



**FORTUNE**  
MINERALS LIMITED

**Emerging Strategic  
Metal & Coal  
Producer**

**Fortune Minerals Limited Investor Presentation  
TSX-FT, OTC QX-FTMDF  
February 2013**



# Forward-Looking Information

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

# Financial Summary

## Corporate Information

<b>Listings:</b>	TSX (Canada):	FT
	OTC QX (USA):	FTMDF
Share Price		\$0.56
Shares Out – Basic		121.3
Shares Out – Fully Diluted		127.9
Market Cap – Basic		\$67.9
Working Capital (Q3 2012)		\$16.7
Total Assets (Q3 2012)		\$154.1

*All amounts in M or CAD\$M except per share amounts.*

## Share Performance



## Analyst Coverage

Dealer	Date	Rating	Target
Killian Charles <b>Industrial Alliance Securities</b>	Jan 29, 2013	Spec Buy	\$3.30
David Davidson <b>Paradigm Capital</b>	Oct 16, 2012	Spec Buy	\$1.50
Michael Fowler <b>Loewen Ondaatje McCutcheon</b>	Jan 29, 2013	Spec Buy	\$2.65
Russell Stanley <b>Haywood Securities</b>	Jan 28, 2013	Sec Outperform	\$1.20

## Ownership

China Mining Resources Group Ltd.	13%
Manulife Asset Management	9%
Insiders	20%



**FORTUNE**  
MINERALS LIMITED

As of February 4, 2013

# Fortune Minerals Limited

## Fortune Minerals Limited

- Canadian mineral development company
- Headquartered in London, Ontario, Canada
- Canada Focus - operating in mining friendly jurisdictions

## Two late-stage projects

- Arctos Anthracite Project, BC  
(formerly Mount Klappan Anthracite Coal Project):
  - Positive Definitive Feasibility Study
  - Advancing towards production
- NICO Gold-Cobalt-Bismuth-Copper Project, Northwest Territories & Saskatchewan:
  - Positive Definitive Feasibility & FEED Studies
  - Near completion of Environmental Assessment & Permitting Process





# Introduction to Arctos Anthracite Project

(formerly the Mount Klappan Anthracite Metallurgical Coal Project)

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## Summary Highlights

- One of the world's premier metallurgical coal development projects
- Advanced project with nearly \$100 million of work completed
- Definitive Feasibility Study with robust economics, update completed October 2012
- Railway development strategy to Port of Prince Rupert – allows for scalable expansion
- World-class JV partner secured with South Korean POSCO – one of the world's largest steel producers
- Supply shortages of metallurgical coals with growing world consumption
- Accelerated development strategy with funding to construction in place



*Supplying the world. Protecting our environment.*

# Anthracite: Highest Quality Coal

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## Arctos is the largest & most advanced Canadian project of high rank anthracite coal

- Highest quality metallurgical coal with very high carbon & energy content
- Represents only 1% of world coal reserves

## Metallurgical coal with diverse applications

- Metallurgical Reductants / charge carbon (US\$250-300/t)
- Ultra-Low Vol. PCI (US\$175-200/t)
- Sinter (US\$150-175/t)
- Other products:
  - Filter media (US\$1000/t)
  - Blend coal with coking coal for making metallurgical coke
  - Direct coke replacement
  - Urea fertilizers, synthetic fuels & plastics
  - Heating & cooking briquettes
  - Pelletizing
  - Premium thermal coal
  - Cement

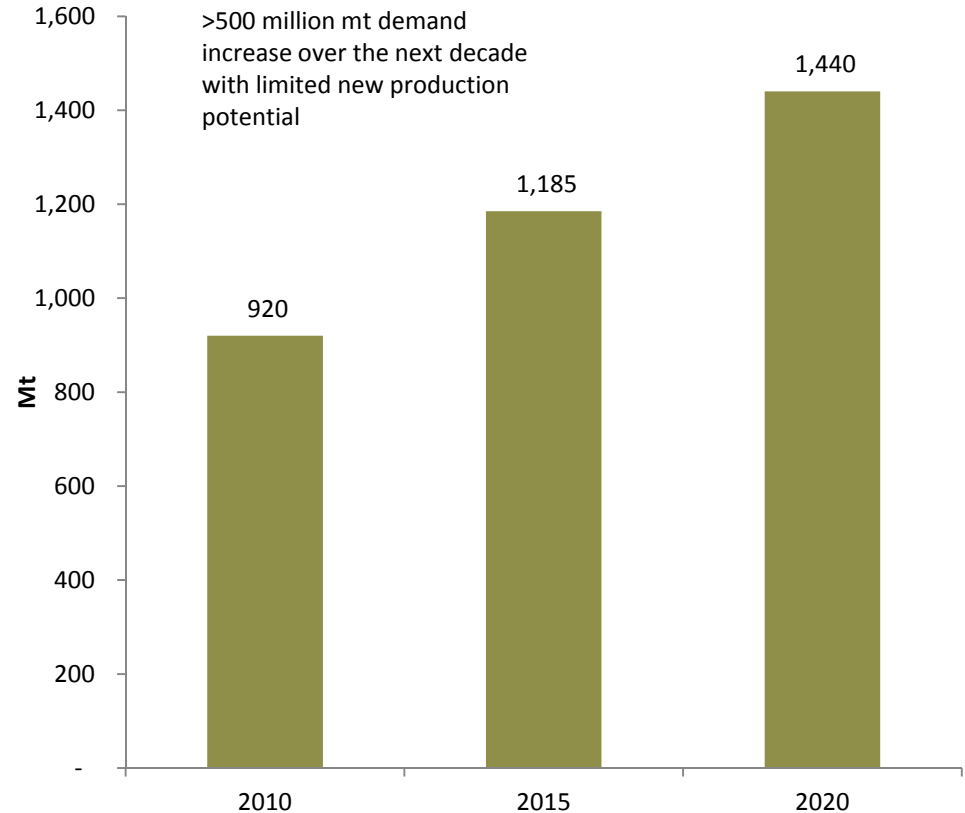


# Significant Future Metallurgical Coal Demand Growth

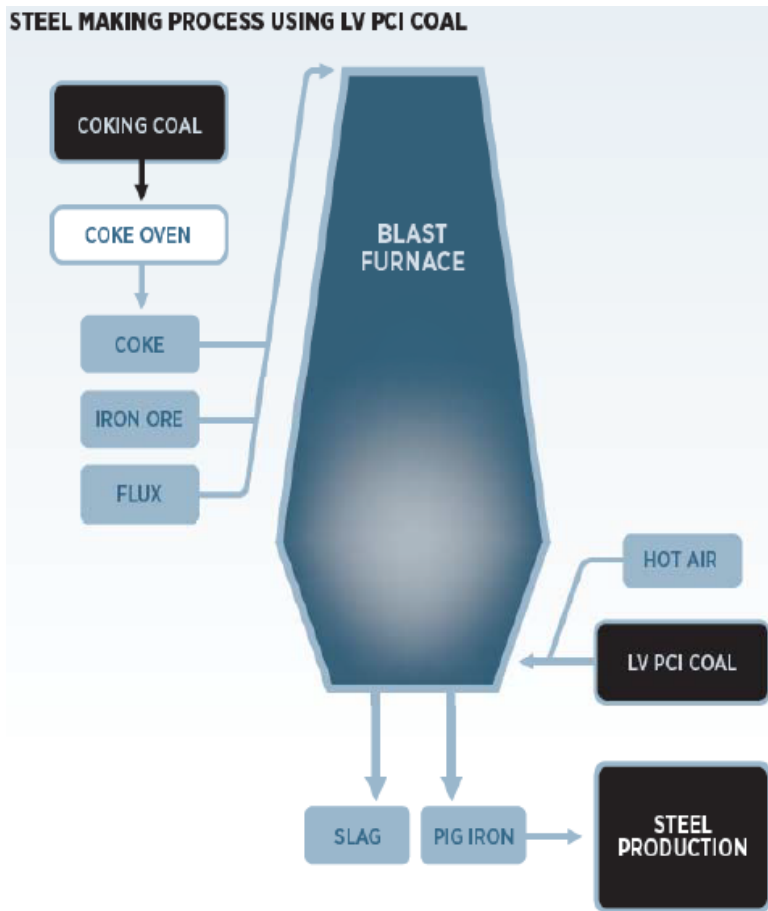
## Insufficient supply of metallurgical coals to meet forecast global demand

- Increasing demand for anthracite due to new steel technologies & lower emissions
- Emerging economies are driving forces for future metallurgical coal demand
- Steel production in China, India, Brazil & other emerging economies growing rapidly
- China's GDP growth perspective
  - Mid-2000's 10-13% growth was equivalent to ~\$300B of GDP per year
  - Current forecasted growth of 7-8% is equivalent to ~\$550B of GDP per year
- Marginal cost of production US\$160-180/t

