

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

The securities offered under this short form prospectus have not and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and, except pursuant to exemptions from registration under the U.S. Securities Act and applicable state securities laws, may not be offered or sold, directly or indirectly, within the United States of America or to U.S. persons. See "Plan of Distribution".

Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Fortune Minerals Limited at Suite 1902, 140 Fullarton Street, London, Ontario, N6A 5P2 (Telephone: 519.858.8188) and are also available electronically at www.sedar.com.

SHORT FORM PROSPECTUS

New Issue

July 19, 2007



FORTUNE MINERALS LIMITED

\$25,050,000

8,350,000 Units

This short form prospectus qualifies the distribution (the "Offering") of up to 8,350,000 units ("Units") of Fortune Minerals Limited ("Fortune" or the "Company") at a price of \$3.00 per Unit (the "Offering Price"), each Unit consisting of one common share in the capital of Fortune (a "Common Share") and one-half of one Common Share purchase warrant (each whole Common Share purchase warrant, a "Warrant"). Each Warrant will entitle the holder thereof to acquire one Common Share at an exercise price of \$3.75 per Common Share (the "Exercise Price") at any time up to 5:00 p.m. (Toronto time) on the day that is 24 months following the closing date of the Offering (the "Closing Date"). The Offering Price was determined by negotiation between Fortune and CIBC World Markets Inc., Desjardins Securities Inc. and Canaccord Capital Corporation as agents (collectively, the "Agents"). The Agents, as agents, will conditionally offer up to 8,350,000 Units for sale, on a reasonable best efforts basis, if, as and when issued by Fortune and accepted by the Agents in accordance with the conditions contained in the agency agreement referred to under "Plan of Distribution", and subject to the approval of certain legal matters by Macleod Dixon LLP on behalf of Fortune and by Fasken Martineau DuMoulin LLP on behalf of the Agents.

The outstanding Common Shares are listed for trading on the Toronto Stock Exchange (the "TSX") under the symbol "FT". On July 9, 2007, the last day of trading prior to the public announcement of the Offering, the closing sale price of the Common Shares on the TSX was \$3.25. The TSX has conditionally approved the listing of the Common Shares and the Warrants comprising the Units being distributed under this prospectus, including Common Shares and Warrants issuable on the exercise of the Over-Allotment Option (as hereinafter defined), as well as the Common Shares issuable upon exercise of the Warrants. Listing is subject to Fortune fulfilling all of the requirements of the TSX on or before October 9, 2007, including, with respect to the listing of the Warrants, distribution of the Warrants to a minimum number of public securityholders.

Price: \$3.00 per Unit

	Price to the Public ⁽¹⁾	Agents' Fee ⁽²⁾⁽³⁾	Net Proceeds to Fortune ⁽⁴⁾
Per Unit.....	\$3.00	\$0.18	\$2.82
Total ⁽⁵⁾	\$25,050,000	\$1,503,000	\$23,547,000

- (1) The Company has allocated the Offering Price as to \$2.83 for the Common Share and as to \$0.17 for the one-half of one Warrant comprising each Unit.
- (2) In consideration for the services rendered by the Agents in connection with the Offering, the Company has agreed to pay the Agents a fee of \$1,503,000, representing 6.0% of the gross proceeds of the Offering (the "Agents' Fee"), assuming no exercise of the Over-Allotment Option (defined below).
- (3) As additional consideration for the Agents' services to the Company in connection with the Offering, the Company has agreed to grant to the Agents compensation options (the "Compensation Options") to purchase Common Shares in an amount equal to 6.0% of the number of Units sold pursuant to the Offering (including pursuant to the exercise of the Over-Allotment Option), at a price of \$3.00 per Common Share. The Compensation Options may be exercised in whole or in part by the Agents at any time prior to the date that is 24 months from the Closing Date. The Compensation Options are qualified for distribution by this short form prospectus. See "Plan of Distribution".
- (4) The Company has granted to the Agents an option (the "Over-Allotment Option"), exercisable in whole or in part at the sole discretion of the Agents until 30 days after the Closing Date, enabling them to offer for sale up to an additional 1,200,000 Common Shares (the "Over-Allotment Shares") at a price of \$2.83 per Over-Allotment Share and an additional 600,000 Warrants (the "Over-Allotment Warrants") at a price of \$0.17 per each one-half Over-Allotment Warrant. In this short form prospectus the terms "Common Shares" and "Warrants" include the Over-Allotment Shares and the Over-Allotment Warrants, respectively, unless the context otherwise requires. If the Over-Allotment Option is exercised in full, the price to the public, the Agents' Fee, and the net proceeds to Fortune will be \$28,650,000, \$1,719,000 and \$26,931,000, respectively. This short form prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Over-Allotment Shares and Over-Allotment Warrants issuable upon the exercise of the Over-Allotment Option. See "Plan of Distribution".
- (5) After deducting the Agents' Fee, but before deducting expenses of the Offering estimated to be \$500,000 which will be paid from the proceeds of the Offering.

