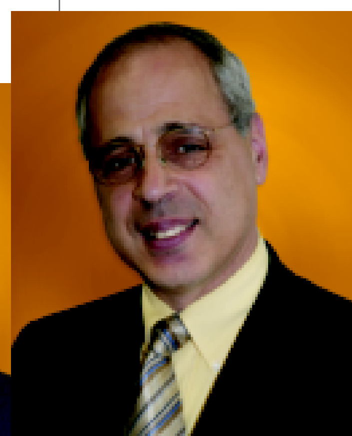
WILLIAM A. BREUKELMAN,
M.B.A., B.A.Sc., P.Eng., Mississauga, Ontario.

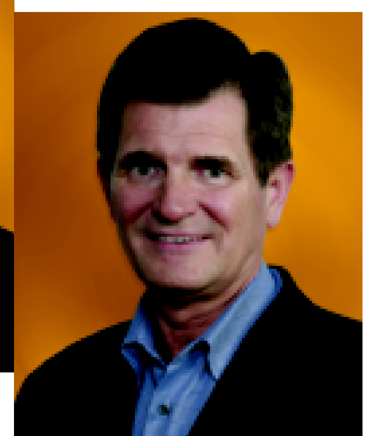
Bill Breukelman has owned, founded and funded numerous businesses in the high tech field, with particular interests in information systems and imaging. Bill co-owned and later chaired IMAX Corporation from 1970 to 1995 and helped grow IMAX into a multinational entertainment company with production, distribution and theatre operations in 18 countries. Today, Bill is the Chairman and Principal of Business Arts Inc., a high tech incubation and investment firm which funds and co-develops companies such as MDS SCIEX, Arius3D, and GEDEX.

GEORGE M. DOUMET,
M.Sc., M.B.A., Vancouver, B.C.

George Doumet is a chemical and nuclear engineer who has founded and owns a number of industrial companies in Canada and internationally. He is President of Federal White Cement Ltd., a specialty cement manufacturer and a principal in other businesses involved in the mining, production, marketing and distribution of specialty building products, chemicals and industrial minerals. George is also a director of the Portland Cement Association.







THE HONORABLE CARL L. CLOUTER,
Gander, Newfoundland.

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

JAMES D. EXCELL,
B.A.Sc., Kelowna, B.C.

Jim Excell is President of Narego Solutions Inc., a consulting company to the mining industry and Chairman of BHP Billiton Diamonds Inc. During a career spanning more than three decades with BHP Billiton, Jim has managed and developed some of the world's premier mining projects including permitting, commissioning and operation of the Ekati Diamond Mine in the Northwest Territories. He managed metallurgical and thermal coal mines in Australia and United States and the Island Copper Mine in Canada. Jim Excell also serves as a director of North American Palladium Inc. and Diamondex Resources Ltd.

ROBIN E. GOAD,
M.Sc., P.Geo., Arva, Ontario.

Robin Goad is the president and CEO of Fortune Minerals Limited and its coal metals and aggregates subsidiaries. He is a geologist with more than 25 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 Minerals in 1988. Robin also serves as a director of Ursa Major Minerals Incorporated and previously served as President and/or Director of other TSX listed mineral exploration companies.

SIDNEY MISZCZUK,
Mississauga, Ontario.

Sidney Miszczuk is the President and owner of Cooksville Steel Ltd., a major fabricator and erector of structural steel he co-founded in 1952. Cooksville Steel has plants in Mississauga and Kitchener, Ontario. Sidney has also been associated with mineral exploration companies for 25 years, including serving as Chairman of Flag Resources (1985) Ltd. and being a substantial investor in Golden Briar Mines Ltd., both of which are listed on the TSX-Venture Exchange.

DAVID A. KNIGHT,
B.A., LL.B., Oakville, Ontario.

David Knight is a lawyer with Miller Thomson LLP, Barristers & Solicitors, a major Canadian law firm, with extensive experience in the resource sector. Prior to August 2003, he was a partner with two other national Canadian firms. David specializes in all areas of securities law, including public and private financings, take-overs, stock exchange listings, mergers and acquisitions and regulatory compliance. He acts for a number of large and mid-tier investment dealers and resource companies. David is a member of the Law Society of Upper Canada.

OFFICERS

- George M. Doumet, M.Sc. M.B.A.,
  Chairman of the Board
- Robin E. Goad, M.Sc., P.Geo.,
  President and CEO
- Julian B. Kemp, BBA, C.A.,
  Vice President Finance and CFO
- David A. Knight, B.A., LL.B.,
  Secretary

MANAGERS

- Garett Macdonald, M.B.A., B.A.Sc. P.Eng.
  Engineering Manager
- Kathryn Neale, Ph.D.,
  Exploration Manager
- Derek Mulligan, Hon.B.Sc.,
  Exploration Manager

HEAD OFFICE
148 Fullarton Street, Suite 1508
London, Ontario, N6A 5P3
Tel: (519) 858-8188 Fax: (519) 858-8155
Website: www.fortuneminerals.com
E-mail: info@fortuneminerals.com

STOCK EXCHANGE LISTING
The Toronto Stock Exchange,
Trading Symbol: "FT"

AUDITORS
Ernst & Young LLP
London, Ontario

LEGAL COUNSEL
Miller Thomson LLP, Barristers & Solicitors
Toronto, Ontario

TRANSFER AGENT
Computershare Trust Company of Canada
Toronto, Ontario

BANK
Canadian Imperial Bank of Commerce
London, Ontario

CAPITALIZATION
Authorized: Unlimited
Issued April 21, 2005: 32,765,073

FORTUNE
MINERALS LIMITED