Global Met Coal Demand



# Growing Demand in Steel Industry



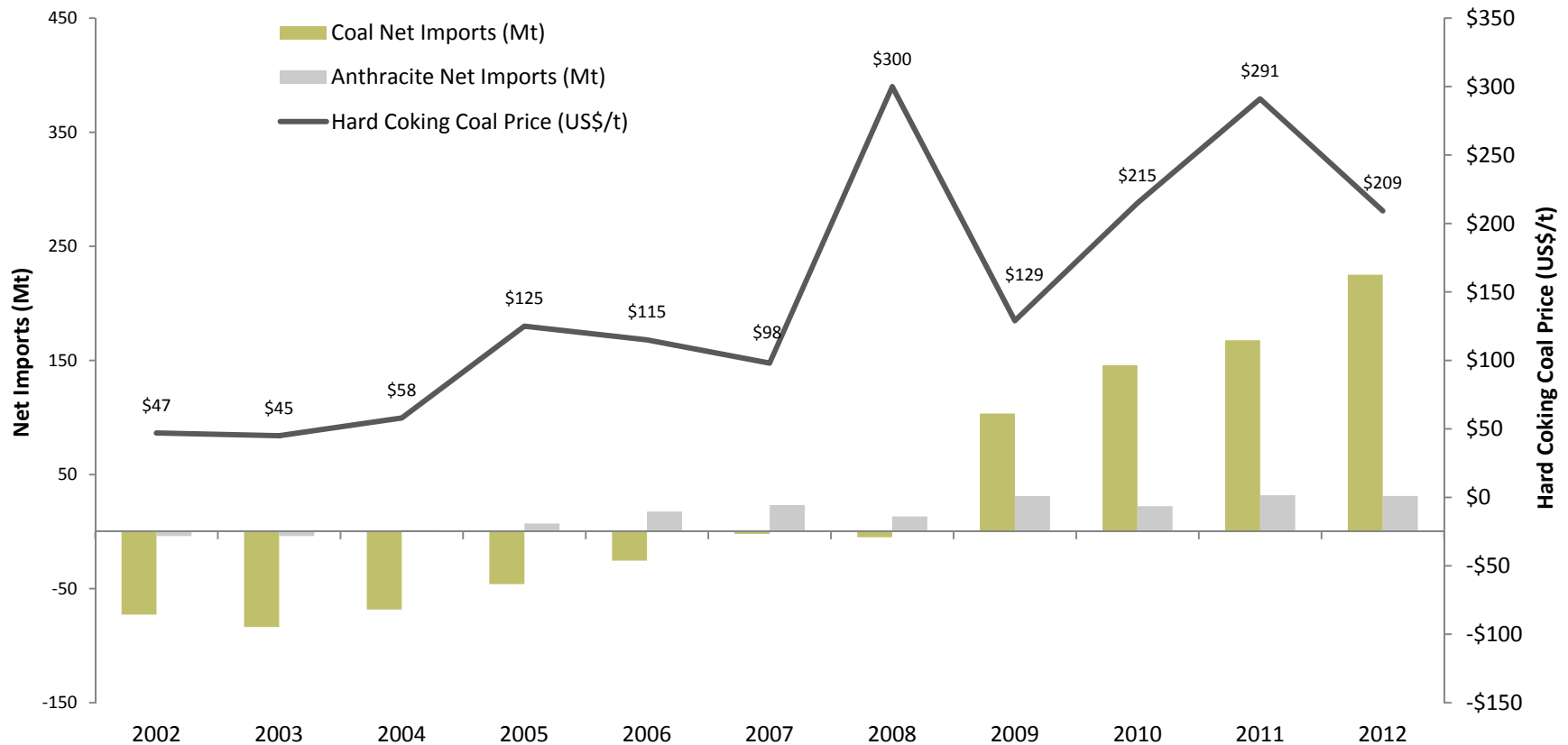
- Use of Pulverized Coal Injection (PCI) reduces the amount of coke required in steel production
  - ~1/3 of the world's blast furnaces use PCI
  - Steelmakers around the world are expanding PCI use to reduce costs
  - Low-vol PCI typically priced at 70% to 80% of high quality hard coking coal
  - Arctos PCI will achieve a higher price given its ultra-low volatile content
- Arctos coal also has diverse usage in other metallurgical processes
  - Sinter feed
  - Can replace 15% - 30% of blast furnace coke with anthracite
  - New steel technologies (Cokonyx/HiSmelt)
  - Growth of electric arc steel manufacturing
  - Ferroalloys & other metal processing



# Emergence of China as Net Coal Importer

China became a net coal importer of anthracite in 2004, coking coal in 2007, all coals in 2009

Coal & Anthracite Net Imports by China

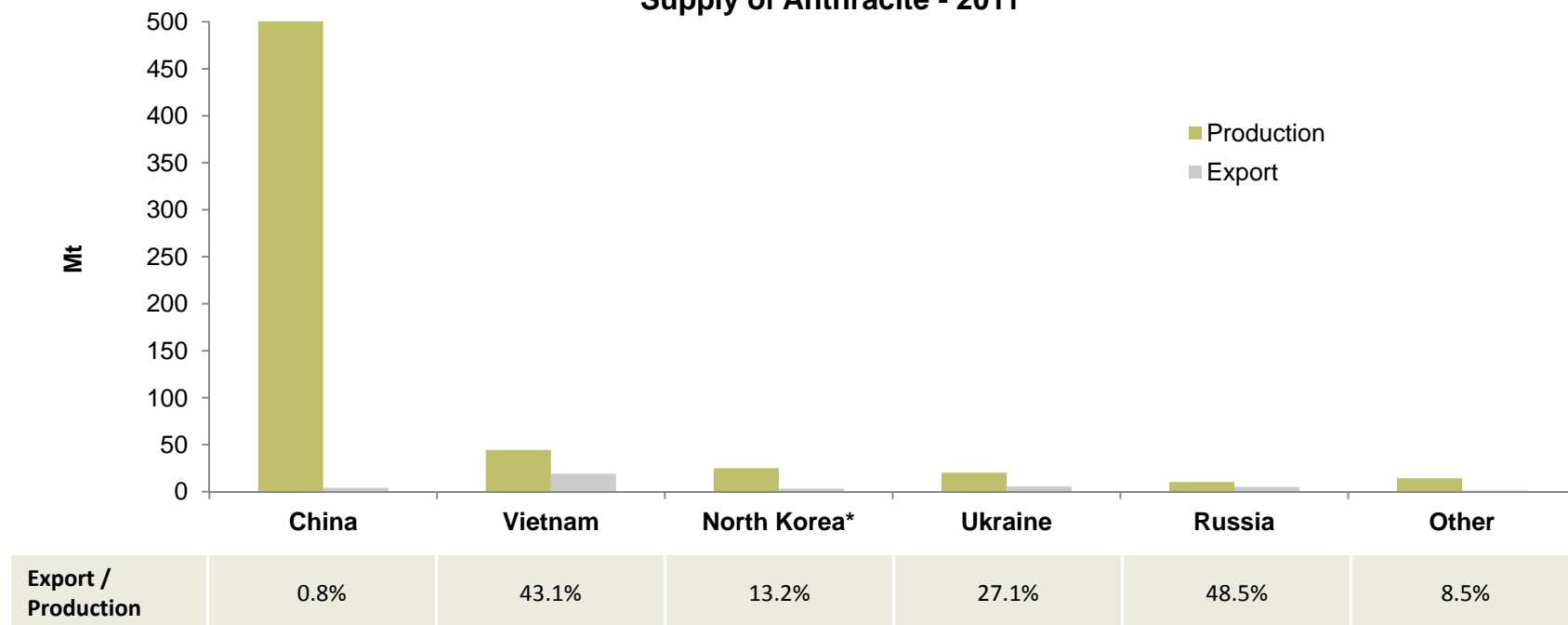


# Decreasing Supply of Anthracite

## Supply constraints due to declining exports & lack of new supply

- China: 547 million tonnes – net importer since 2004
- Vietnam: 44.5 million tonnes – reducing exports to 5% of production by 2015 to utilize production domestically
- Few new high-quality deposits in mining friendly jurisdictions

Supply of Anthracite - 2011



# Strategic Location & Infrastructure

- Large license area in northwest BC (16,411 Ha)
- Close proximity to deep water shipping ports
  - Stewart Port (150 km)
  - Ridley Terminals in Prince Rupert (330 km)
- Mine site straddles railway right-of-way
  - Track (CN) installed to 150 km south of mine
  - Railway road bed largely complete to mine
  - Road access from railway subgrade
  - Support from CN Rail for railway expansion
- BC Government extending electrical grid to area
- Project in Tahltan, Gitksan & Skii km Lax Ha Territories
  - BC Government sharing revenues with Aboriginal groups



Railway sub-grade links mine site with CN mainline & Ridley Terminals



# Joint Venture with POSCO

## Secured world-class investor & strategic partner – one of the world’s largest steel producers

- POSCO Canada has acquired 20% interest in Arctos for anticipated initial payments & cash contributions of \$188 million based on current capital cost estimates
  - \$30 million paid to Fortune, \$20 million contributed directly to the JV
  - 20% of total development & capital costs – \$158 million under current estimates
  - 20% of operating costs for 20% of production in-kind for their own use
  - Fortune is Project Manager & is compensated for providing support over life of mine
- Validates Arctos as one of world’s premier metallurgical coal development projects - key future supplier to global steel industry
- Accelerates project development – funding to construction now in place



*POSCO Gwanyang steel plant*

# Resources & Reserves

- Recent upgrade & increase in resources & new reserves (October 15, 2012)
- Lost Fox deposit remains open for possible expansion & additional coal seams identified below 350 meters & on adjacent lands
- Historical Resources include 2.2 billion tonnes in the Speculative class <sup>(1)</sup>

## Historical Arctos Global Resources (million tonnes) <sup>(1)</sup>

Area	Measured	Indicated	M&I	Inferred
Lost Fox	107.9	109.5	217.4	91.5
Hobbit-Broatch		13.5	13.5	258.4
Summit				9.6
Lost Fox Extension				
<b>Total</b>	<b>107.9</b>	<b>123.0</b>	<b>230.9</b>	<b>359.5</b>

## Lost Fox Metallurgical Coal Reserves and Resources (million tonnes) <sup>(2)</sup>

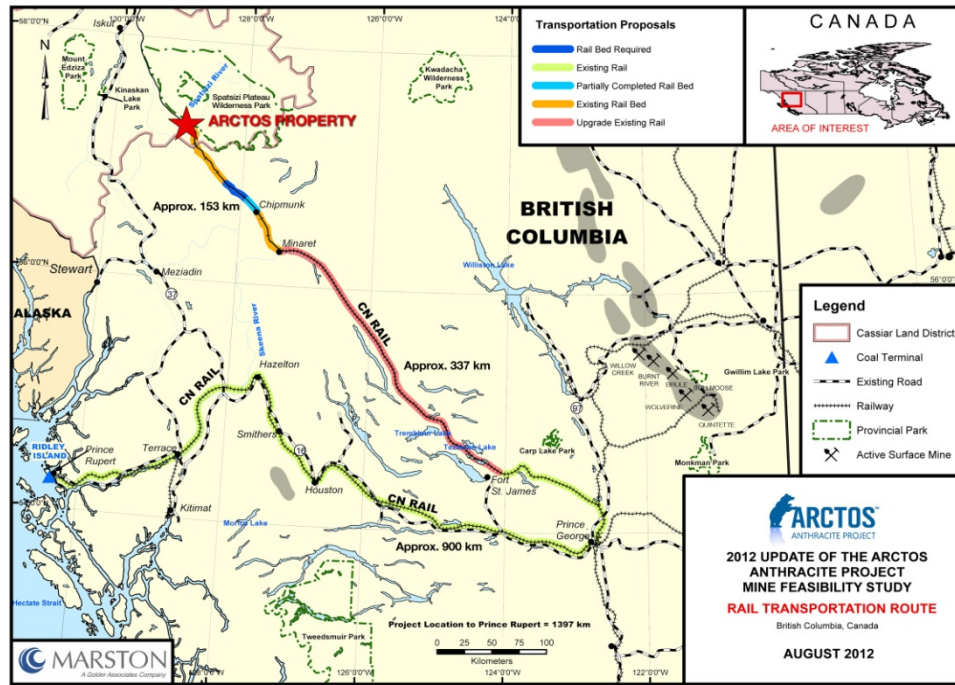
Coal Resources			Run-of-Mine Coal Reserves			10% Ash Product Reserves		
Measured	Indicated	Inferred	Proven	Probable	Total	Proven	Probable	Total Product
172.4	20.4	12.1	115.0	9.9	124.9	64.4	4.8	69.2

(1) The Arctos Mineral Resource & Mineral Reserve estimates were prepared in 2002, 2005, & 2007, respectively, by Marston & Marston Inc. in compliance with NI 43-101. Richard Marston, P.E. is the Qualified Person responsible for the estimates. Historical Resources include 2.2 billion tonnes in the Speculative class. The historical resource estimate was developed by Gulf in 1988 and updated in 2002 by Marston-Golder to reflect changes in the estimation of Inferred Resources under Paper GSC 88-21. The Speculative portion of the resources is not compliant with current reporting standards and is not included in the current minerals resources. Speculative Resources were developed based on estimated average coal thickness applied to the projected aerial extent of the coal. Further information regarding the Arctos Coal Resource & Reserve estimates is available from the Company's disclosures under the Company's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com)

(2) The 2012 DFS utilized updated Resource & Reserve estimates for the Lost Fox Deposit, which Edward Minnes, P.E. is the Qualified Person.