Investing in the Units involves risks which potential investors should carefully consider. Investors should carefully consider the risks described under the heading "Risk Factors".

Subject to applicable laws and in connection with this Offering, the Agents may effect transactions that stabilize or maintain the market price of the securities at a level other than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See “Plan of Distribution”.

<u>Agents' Position</u>	<u>Maximum Size or Number of Securities Held</u>	<u>Exercise Period/ Acquisition Date</u>	<u>Exercise Price or Average Acquisition Price</u>
Over-Allotment Option	1,200,000 Over-Allotment Shares	30 days following Closing Date	2.83
	600,000 Over-Allotment Warrants		0.34
Compensation Options	501,000 Common Shares ⁽¹⁾	24 months following Closing Date	3.00

(1) If the Over-Allotment Option is exercised in full, an aggregate of 573,000 Compensation Options will be issued to the Agents.

Subscriptions for Units will be received by the Agents subject to rejection or allotment, in whole or in part, and the right is reserved to close the subscription books at any time without notice. It is expected that the Closing Date will be on or about July 26, 2007 or such earlier or later date as may be agreed by Fortune and the Agents but in any event not later than August 27, 2007. Certificates representing the Common Shares and Warrants will be issued on the Closing Date.

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ELIGIBILITY FOR INVESTMENT

In the opinion of Macleod Dixon LLP, counsel for the Company, and Fasken Martineau DuMoulin LLP, counsel for the Agents, the Common Shares and Warrants comprising the Units offered hereby, if issued on the date hereof, would be qualified investments under the *Income Tax Act* (Canada) and the regulations thereunder ("Tax Act") for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans, provided that in the case of the Warrants, either (i) Fortune deals at arm's length with each person who is an annuitant, a beneficiary, an employer or a subscriber under the governing plan of the plan trust, or (ii) the Warrants are listed on a "prescribed stock exchange" (which currently includes the TSX).

SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

This short form prospectus, and the documents incorporated herein by reference, contain 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 completion of the railway connection from Alaska to the continental United States which would include a segment running past the Company's Mount Klappan project in British Columbia, the Company's acquisition of the remaining interest in the NICO deposit in the Northwest Territories, the size and quality of the Company's mineral resources, the estimation of mineral resources, progress in development of mineral properties, demand and market outlook for metals, future metal prices, Fortune's future growth, the timing and amount of estimated future production, costs of production, results of operations, performance and business prospects and opportunities. Wherever possible, words such as "anticipate", "believe", "expect", "intend" and similar expressions have been used to identify such forward-looking information. Forward-looking information is based on the opinions and estimates of management at the date the information is given, and is based on information available to management at such time. Forward-looking information involves significant risk, uncertainties, assumptions and other factors that could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking information. These factors, including, but not limited to, those factors discussed under "Risk Factors", include the results of the engineering studies respecting the above-mentioned proposed railway connection supporting the commencement of construction of such railway connection, such railway connection being approved by the federal government and other applicable authorities, the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drilling results and other geological data, fluctuating metal 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 and other factors, and should be considered carefully. Prospective investors should not place undue reliance on any forward-looking information. Although the forward-looking information contained in this short form prospectus, and the documents incorporated herein by reference, are based upon what management believes, or believed at the time, to be reasonable assumptions, Fortune cannot assure prospective purchasers that actual results will be consistent with such forward-looking information and neither Fortune nor any other person assumes responsibility for the accuracy and completeness of any such forward-looking information. Fortune assumes no obligation to update or revise any such forward-looking information to reflect new events or circumstances, except as may be required by law.