# Railway Partially Constructed

- Railway transportation allows for scalable expansion of production to take advantage of large resource base
- CN Rail operates between Prince George & Port of Prince Rupert & on Dease Lake Line to Minaret, 150 km south of Arctos
- Railway road bed largely constructed to mine site by BC Government – brownfield extension from Minaret
- Survey & engineering of railway extension – \$330.4 million capital cost included in 2012 DFS
- CN collaborating on railway upgrade & extension to Arctos



Existing railway right-of-way & road bed



# Rail Update – Moving Forward

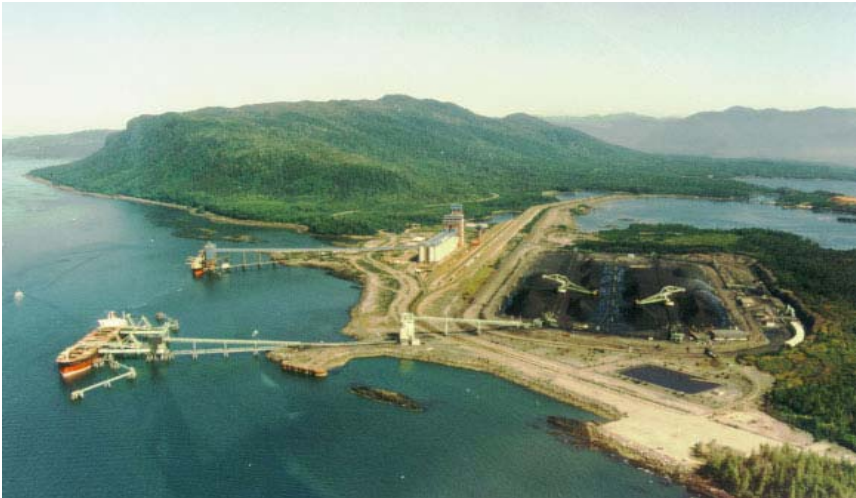
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- Canadian & BC Government engaged at very high levels
  - Premier, Ministers & senior staff in BC Government
  - COO of Transportation & Executive VP level at CN
- Collaborating with CN Rail for railway extension to site
- Negotiating optimal land tenure arrangement with the BC Government
  - Likely public infrastructure under lease to CN with JV paying for upgrade & extension
- Advancing discussions for third party financial support
  - Government recognizes they will either contribute financially or Arctos JV to get repaid from future third party users
- Consultants engaged & advancing work
  - Stantec & DPRA conducting environmental work & aboriginal engagement
  - Fleishman-Hillard retained for government engagement
  - Engineering company to be selected to prepare detailed rail engineering study

# Port with Capesize Capacity

## Ridley Coal Terminal a world-class coal & bulk materials handling facility

- Ice-free, deep water port 30 hours closer to Asia than Port of Vancouver
- Capable of handling full Capesize vessels up to 250,000 dwt that reduces ocean freight
- 16 Mtpa design capacity
- Expansion to 25 Mtpa in progress – permitting a future expansion up to 60 Mtpa
- Opportunities for shared cargos & blending of coals with other metallurgical coal producers

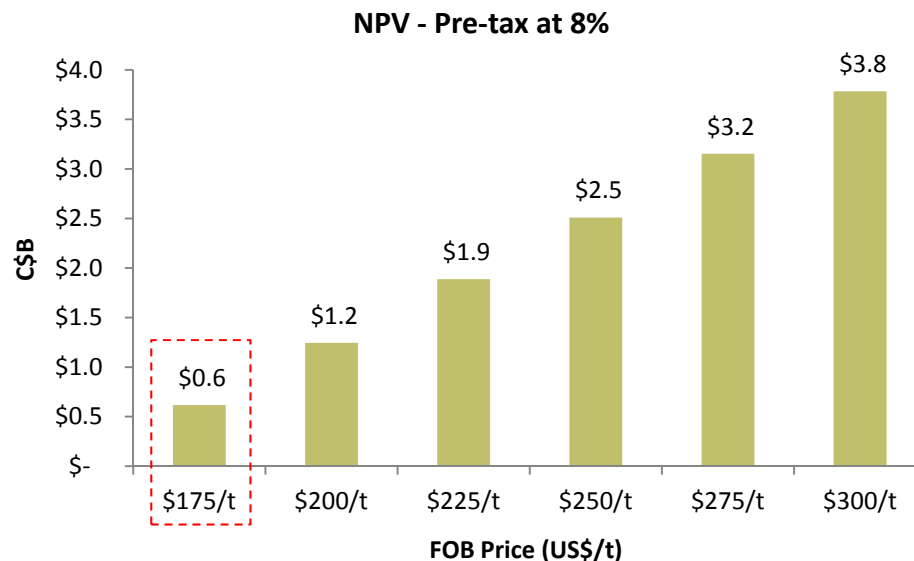


# Positive Definitive Feasibility Study

- October 2012 update to 2005 & 2010 DFS
- Based on railway transport of coal to Ridley Coal Terminal in Prince Rupert
- Initial 3 Mtpa production from Lost Fox deposit open pit mine, wash plant & site infrastructure
- 69.2 Mt of product coal reserves – 25+ years production (only 4.5% of global resource)
- Premium ultra-low volatile PCI product
- Can diversify product mix to produce premium products (charge carbon) & sinter
- Life of mine average Free On Board (FOB) vessel cash cost C\$127.61/tonne (US\$121.22/tonne)
  - C1 operating cash cost C\$119.85/tonne (US\$113.86) FOB

<b>BASE CASE</b> Ultra-Low Volatile PCI US\$175/tonne (C\$1 = US\$0.95)		
	PRE-TAX	AFTER TAX
IRR	17.0%	14.7%
NPV (8%)	C\$615.9 million	C\$405.8 million
Capital (Years 1-3)	C\$788.6 million (includes railway capital)	

The 2012 Feasibility Study was prepared by Golder-Marston in compliance with NI 43-101. Mr. Edward (Ted) Minnes, P.E. is the Qualified Person responsible for the study.



# Permitting Update – Work Underway

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## **Arctos project identified on BC Government Major Investment Office list**

### **Project Description Report completed & submission pending**

- Report completed by technical leads with input from EA agencies
- Document has been forwarded to Aboriginal groups for comment
- Anticipated filing of document in Q1 2013

### **Gaps Analysis & Work Plan completed**

#### **Baseline Field Work**

- Additional field work for mine area & road access corridor in progress
- Full year of work required along the railway corridor
- Field work commenced August 2012, report by Fall 2013
- Scheduling for 2012/2013 in progress

#### **Environmental Impact Statement/BCEAA Application**

- Preparing Draft Application Information Requirements (dAIR)
- Targeting submission of dAIR Q1-2013
- Preparation of Environmental Impact Statement (EIS) Q4-2012
- Anticipated completion of EIS by Fall 2013 after baseline reports completed
- Document will be forwarded to Aboriginal groups in draft for review

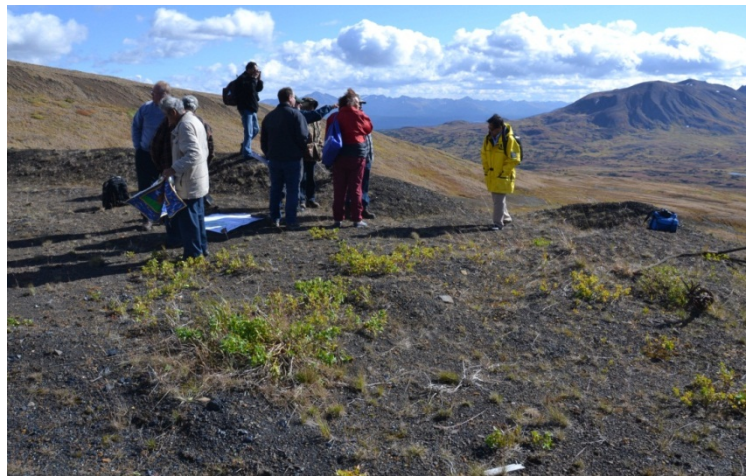
# Aboriginal Update

## Tahltan Nation

- Agreements to Date
  - Environmental Assessment Process Funding
  - Traditional Knowledge Agreement
  - Confidentiality Agreement – PEM Data Shipping Agreement
- Community engagement in progress
- Long history of bilateral discussions and meetings

## Gitxsan Nation

- Proposed new railway passes through 5 Gitxsan house territories
- Memorandum of Understanding being finalized
- Access Agreements completed
- Quarterly meetings with chiefs of the subject watersheds
- Annual presentations at Gitxsan Summit
- Gitxsan Community Liaison hired
- Traditional Use & Knowledge Study to be completed in cooperation with hereditary chiefs



# Government Update – Overview

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- What's new:
  - Federal & BC Government recognition that permitting process needs to be streamlined
  - Federal & BC Government harmonization of EA process
  - A re-energized approach to mine development
- BC Government focused on Premier Clark's BC Jobs Plan
  - Premier committed to eight new mines in operation by 2015
  - Premier committed to nine existing mine expansions by 2015
- Key initiatives:
  - Expedited permitting process
  - Establishment of the Major Investments Office – Arctos identified as major project
  - Investment in trade infrastructure, i.e., ports
  - Pacific Gateway Policy
  - Revenue sharing with Aboriginal groups



# Significant Upside Potential

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## **One of world's largest undeveloped deposits – railway transportation solution provides scalable expansion potential**

- Rail transportation allows for higher annual production than 3 Mtpa & will lower some cost for inbound freight
- DFS reserves only represents 4.5% of total resource
  - Updated reserves for Lost Fox deposit can support higher production rates (4 Mtpa ramp-up sensitivity)
  - Production can be expanded from adjacent Hobbit – Broatch deposit
  - Current resource only identified to 350 metres – Additional coal seams identified at depth (potential underground mining)
  - Budget in place for additional drilling
- 3<sup>rd</sup> Party contribution to railway capital costs increases NPV
- BC Government extending electrical grid & connection would lower power costs & enable use of lower operating cost electrified mining equipment
- Lease-to-purchase of mobile equipment fleet & contract mining would lower upfront capital & increase IRR

# Accelerated Development Strategy

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- Accelerated development program underway
- Next steps include:
  - Continue Tahltan, Gitksan, Skii km Lax Ha & stakeholder engagement
  - Environmental, socio-cultural & economic studies underway in support of permitting process
  - Project Description has been submitted to Aboriginal groups
  - Complete the environmental assessment & permitting processes
  - Complete engineering on railway transportation with CN Rail & complete MOU
  - Secure port handling agreements
  - Conduct additional expansion drilling
- Second stage strategic partner(s) & project financing
  - Deloitte is engaged to advise on project financing & development options, targeting a project level joint venture, potentially including:
    - Minority equity investment
    - Off-take relationship
    - Commitment to arrange debt financing for construction

# Targeted Milestones

## Proposed Development Timeline

	2013				2014				2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Project Description submission	◆															
Baseline field work & document prep	■															
Filing of EIS-EAC documents					◆											
EAO-CEAA review process					■											
Ministerial decision process										◆						
Mine permitting									■							
Construction										■						
Commissioning & commercial production														■		

# NICO Gold-Cobalt-Bismuth-Copper Project Highlights

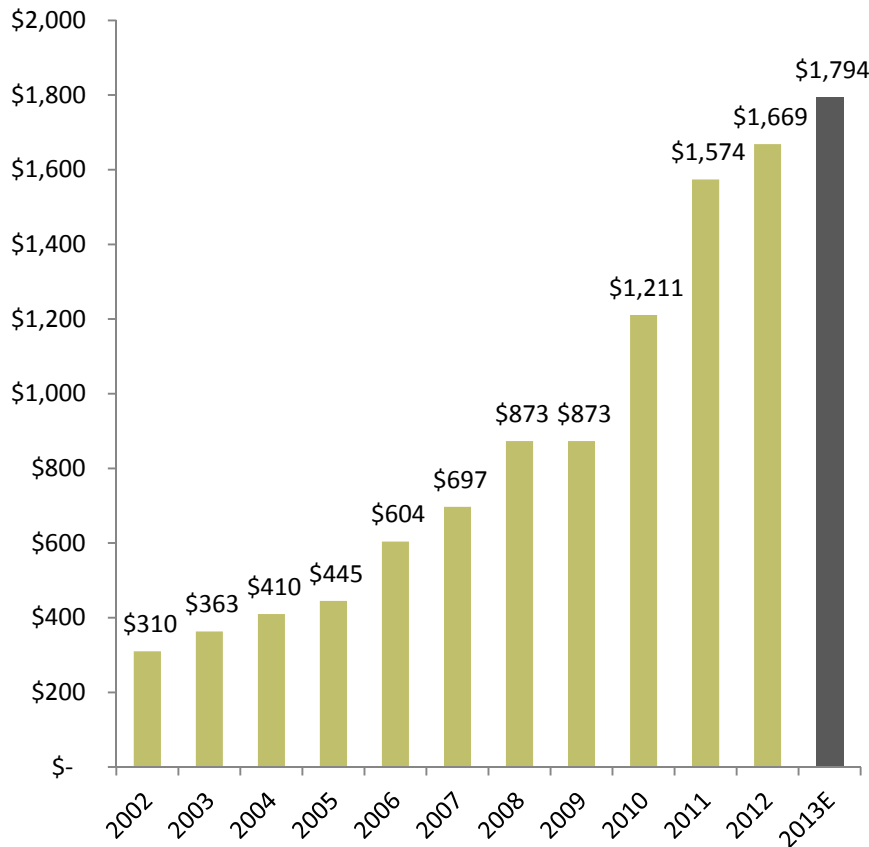
- Positive Front End Engineering & Design Study (FEED) completed in 2012 based on a vertically integrated mine & mill in the Northwest Territories & refinery in Saskatchewan
  - FEED - ~30% of detailed engineering complete for procurement
  - Robust economics – generates NPV of \$309 million\* – highly leveraged to increased cobalt & gold prices with low downside risk
  - Negative cash cost – cobalt cash cost (net of credits) of negative US\$0.81/lb at Base Case prices & negative US\$1.07/lb at Current Prices
- High-grade deposit of combined gold, cobalt, and bismuth co-products plus by-product copper
- Positioned to be one of the largest & lowest cost suppliers of cobalt sulphate to the rapidly expanding battery sector
- Very advanced project with \$100 million already invested – including pilot plants, test mining and extensive permitting work – resulting in planned production in 2015
- Strong management & board with experience in mine permitting, development & operations



*Test mining 2006/2007*

# Gold: Counter Cyclical Hedge

Historical & Forecast Gold Price



- Gold price increased consistently in the past decade, especially after recent economic downturn
- While mine supply remains relatively flat, future demand continues to grow:
  - Growing physical demand from Asia & central banks
  - Growing investment demand based on currency protection & safe haven status
- Provides a flexible financing opportunity

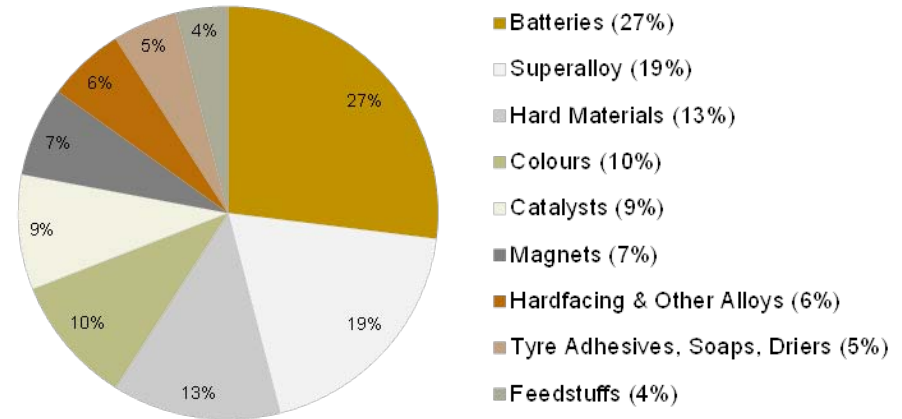
**NICO contains 1.1 million ounces of gold**

**– provides a significant counter-cyclical hedge**

# Cobalt: Robust & Diverse Market

- Wide chemical and metallurgical market applications in batteries, high strength alloys, cutting tools, catalysts, etc.
- Cobalt sulphate is used in lithium ion & nickel metal hydride batteries for electronic devices & hybrid/electric vehicles
- High purity cobalt is used in aerospace applications
- Cobalt demand expected to grow at ~7% per year in the next five years
- Over the past decade, increase in demand resulted almost exclusively from increase in chemical applications, most notably rechargeable batteries and catalysts
- Chemical applications accounted for ~55% of worldwide cobalt demand in 2011 & are expected to dominate future cobalt consumption