CURRENCY

All dollar amounts herein are in Canadian dollars, unless otherwise stated.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed by the Company with the securities commissions or similar regulatory authorities in Canada are specifically incorporated by reference and form an integral part of this short form prospectus:

- (a) the amended and restated annual information form of Fortune for the year ended December 31, 2006 dated as at March 30, 2007;
- (b) the audited comparative consolidated financial statements of Fortune for the years ended December 31, 2006 and 2005 and the auditors' report thereon, together with management's discussion and analysis relating thereto;
- (c) the interim unaudited comparative consolidated financial statements of Fortune for the three months ended March 31, 2007, together with management's discussion and analysis relating thereto;
- (d) the management information circular dated April 27, 2007 prepared in connection with Fortune's annual and special meeting of shareholders held on May 29, 2007;
- (e) the management information circular dated April 7, 2006 prepared in connection with Fortune's annual meeting of shareholders held on May 16, 2006;
- (f) the material change report dated July 16, 2007, announcing the terms of the Offering and that Fortune entered into the agency agreement referred to under "Plan of Distribution" in connection with the Offering;
- (g) the material change report dated February 26, 2007, reporting a summary of the results of the pre-feasibility study respecting the Company's 100% owned Mount Klappan anthracite coal project in northwest British Columbia; and
- (h) the material change report dated January 25, 2007, announcing results of the Company's full, bankable feasibility study respecting the Company's 90% owned NICO gold-cobalt-bismuth project in the Northwest Territories.

Any material change reports (excluding confidential material change reports), any interim and annual consolidated financial statements (and related management's discussion and analysis), information circulars and any other disclosure documents required to be incorporated by reference into a prospectus under National Instrument 44-101 that are filed by Fortune with various securities commissions or similar regulatory authorities in Canada after the date of this short form prospectus and prior to the termination of this Offering, shall be deemed to be incorporated by reference in this short form prospectus.

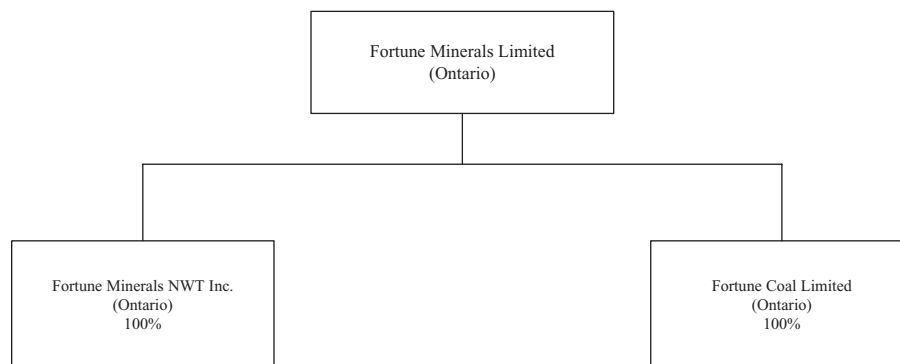
Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this short form prospectus, except as so modified or superseded.

THE COMPANY

Name and Incorporation

Fortune was incorporated by certificate of incorporation under the laws of the Province of Ontario dated August 2, 1988. The Company has two subsidiaries, Fortune Minerals NWT Inc. and Fortune Coal Limited (“Fortune Coal”), both of which are wholly-owned by the Company and were incorporated under the laws of the Province of Ontario. Unless the context otherwise requires, the terms “Fortune” and the “Company” where used herein refer to Fortune Minerals Limited, Fortune Minerals NWT Inc. and Fortune Coal on a consolidated basis. Fortune Minerals Limited also currently holds a 30% interest in Formosa Environmental Aggregates Ltd. (“Formosa”).

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



The Company’s executive office is located at Suite 1902, 140 Fullarton Street, London, Ontario, N6A 5P2 (Telephone: 519.858-8188; fax: 519.858.8155).

Description of the Company’s Business

Fortune 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 deposits, primarily in the Northwest Territories, British Columbia and Ontario. Fortune’s most significant properties are its 100% interest in the Mount Klappan anthracite coal project in British Columbia and the NICO gold-cobalt-bismuth deposit in the Northwest Territories in which it has a 90.8% interest. The remaining 9.2% interest in NICO is owned by Candou Industries Ltd. (“Candou”), a private company controlled by George Doumet, Fortune’s Chairman. Fortune has an agreement with Candou to acquire the minority interest in NICO owned by Candou. See “Recent Developments”.

Recent Developments

Fortune entered into an agreement (the “Candou-NICO Agreement”) with Candou dated as of July 6, 2007 pursuant to which Fortune agreed to purchase Candou’s 9.2% interest in the NICO project in exchange for consideration to Candou consisting of (i) Fortune’s 30% shareholding interest in Formosa (ii) the assignment to Candou of approximately \$241,000 in shareholder advances owed by Formosa to Fortune, (iii) 1,000,000 Common Shares of Fortune and (iv) 100,000 Common Share purchase warrants of Fortune exercisable at \$3.00 per share for a period of five years from the date of issuance (the “NICO Acquisition”). Completion of the transaction is subject to a number of conditions, including the completion of definitive documentation, the receipt of regulatory approval, and the receipt by Fortune of an opinion from Desjardins Securities Inc. that the transaction is fair, from a financial point of view, to Fortune. Such opinion has been delivered to Fortune.

On June 27, 2007, Fortune reported the release of the Alaska — Canada Rail Link (“ACRL”) Phase 1 Feasibility Study (the “ACRL Study”) by Yukon Premier Dennis Fentie and Alaska Governor Sara Palin. The ACRL Study notes that drastic changes in global demand have sharply raised the value of mineral resources in north western Canada and Alaska and that rail infrastructure investment would dramatically increase economic productivity, development and sustainability in that region. The ACRL Study recommends a railway connection from Alaska, through the Yukon and northern British Columbia, to the continental United States, which would include a segment running through Fortune’s Mount Klappan project. The study also recommends a short-cut to the Port of Prince Rupert that would dramatically reduce the rail haulage distance of coal products from Mount Klappan to Prince Rupert from 1,400 kilometres to just over 600 kilometres and very materially reduce associated transportation costs.

The Yukon government will be presenting the ACRL Study findings to the federal government and the Governor of Alaska will be submitting the ACRL Study for public review. In addition to obtaining the necessary regulatory and government approvals, results of extensive engineering studies will be required and assessed before the proposed railway can be constructed.

Fortune believes that the proposed railway route would sharply enhance its Mount Klappan project as it would offer the Company the potential to significantly reduce its transportation costs to an internationally accessible deep-water port, which would make the Company increasingly accessible to expanding markets in Asia, as well as to markets in the United States, and enable the mine at Mount Klappan to be expanded from the 1.5 million tonnes of clean coal per annum which the Company is currently contemplating.

At NICO, Fortune is conducting a second \$10-million phase test mining program (the “2007 Program”) to deepen the underground workings following its 2006 bulk sampling program (the “2006 Program”). This latest test-work is assessing the mining conditions and continuity of grade in the gold-rich, higher-grade, lower parts of the NICO deposit, approximately 200 metres beneath the surface.

The 2007 Program began in February when approximately 50 truckloads of fuel, explosives and bulk supplies were hauled to the site over the winter road. Approximately 200 tonnes of ore from the 2006 Program were also backhauled to Yellowknife for trucking to SGS Lakefield Research Ltd. in Ontario and pilot plant testing planned for later in 2007. A new trailer camp has also been established to accommodate the mine workers and support future mine construction.