Wide Application of Industrial Usage

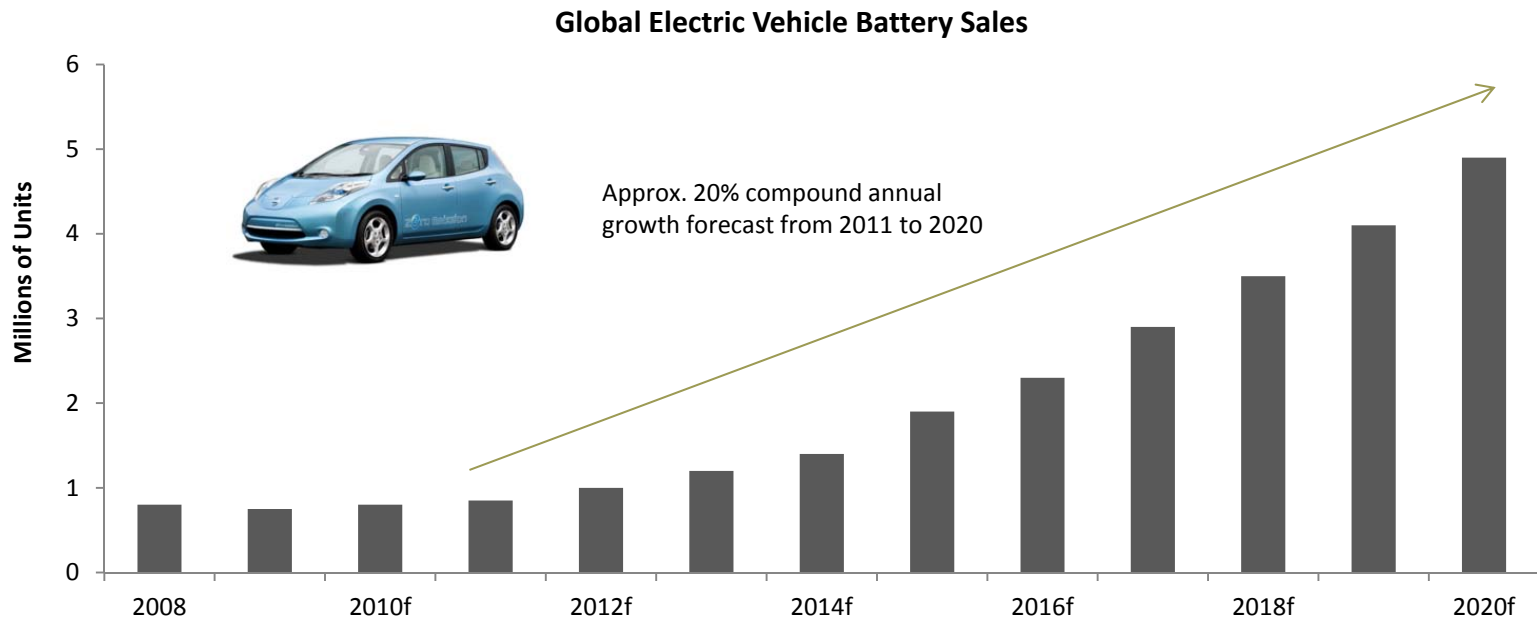


Source: CRU, Cobalt Development Institute



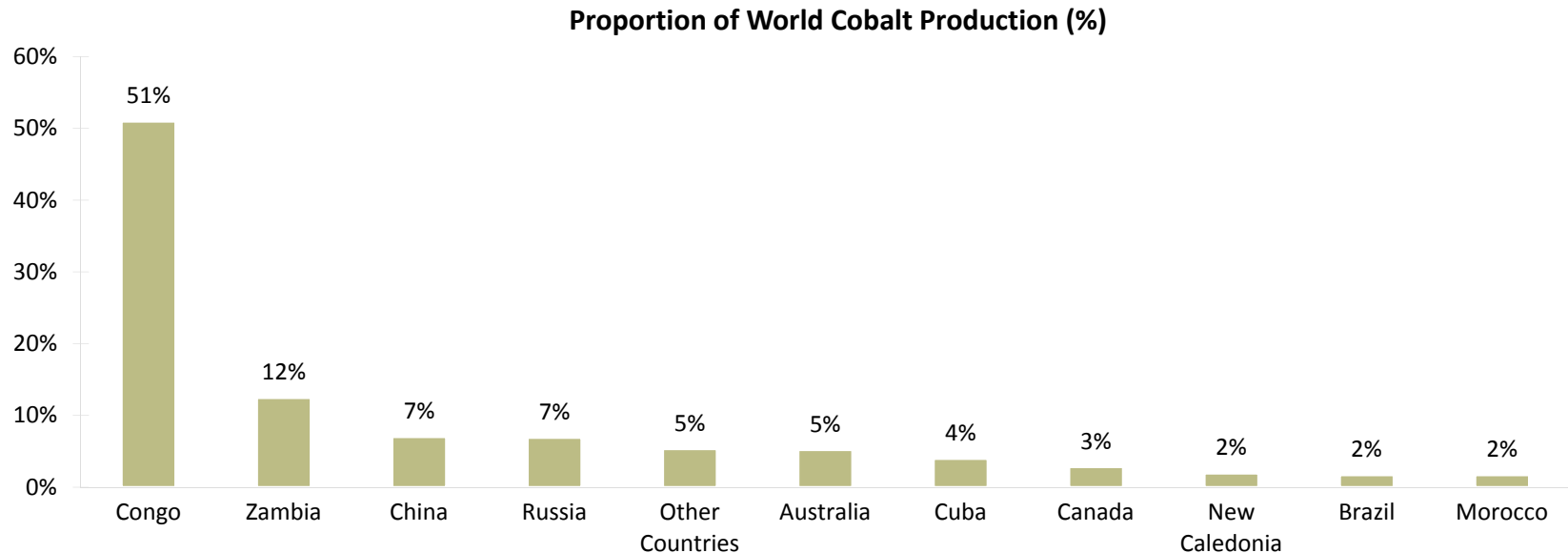
# Cobalt: Rechargeable Batteries Drive Demand

- Cobalt is critical for manufacturing batteries used in electric vehicles\*, computers, cell phones & other electronic devices
- Nickel metal hydride car batteries contain approximately 3 to 5 lbs of cobalt
- Lithium-ion car batteries contain 5 to 7 lbs of cobalt
- Cobalt usage in batteries is expected to grow from 25% of demand in 2011 to 45% in 2018



# Cobalt: Shortage of Reliable Supply

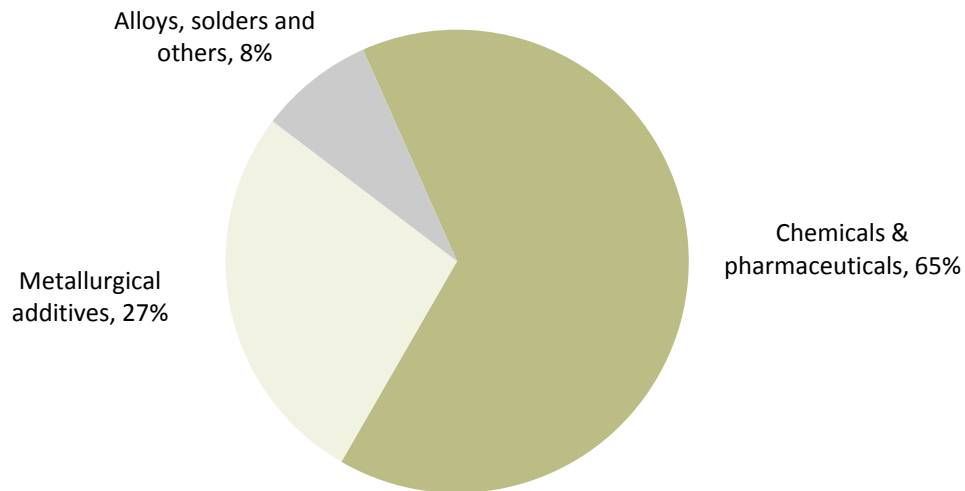
- World market of refined cobalt production ~82,000t, excluding some secondary processing & scrap
- Vast majority of cobalt sourced from regions that are politically unstable or prone to export restrictions
- Congo (DRC) currently accounts for 51% of global supply
- China has the largest refining capacity (43% in 2010) but limited mine supply
- Chemical production is in deficit by about 14,000 t in 2011
- LME initiated futures market trading for cobalt in 2010, resulting in a more liquid market
- NICO will be a reliable North American producer



# Bismuth: Environmentally Friendly

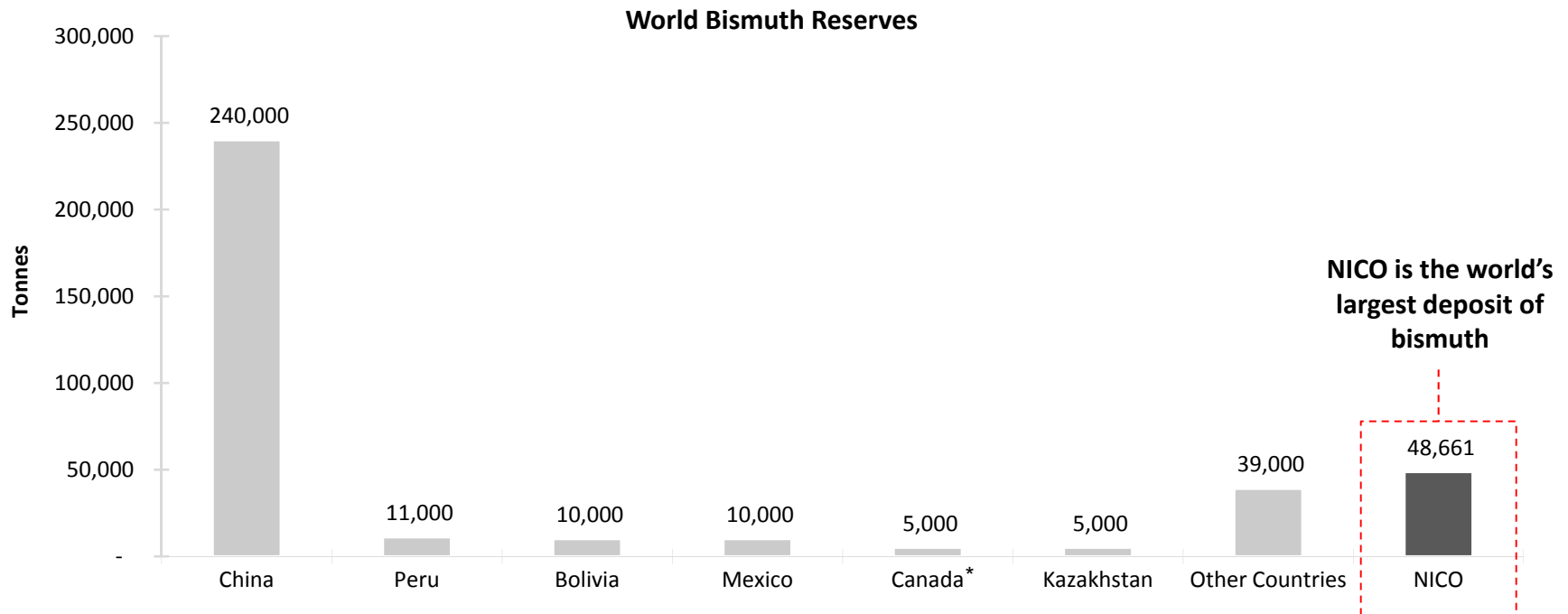
- Traditionally used in fusible alloys, cosmetics, chemicals etc.
- New markets focus on super conductors, CDs & auto anti-corrosion materials
- Environmentally safe replacement for lead in plumbing & electronic solders, brass, ceramic glazes, free cutting steel, hot dip galvanizing & paint pigments
- Global framework to eliminate lead expected to drive increased bismuth consumption
- European legislation to eliminate lead in electronics

Growing Number of Applications



# Bismuth: Limited Supply

- World market between 15,000 & 20,000 t per year
- China is the principal source of bismuth (240 Kt reserve), accounting for 80% of world reserves & 73% of world production in 2010
- China has closed 20% of its production due to environmental concerns & China's exports could halve in 2012 due to export restrictions (only 1,242 t in the first four months)
- NICO contains over 48 Kt of bismuth, equivalent to 15% of world reserves & the world's largest deposit



# Introduction to NICO Project & SMPP

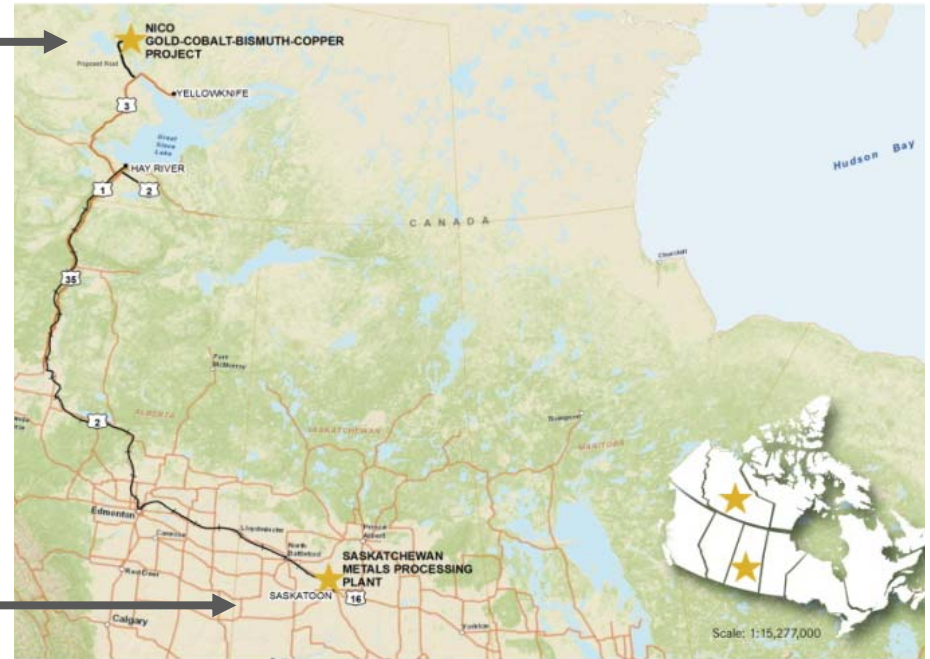
## NICO Project

- Large scale cobalt-gold-bismuth deposit
- 160 km from City of Yellowknife
- 450 km from railway at Hay River
- High concentration ratio using simple flotation – 4,650 t of ore / day reduced to 180 t of concentrate
- Allows shipping to Saskatchewan