The decline ramp and underground workings established during the 2006 Program were dewatered and mining commenced in March 2007 with a 20-metre extension of the existing cross-cut in ore within the central part of the NICO deposit. The main haulage ramp is being extended another 325 metres to access the ore in the lower part of the deposit. As of mid-June 2007, almost half of this work had been completed. Approximately 300 metres of lateral development work will be done to cross-cut the Lower Zone of the deposit after the ramp reaches its ultimate depth. In addition, a 193-metre raise is being driven to surface for ventilation and emergency access and about half of this work has been completed. Fortune expects to complete the 2007 Program in September 2007.

Additional environmental surveys are also being conducted to support the environmental assessment and permitting of the NICO mine. These studies include soils and vegetation mapping, archaeology and wildlife surveys. Additional hydrology, noise, wildlife and aquatic biology studies as well as First Nation Traditional Knowledge studies are also being done to supplement the existing baseline information that has been collected in the area of the proposed mine since 1998. A corridor route is being studied to establish a connection to the power grid at the Snare hydro complex 22 km east of the proposed mine.

Additional Information

More detailed information regarding the Company, its operations, and its properties can be found in the Company’s annual information form for its most recently completed financial year, which is incorporated herein by reference. See “Documents Incorporated by Reference”.

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. See “Risk Factors”.

USE OF PROCEEDS

The net proceeds from the Offering to Fortune, after deducting the Agents’ Fee and estimated expenses of the Offering of \$500,000, are expected to be \$23,047,000, assuming no exercise of the Over-Allotment Option. If the Over-Allotment Option is exercised in full, the net proceeds to Fortune from the Offering, after deducting the Agent’s Fee and the estimated expenses of the Offering, are expected to be \$26,431,000. Fortune intends to spend approximately \$13.0 million of the net proceeds from the Offering to fund further exploration and development of the NICO cobalt-gold-bismuth project and approximately \$2.5 million to fund environmental work and engineering and permitting activities at the Mount Klappan coal project. The work at NICO will focus on environmental studies, permitting activities, pilot plant metallurgical testing, completion of the 2007 bulk sample program, engineering, planning and moving of the Hemlo Mill,

and mine site infrastructure engineering. Further details regarding the Company's intended use of proceeds is set out below:

NICO gold-cobalt-bismuth project:

Environmental studies and permitting activities	\$ 1.0 million
Pilot plant metallurgical testing	\$ 2.5 million
Mine site engineering	\$ 1.5 million
Engineering and planning for the dismantling and moving of the Hemlo Mill	\$ 7.0 million
2007 Program ⁽¹⁾	\$ 1.0 million
Total	\$13.0 million

Mount Klappan anthracite coal project:

Environmental studies and permitting activities	\$1.5 million
Detailed engineering	\$1.0 million
Total	\$2.5 million

Note:

(1) The 2007 Program is being funded primarily out of existing working capital.

The remaining net proceeds, including any proceeds from the exercise of the Over-Allotment Option, will be added to working capital and used for general corporate purposes.

The Company's actual use of the net proceeds may vary depending on the Company's operating and capital needs from time to time and, as such, there may be circumstances where, for sound business reasons, a reallocation of the use of proceeds is necessary.

CONSOLIDATED CAPITALIZATION

The following table sets forth the Company's consolidated capitalization as of March 31, 2007, the date of the most recent consolidated financial statements filed by the Company, before and after giving effect to the Offering. The table should be read in conjunction with the consolidated financial statements of the Company, including notes thereto, and the management's discussion and analysis, which are incorporated herein by reference. See "Documents Incorporated by Reference".

	<u>As at March 31, 2007⁽¹⁾</u>	<u>As at March 31, 2007 After Giving Effect to the Offering⁽¹⁾⁽²⁾⁽³⁾</u>
Common Shares	\$49,653,793	\$71,866,463
Warrants ⁽⁴⁾	—	\$1,675,010
		(4,676,000 Warrants)
Contributed Surplus	\$3,418,059	\$3,418,059
Current Liabilities	\$551,064	\$551,064
Long Term Liabilities	\$8,330,000	\$8,330,000
Deficit	(\$2,313,685)	(\$2,313,685)
Total Capitalization	\$59,639,231	\$83,526,911

Notes:

- (1) As of the date hereof, the Company has an aggregate of 2,293,700 options outstanding under its stock option plan.
- (2) After deducting the Agents' Fee but before deducting expenses of the Offering, estimated to be \$500,000.
- (3) Assumes no exercise of any outstanding Warrants, Compensation Options, options granted under the Company's stock option plan or of the Over-Allotment Option, and prior to giving effect to the completion of the NICO Acquisition.
- (4) Includes the issuance of 501,000 Compensation Options valued at \$0.68 per Compensation Option.

DESCRIPTION OF OFFERED SECURITIES

The Offering consists of 8,350,000 Units (assuming no exercise of the Over-Allotment Option), each Unit comprised of one Common Share and one-half of one Warrant. The Units will be separable into Common Shares and Warrants immediately following the closing of the Offering.

Common Shares

Fortune's authorized share capital consists of an unlimited number of Common Shares without par value. As at the date hereof, the Company has 38,996,407 Common Shares issued and outstanding, not including the 1,000,000 Common Shares issuable under the Candou-NICO Agreement. Holders of Common Shares are entitled to one vote per share at any meeting of the shareholders of the Company, to receive dividends as and when declared by the board of directors of Fortune (the "Board"), and to receive pro rata the remaining property and assets of the Company upon its dissolution or winding-up. The holders of Common Shares have no pre-emptive, redemption, subscription or conversion rights. Modifications to the rights, privileges, restrictions and conditions attached to the Common Shares (including the creation of another class of shares that ranks prior to or on a parity with the Common Shares) requires an affirmative vote of two-thirds of the votes cast at a meeting of the holders of Common Shares.

Warrants

Each whole Warrant is transferable and entitles the holder ("Warrantholder") to purchase one Common Share at an exercise price of \$3.75 per Common Share at any time up to 5:00 p.m. (Toronto time) on the day that is 24 months following the Closing Date, after which time the Warrants will expire. The Warrants will be issued under an indenture (the "Warrant Indenture") to be entered into between the Company and Computershare Trust Company of Canada (the "Warrant Agent") as of the Closing Date. The Company will appoint the principal transfer office of the Warrant Agent in Toronto as the location at which the Warrants may be surrendered for exercise, transfer or exchange. Under the Warrant Indenture, the Company may, subject to applicable law, purchase in the market, by private contract or otherwise, any of the Warrants then outstanding, and any Warrants so purchased will be cancelled.

The Warrant Indenture will provide for adjustment in the number of Common Shares issuable upon the exercise of the Warrants and/or the exercise price per Common Share upon the occurrence of certain events, including:

- (i) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all of the holders of the Common Shares by way of a stock dividend or other distribution (other than a "dividend paid in the ordinary course", as defined in the Warrant Indenture, or a distribution of Common Shares upon the exercise of any outstanding warrants or options);
- (ii) the subdivision, redivision or change of the Common Shares into a greater number of shares;
- (iii) the consolidation, reduction or combination of the Common Shares into a lesser number of shares;
- (iv) the issuance to all or substantially all of the holders of the Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase common shares, or securities exchangeable for or convertible into common shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the "current market price", as defined in the Warrant Indenture, for the Common Shares on such record date; and
- (v) the issuance or distribution to all or substantially all of the holders of the Common Shares of securities of the Company including rights, options or warrants to acquire shares of any class or securities exchangeable or convertible into any such shares or property or assets and including evidences of indebtedness, or any property or other assets.

The Warrant Indenture will also provide for adjustment in the class and/or number of securities issuable upon the exercise of the Warrants and/or exercise price per security in the event of the following additional events:

- (i) reclassifications of the Common Shares;
- (ii) consolidations, amalgamations, arrangements or mergers of the Company with or into any other corporation or other entity (other than consolidations, amalgamations, arrangements or mergers which do not result in any reclassification of the outstanding Common Shares or a change of the Common Shares into other shares); or

- (iii) the transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another corporation or other entity.