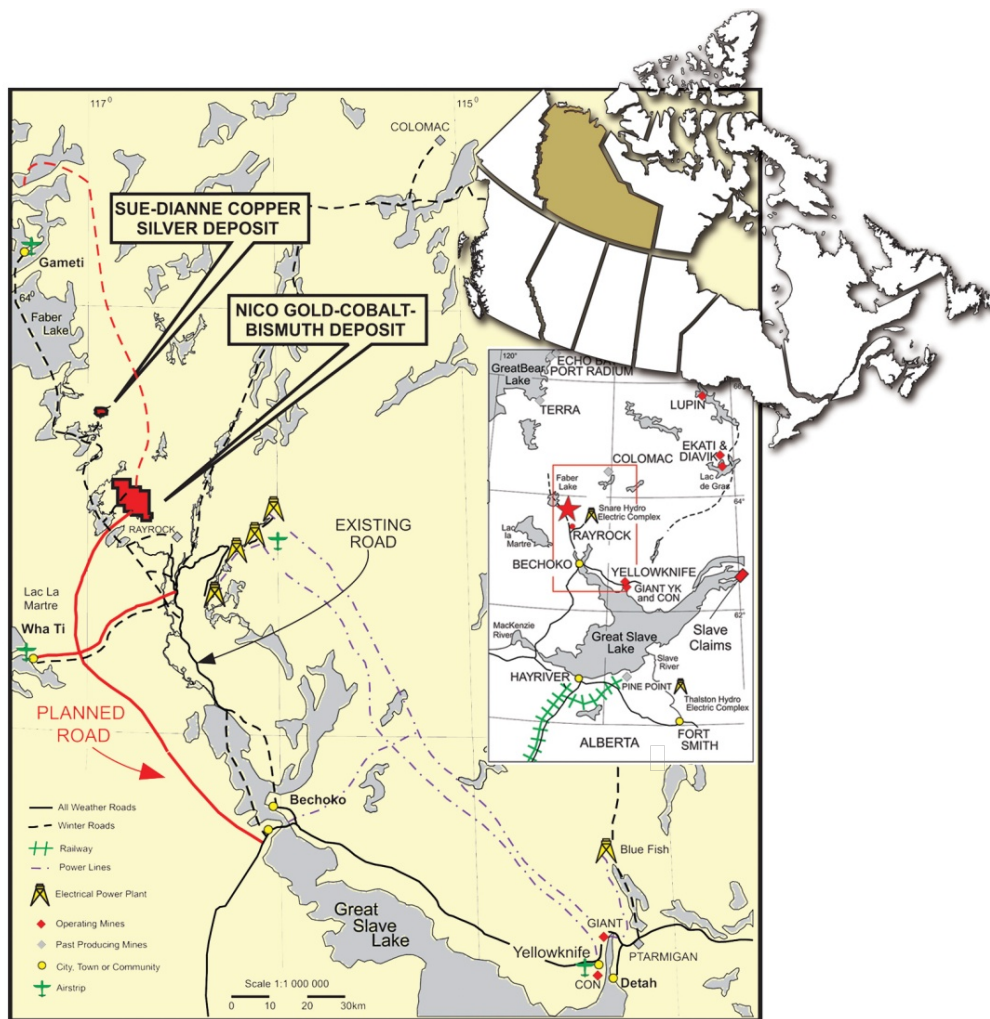


## Saskatchewan Metals Processing Plant (SMPP)

- Hydrometallurgical plant to process bulk concentrate from NICO
- Plant will produce gold doré, cobalt sulphate &/or cobalt cathode, bismuth ingot & copper metal precipitate



# Mine Location & Infrastructure



- 5,140 Ha lease in southern NWT
- Winter access roads
- All-weather road planned by governments to highway (135 km)
  - \$1.5 million in place for baseline environmental survey
  - Engineering & environmental work underway
- 450 km from railway at Hay River for transport of concentrates to SMPP
- 160 km from City of Yellowknife
- 50 km from Town of Whati
- 22 km from Snare Hydro
- Settled land claims with Tlicho Government



# Saskatchewan Metals Processing Plant

- Hydrometallurgical plant to process bulk concentrate from NICO mine & mill to produce gold doré, cobalt sulphate or cathode, bismuth ingot & copper metal
- High concentration ratio of ore using simple flotation allows concentrate to be shipped to Saskatchewan for lower cost processing
  - 4,650 t of ore /day reduced to only 180 t of concentrate
- Lands near Saskatoon purchased:
  - Located on CN Rail line
  - Close to Trans Canada Hwy
  - Inexpensive power (5.7 cents / kWh)
  - Close to natural gas & reagent sources
  - Skilled worker / engineer pool
  - 5 year tax holiday



# NICO Mineral Reserves

Underground Mineral Reserves	Tonnes	Au (g/t)	Co (%)	Bi (%)	Cu (%)
Proven	282,000	4.93	0.14	0.27	0.03
Probable	94,000	5.6	0.11	0.19	0.01
<b>Total</b>	<b>376,000</b>	<b>5.09</b>	<b>0.13</b>	<b>0.25</b>	<b>0.02</b>

Open Pit Mineral Reserves	Tonnes	Au (g/t)	Co (%)	Bi (%)	Cu (%)
Proven	20,513,000	0.94	0.11	0.15	0.04
Probable	12,099,000	1.05	0.11	0.13	0.04
<b>Total</b>	<b>32,612,000</b>	<b>0.98</b>	<b>0.11</b>	<b>0.14</b>	<b>0.04</b>

Combined Mineral Reserves	Tonnes	Au (g/t)	Co (%)	Bi (%)	Cu (%)
Proven	20,795,000	0.99	0.11	0.15	0.04
Probable	12,193,000	1.09	0.11	0.13	0.04
<b>Total</b>	<b>32,988,000</b>	<b>1.02</b>	<b>0.11</b>	<b>0.14</b>	<b>0.04</b>
<b>Contained Metal</b>		<b>1,085,000 ounces</b>	<b>82,268,000 pounds</b>	<b>102,053,000 pounds</b>	<b>27,179,000 pounds</b>

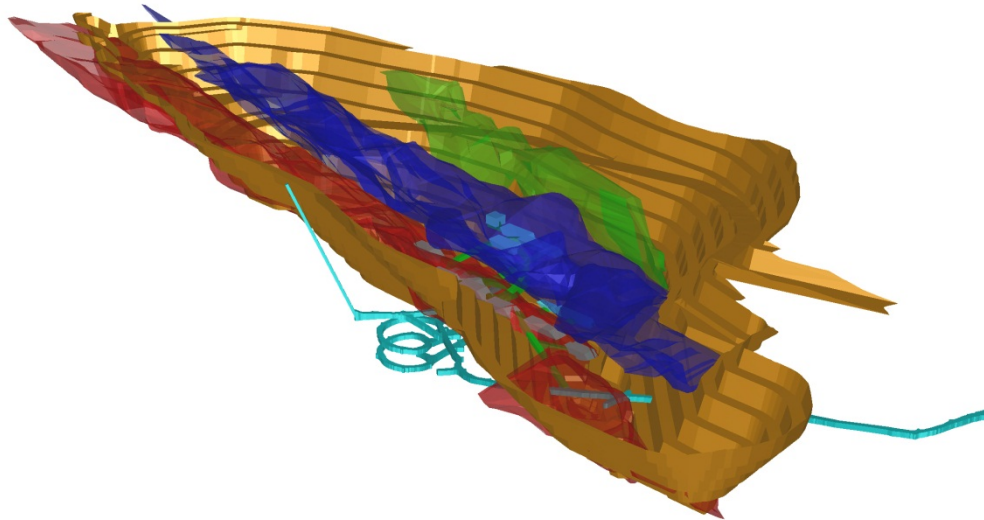
Note: Sums of the combined mineral reserves may not exactly equal sums of the underground and open pit reserves due to rounding.

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

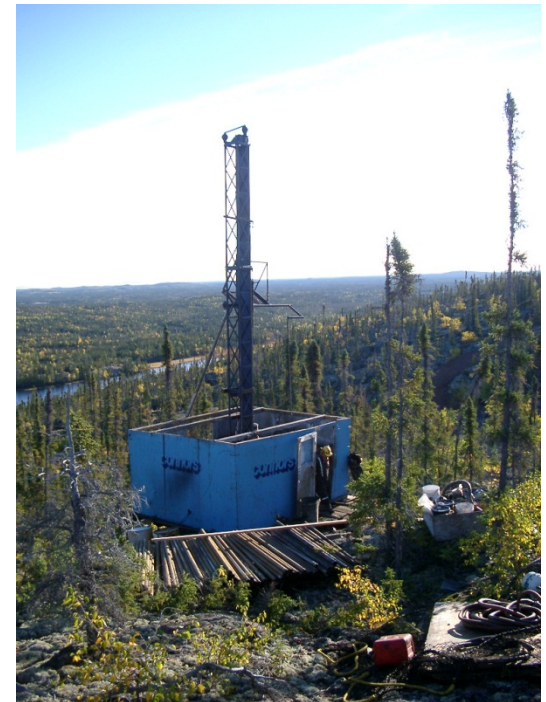
# Well-Understood Geology

## The NICO mineral reserves are based on 327 drill holes & surface trenches

- Deposit is an Iron Oxide Copper Gold (“IOCG”) class deposit, commonly referred to as Olympic Dam-type after the dominant “Super Giant” deposit in South Australia
- Ore is hosted in three lenses of brecciated ironstone up to 1.3 km in length, 550 m in width, & 70 m in thickness



Green = Upper Ore Zone, Blue = Middle Ore Zone, Red = Lower Ore Zone  
Brown = Open Pit, Cyan = Underground Development and Stopes



# Underground Test Mining Complete



- Mining conditions, geometry & grades confirmed
- Environmental impacts assessed
- Portal, 2 km of decline ramp & 2 mine levels established with ventilation raise to surface
- ~\$20 million pre-production development completed
- Large sample collected for pilot plant testing



# Extensive Metallurgy Work

- 1997-2012 Metallurgical expenditures ~\$12 M
  - Lab & bench scale test work
- 2007 200 t bulk sample pilot plant study
  - Proved process flow sheet
  - Established baseline process performance & products
  - Improved recoveries over feasibility study
  - Provided samples for environmental tests
  - Proved co-disposal of tails with waste rock
- 2010-2012 30 t pilot study
  - Verified higher gold recoveries from regrind of cleaner float tails
  - Proved blending of bismuth residue with cobalt autoclave feed
  - Eliminated 1 of 2 gold circuits at SMPP
  - Higher gold recovery & reduced risk
  - Higher cobalt recovery
  - Verified cobalt sulphate process
- 2008-2012 FEED report & detailed engineering



# Positive Pilot Plant Results

- Continuous flotation tests to produce separate cobalt & bismuth concentrates
- Recovery improvements to Co, Bi, Au & Cu
- Proved process flow sheet, production of high value products & improved metal recoveries
  - Cobalt pressure oxidation, precipitation & electrowinning to demonstrate production of 99.8% cobalt cathode
  - Bismuth ferric chloride leaching, production of 99.5% bismuth cathode as powder - Flux & smelt to >99.9% bismuth ingot
  - Ability to produce thickened tailings from bulk tailings



Cobalt Cathode Metal  
Co >99.95%



Cobalt Carbonate  
Co 50.6%



Bismuth Ingot  
Bi >99.99%



Cobalt Sulphate  
(heptahydrate)  
Co 20.9%



# 2012 FEED Study

## Positive FEED Study demonstrating very low costs & strong economics

- Vertically integrated project consisting of an open pit & underground mine, mill & hydrometallurgical refinery
- Negative cash cost net of credits & very low capital costs of \$441 million
- Includes a significant amount of detailed engineering, reducing project risk
- Golden Giant Mine (Hemlo) equipment purchased & dismantled for relocation to NICO
- Metal recoveries verified from pilot plants;
  - Gold recovery ranges from 56 to 85%, with an average of 73.7%
  - Cobalt recovery of 84%
  - Bismuth recovery of 72%
  - Copper recovery of 41%

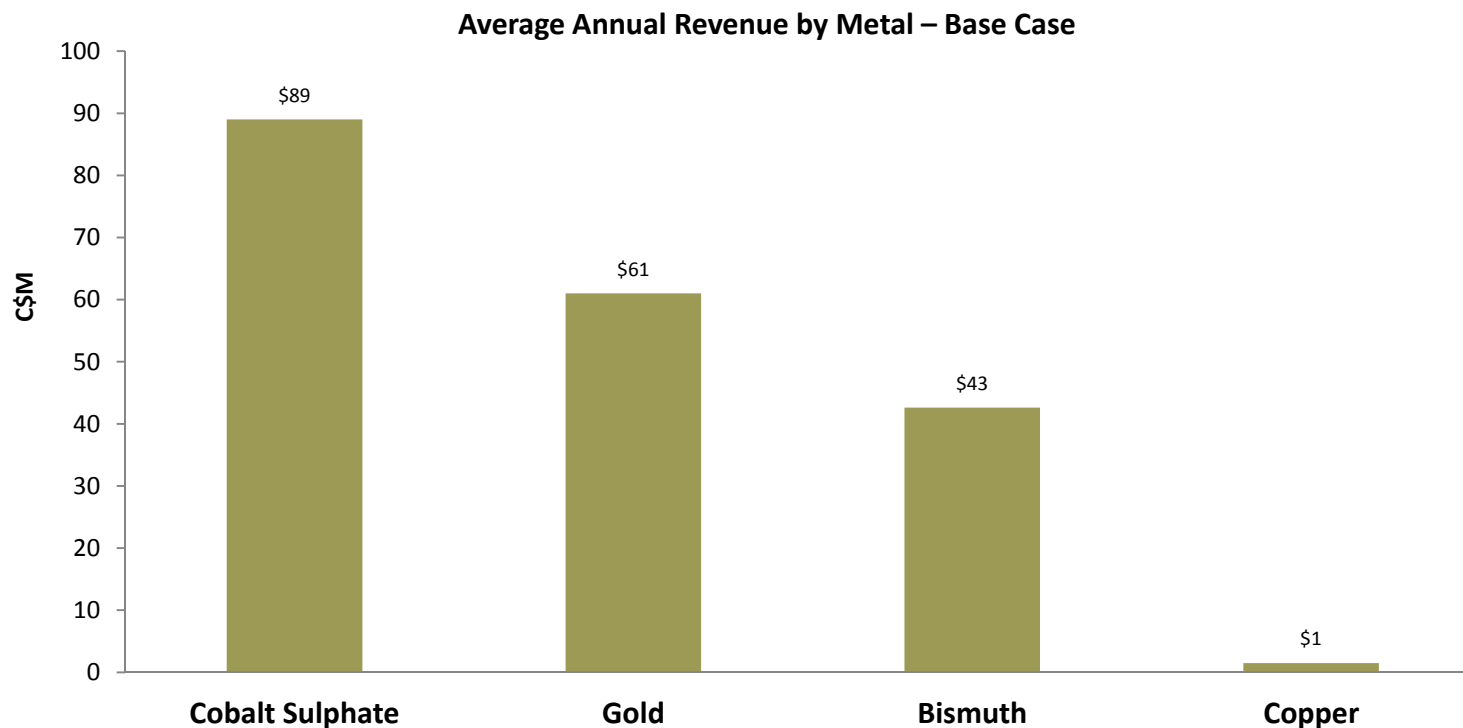
## FEED Study Highlights – Base Case, Cobalt Sulphate

<b>Mine type</b>	Open pit with underground in 2 <sup>nd</sup> year
<b>Mining method</b>	Open pit: conventional truck & loader Underground: blasthole open stoping
<b>Strip Ratio</b>	Waste to ore 3.0 : 1
<b>Processing rate</b>	4,650 tonnes of ore/day
<b>Mine life</b>	19.8 years (potential for additional 3.2)
<b>Processing</b>	Processed to high value metal products
<b>Pre-tax NPV (7%)</b>	\$308.5 million
<b>Pre-tax IRR</b>	14.0%
<b>Capital costs</b>	\$440.5 million
<b>LOM average revenue/yr</b>	\$194 million
<b>LOM average operating cost/yr</b>	\$97 million
<b>Cobalt operating cost (net of credits)</b>	Negative US\$0.81/lb at Base Case Negative US\$1.07/lb at Current Price Case

# Balanced Production Scenario

**NICO will be a reliable Canadian-based producer of strategic metals:**

- Gold doré, 99.8% cobalt cathode &/or 20.9% cobalt sulphate, 99.99% bismuth ingot, & a copper metal precipitate



Annual Production	3,473,600 lbs	40,000 oz	3,681,800 lbs	559,400 lbs

# Negative Cash Costs

## NICO has negative operating costs for all metals net of by-product credits

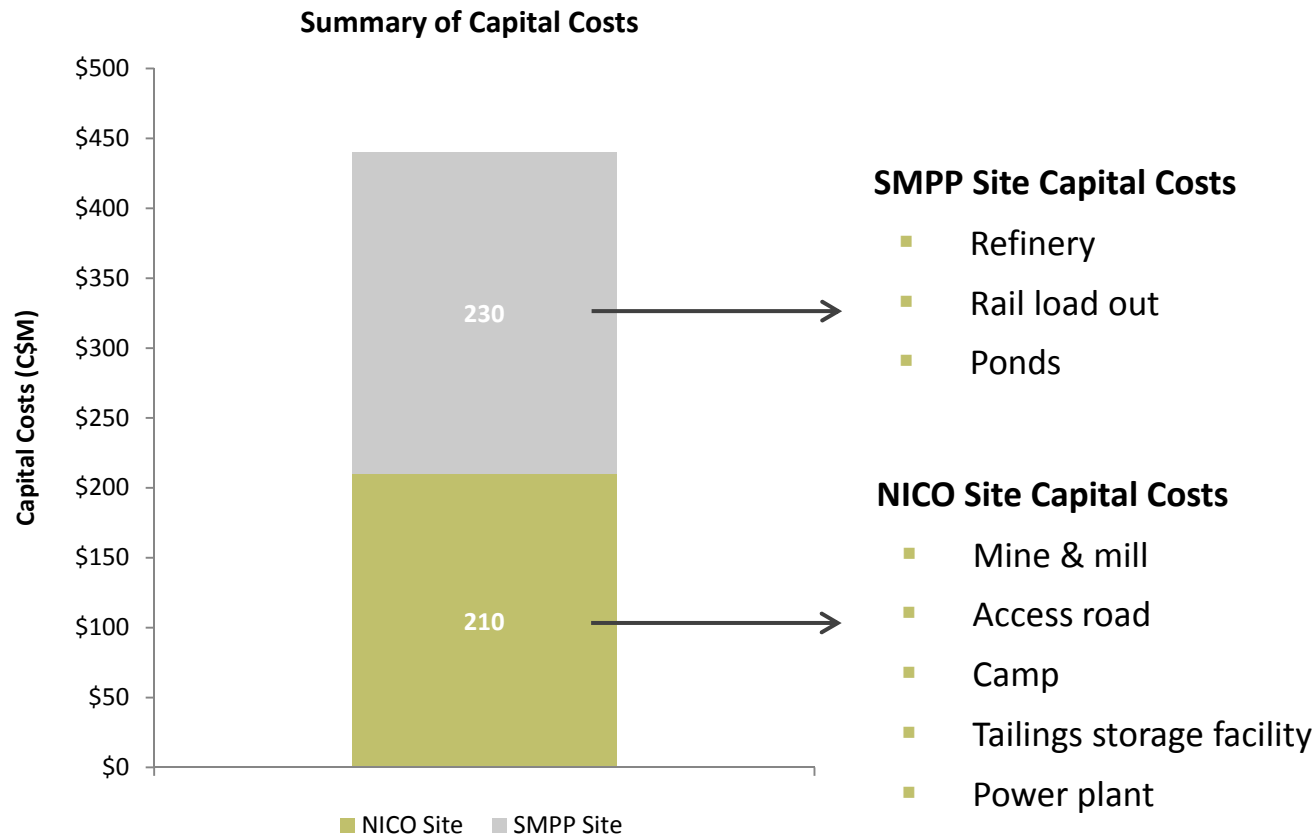
- Demonstrates that after capital has been repaid, operations can be sustained during periods of low metal prices & volatility



Note: Based on cobalt sulphate option. Base Case Price assumptions are US\$1,450/troy ounce ("oz") for gold, US\$20/pound ("lb") for cobalt, US\$11/lb for bismuth and US\$3.50/lb for copper at an exchange rate of US\$ 0.95 = C\$ 1. . The Current Price Case uses prices as at May 31, 2012 and are US\$1,558.00/oz for gold, US\$15.23/lb for cobalt, US\$10.55/lb for bismuth and US\$3.40/lb for copper and an exchange rate of US\$ 0.97 = C\$ 1. Mr. Alexander Duggan, P.Eng. and Mr. Graham Peter Holmes, P.Eng. of Jacobs are the Qualified Persons for Jacobs and Mr. Eugene Puritch, P.Eng. is the Qualified Person responsible for the work by P&E under NI 43-101.