No adjustment in the exercise price or the number of Common Shares purchasable upon the exercise of the Warrants will be required to be made unless the cumulative effect of such adjustment or adjustments would result in a change of at least 1% in the exercise price.

The Company will covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, it will give notice to Warrantholders of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Common Shares issuable upon exercise of the Warrants, at least 10 business days prior to the record date or effective date, as the case may be, of such event.

No fractional Common Shares will be issuable upon the exercise of any Warrants. To the extent that a holder of Warrants would otherwise have been entitled to receive a fraction of a Common Share on exercise of the Warrants, the Company will, in lieu of delivering the fractional Common Share, make payment to the holder of an amount of cash equal to the value of the fractional interest on the basis of the current market price of the Common Shares on the date of exercise. Warrantholders will not have any voting or pre-emptive rights or any other rights which a holder of Common Shares would have.

The Warrant Indenture will provide that, from time to time, the Company and the Warrant Agent, without the consent of the Warrantholders, may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not prejudice the rights of any Warrantholder. Any amendment or supplement to the Warrant Indenture that would prejudice the interests of the Warrantholders may only be made by “extraordinary resolution”, which will be defined in the Warrant Indenture as a resolution either (1) passed at a meeting of the Warrantholders at which there are Warrantholders present in person or represented by proxy representing at least 25% of the aggregate number of the then outstanding Warrants (unless such meeting is adjourned to a prescribed later date due to a lack of quorum, at which adjourned meeting the Warrantholders present in person or by proxy shall form a quorum) and passed by the affirmative vote of Warrantholders representing not less than 66 $\frac{2}{3}$ % of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution, or (2) adopted by an instrument in writing signed by the Warrantholders representing not less than 66 $\frac{2}{3}$ % of the aggregate number of all the then outstanding Warrants.

The Common Shares issuable upon exercise of the Warrants have not been and will not be registered under the *United States Securities Act of 1933*, as amended (the “U.S. Securities Act”) or the securities laws of any state of the United States, and the Warrants may not be exercised in the United States or by or on behalf of a U.S. person, as defined in Regulation S under the U.S. Securities Act, unless an exemption from registration is available and such Warrantholder provides Fortune with an opinion of counsel to such effect in form and substance satisfactory to it.

The foregoing summary of certain provisions of the Warrant Indenture does not purport to be complete and is qualified in its entirety by reference to the provisions of the Warrant Indenture in the form to be agreed upon by the parties.

DIVIDEND POLICY

There are no restrictions in the Company’s constating documents that would restrict or prevent the Company from paying dividends. However, to date, the Company has not paid any dividends on Common Shares, and it is unlikely that dividends will be payable in the foreseeable future, as it is anticipated that all available funds will be reinvested in the Company to finance the growth of its business. Any decision to pay dividends on Common Shares in the future will be made by the Board on the basis of the earnings, financial requirements and other considerations existing at such time.

RISK FACTORS

The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing, exploration and development of mining properties, and investors in the securities comprising the Units may incur a loss on their investment. Investors should therefore consider carefully the following risks and other information included or incorporated by reference in this short form prospectus and the Company’s historical consolidated financial statements and related notes. In addition to the risks described under the heading “Risk Factors” in the Company’s annual information form for its most recently completed financial year, which information is incorporated by reference into this short form prospectus, and in addition to the matters set out elsewhere in this short form prospectus, the following are also risks related to the Company. However, the

risks set out or incorporated by reference in this short form prospectus 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 such risks actually occur, the Company's business, financial condition and operating results could be adversely affected. As a result, the trading price of the Common Shares could decline and investors could lose part or all of their investment.

Absence of Prior Public Market for Warrants

There is presently no public market for the Warrants. The price offered to the public for the Units and the number of Warrants to be issued have been determined by negotiation between the Company and the Agents. The price paid for each Warrant may bear no relationship to the price at which the Warrants will trade in the public market subsequent to this Offering. The Company cannot predict at what price the Warrants will trade and there can be no assurance that an active trading market in the Warrants will develop or be sustained. Warrants will not necessarily trade at values determined solely by reference to the underlying value of the Company's assets.