# Low Capital Costs

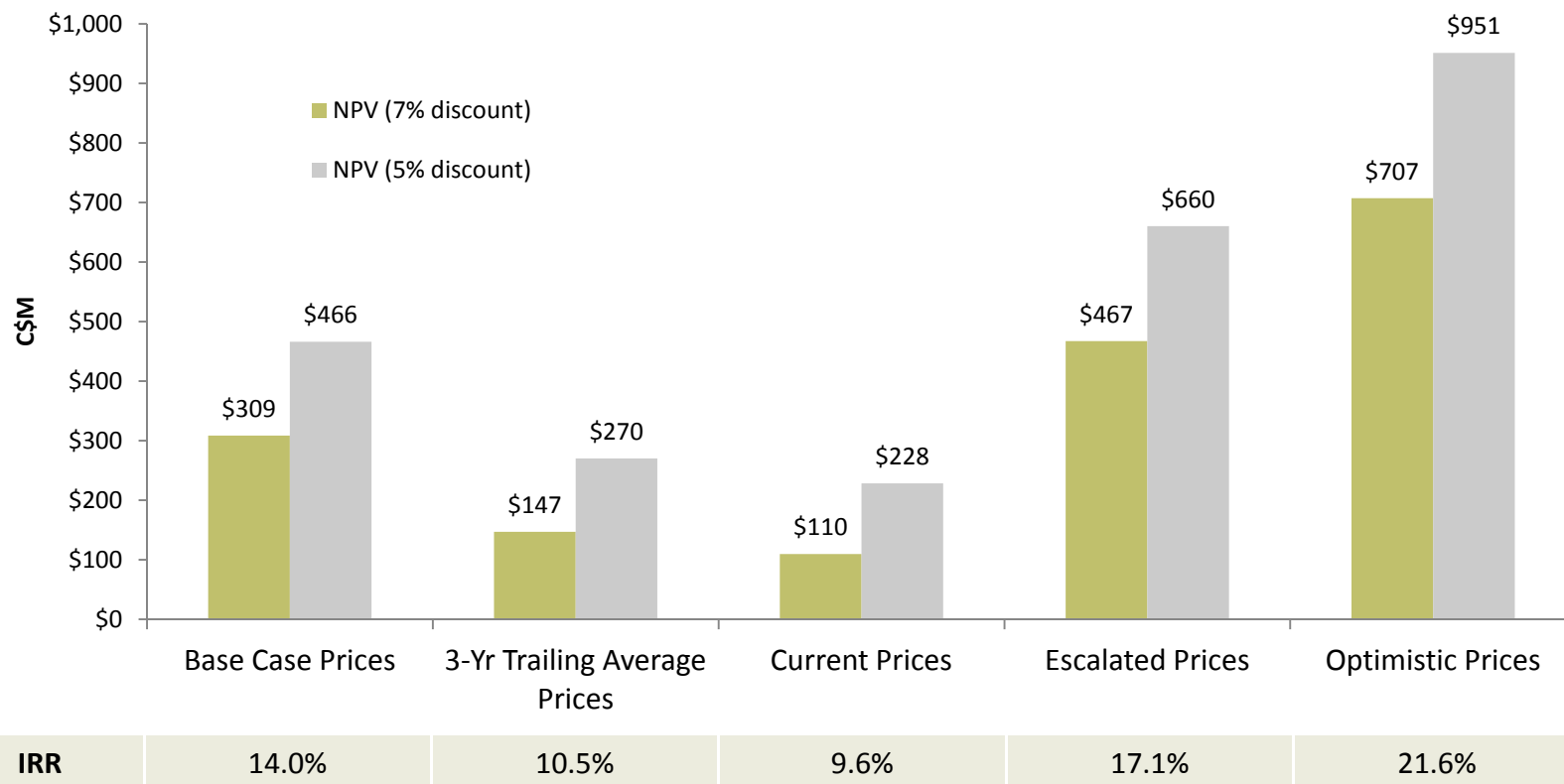
Capital costs total \$441 million for the first 2 years of the project, including all direct & indirect costs & contingencies



# Economics – Highly Leveraged to Gold

NICO demonstrates robust economics through a range of commodity prices

Economics for Cobalt Sulphate Option



# Additional Upside

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## Significant opportunity existing to further strengthen project economics

- Extend mine life for 3+ years with stockpiled subeconomic material
- Move forward gold production via additional underground mining to access high grade material
- Generate additional returns from SMPP
  - Custom processing of concentrates sourced from other mines globally
  - Expansion potential already designed
  - Continue generating revenues after NICO ores depleted
- Significant commodity prices upside
  - Cobalt – potential for supply disruptions in the DRC and less than expected production from laterites
  - Gold – counter-cyclical hedge
  - Bismuth – potential for decreased Chinese supply due to export quotas and increased environmental restrictions





# Production Targeted in 2015

## Progressing through final stages of permitting process

- Environmental Assessments well advanced for mine & SMPP permitting
  - Mackenzie Valley Review Board recommended approval of mine & mill Jan. 25, 2013 – Pending approval of Minister and Tlicho Government
  - For SMPP, an addendum to the Environmental Impact Statement has been submitted for review & public comment, after which government approval will be pending

## Advanced relationships with Aboriginal groups

- Signed Co-operative Relationship Agreement with Tlicho Government
- Initiated Tlicho Participation Agreement (PA) Negotiations

## Project Financing & Development Options

- Deloitte is engaged to advise on project financing & development options, targeting a project level joint venture, potentially including:
  - Minority equity investment
  - Off-take relationship
  - Commitment to arrange debt financing for construction



# Production Targeted in 2015

## Proposed Development Timeline

	2012		2013				2014				2015				2016
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
SMPP EA	█														
SMPP fully permitted				◆											
NICO environmental review	█														
NICO Minister's approval			◆												
NICO fully permitted				◆											
Financing	█														
Engineering & procurement				█											
Construction							█								
Commissioning													█		
Commercial operations															➔

# Summary Highlights

- Positive FEED Study completed based on a vertically integrated mine, mill & refinery
- Attractive economics – highly leveraged to increased cobalt & gold prices with low downside risk
- Negative cash cost – cobalt cash cost (net of credits) of negative US\$0.81/lb at Base Case prices
- High-grade deposit of combined gold, cobalt & bismuth co-products plus by-product copper
- Positioned to be one of the largest & lowest cost suppliers of cobalt sulphate to the rapidly expanding battery sector
- Very advanced project with \$100 million already invested, including pilot plants, test mining & permitting
- Strong management & board with experience in mine permitting, development & operations
- Targeting production in 2015



*Near production, low cost mine & refinery highly leveraged to high growth strategic metals & gold.*

# Experienced Team

## Directors

<b>Mahendra Naik</b> , B Comm, CA	<b>Chairman, Director</b>	CFO Fundeco - Founding director & former CFO, IAMGOLD
<b>George Doumet</b> , MSc, MBA	<b>Honorary Chairman, Director</b>	Chemical Engineer – President & CEO, Federal White Cement
<b>Robin Goad</b> , MSc, PGeo	<b>President &amp; CEO, Director</b>	Geologist - 30 yrs mining & exploration experience
<b>David Knight</b> , BA, LLB	<b>Secretary, Director</b>	Partner, Norton Rose specializing in securities & mining law
<b>James Excell</b> , BASc	<b>Director</b>	Metallurgical Engineer – 35 yrs mining experience BHP-Billiton
<b>William Breukelman</b> , BASc, MBA, PEng	<b>Director</b>	Chemical Engineer – Chairman, Gedex
<b>James Currie</b> , BSc (Hons), PEng	<b>Director</b>	Mining Engineer – COO, Elgin Mining
<b>The Honorable Carl L. Clouter</b>	<b>Director</b>	Commercial pilot - former owner of charter airline in NWT
<b>Shou Wu (Grant) Chen</b> , MSc, MBA	<b>Director</b>	Geologist – Deputy Chairman & CEO, China Mining Resources Group

## Management

<b>Julian Kemp</b> , BBA, CA, C.Dir	<b>VP Finance &amp; CFO</b>	Chartered Accountant – 20+ yrs mining financial experience
<b>Mike Romaniuk</b> , BASc, PEng	<b>VP Operations</b>	Mining Engineer – 25+ yrs engineering, mining & construction experience primarily with Xstrata Nickel & Falconbridge
<b>Bill Shepard</b>	<b>Logistics Manager</b>	15 yrs experience in procurement & logistics
<b>Dr. Richard Schryer</b> , PhD	<b>Director Regulatory &amp; Environmental Affairs</b>	Aquatic Scientist – 20+ yrs experience in mine permitting & environmental assessments
<b>Adam Jean</b> , HBA, CA	<b>Controller</b>	Chartered Accountant previously with Ernst & Young
<b>James Mucklow</b> , MEng, PEng	<b>Manager Env. &amp; Community</b>	Geological Engineer – 20+ yrs geological & environmental experience
<b>Keith Lee</b> , BSc	<b>Senior Process Engineer</b>	25 yrs operations, engineering & mineral processing experience
<b>Carl Kottmeier</b> , MBA, PEng	<b>Project Manager</b>	Mining Engineer – 24 yrs engineering & operations experience
<b>Seok Joon Kim</b> , MASc, PEng	<b>Mine Planning Engineer</b>	Mining Engineer – 10+ years operations & engineering experience

# Appendix: Economics & Price Assumptions

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

Base Case Price assumptions are US\$1,450/troy ounce (“oz”) for gold, US\$20/pound (“lb”) for cobalt, US\$11/lb for bismuth and US\$3.50/lb for copper at an exchange rate of US\$ 0.95 = C\$ 1. The 3-year Trailing Average Prices Case are as at May 31, 2012 and are US\$1,359.94/oz for gold, US\$18.53/lb for cobalt, US\$9.83/lb for bismuth and US\$3.51/lb for copper and an exchange rate of US\$ 0.98 = C\$ 1. The Current Price Case uses prices as at May 31, 2012 and are US\$1,558.00/oz for gold, US\$15.23/lb for cobalt, US\$10.55/lb for bismuth and US\$3.40/lb for copper and an exchange rate of US\$ 0.97 = C\$ 1. The Escalated Price Case uses metal price assumptions of US\$1,800.00/oz for gold, US\$22.50/lb for cobalt, US\$12.50/lb for bismuth and US\$4.00/lb for copper and an exchange rate of US\$ 1 = C\$ 1. For the Optimistic Price Case uses US\$2,000.00/oz for gold, US\$25.00/lb for cobalt, US\$15.00/lb for bismuth and US\$4.50/lb for copper at an exchange rate of US\$ 1 = C\$ 1. Mr. Alexander Duggan, P.Eng. and Mr. Graham Peter Holmes, P.Eng. of Jacobs are the Qualified Persons for Jacobs and Mr. Eugene Puritch, P.Eng. is the Qualified Person responsible for the work by P&E under NI 43-101.

# Notes

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# Notes

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**FORTUNE**  
MINERALS LIMITED

**Emerging Strategic  
Metal & Coal  
Producer**

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