The market price for the Common Shares and the Warrants may be affected by changes in general market conditions, market interest rates, the annual yield on the Common Shares, fluctuations in the market for equity or debt securities and numerous other factors beyond the control of the Company.

PLAN OF DISTRIBUTION

Pursuant to an agreement (the "Agency Agreement") dated as of July 11, 2007 between Fortune and the Agents, Fortune has appointed the Agents as its agents to conditionally offer up to 8,350,000 Units for sale on a reasonable best efforts basis at the Offering Price, payable in cash to Fortune against delivery of certificates representing the Common Shares and Warrants comprising the Units, subject to compliance with all necessary legal requirements and to the conditions contained in the Agency Agreement. The Offering Price was determined by negotiation between Fortune and the Agents.

The Agency Agreement provides that Fortune will pay the Agents an Agents' Fee of \$0.18 per Unit for their services in connection with the distribution of the Units offered by this short form prospectus, representing 6.0% of the gross proceeds of the Offering. As additional consideration for the Agents' services to the Company in connection with the Offering, the Company has agreed to grant to the Agents Compensation Options to purchase Common Shares in an amount equal to 6.0% of the number of Units sold pursuant to the Offering, at a price of \$3.00 per Common Share. The Compensation Options may be exercised in whole or in part by the Agents at any time prior to the date that is 24 months from the Closing Date. The Compensation Options are qualified for distribution by this prospectus. The obligations of the Agents under the Agency Agreement may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events.

Fortune has granted the Agents the Over-Allotment Option, exercisable in whole or in part at the sole discretion of the Agents until 30 days after the Closing Date, enabling them to offer for sale up to an additional 1,200,000 Over-Allotment Shares at a price of \$2.83 per Over-Allotment Share and up to an additional 600,000 Over-Allotment Warrants at a price of \$0.17 per each one-half Over-Allotment Warrant, to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full the price to the public, the Agents' Fee and the net proceeds to Fortune will be \$28,650,000, \$1,719,000 and \$26,931,000, respectively. Fortune will pay to the Agents a fee of \$0.18 per Unit sold pursuant to the Over-Allotment Option. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Over-Allotment Shares and Over-Allotment Warrants.

In the Agency Agreement, Fortune has agreed to indemnify the Agents and their respective directors, officers, employees and agents in respect of certain liabilities, including liabilities under applicable securities legislation, and expenses or will contribute to payments that the Agents and their directors, officers, employees and agents may be required to make in respect thereof.

The Agents reserve the right to offer selling group participation, in the normal course of the brokerage business, to selling groups of other licensed broker-dealers, brokers or investment dealers who may or may not be offered part of the Agents' Fee.

The TSX has conditionally approved the listing of the Common Shares and the Warrants comprising the Units being distributed under this prospectus (including Common Shares and Warrants issuable on the exercise of the Over-Allotment Option) as well as the Common Shares issuable on exercise of the Warrants. Listing is subject to Fortune fulfilling all of

the requirements of the TSX on or before October 9, 2007, including, with respect to the listing of the Warrants, distribution of the Warrants to a minimum number of public securityholders.

Pursuant to policy statements of the Ontario Securities Commission and certain other securities regulatory authorities, the Agents may not, throughout the period of distribution under this short form prospectus, bid for or purchase Common Shares. The foregoing restriction is subject to certain exceptions, including (i) a bid or purchase permitted under the by-laws and rules of the TSX and the Universal Market Integrity Rules for Canadian marketplaces relating to market stabilization and passive market-making activities; and (ii) a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of the distribution, provided that the bid or purchase was not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of such securities. In connection with this Offering, the Agents may over-allot or effect transactions which stabilize or maintain the market price of the Common Shares at a level other than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Units, the Common Shares and the Warrants comprising the Units offered hereby and the Common Shares underlying the Warrants have not been and will not be registered under the U.S. Securities Act or any state securities laws, and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except in transactions exempt from the registration requirements of the U.S. Securities Act. The Agents have agreed that, except as permitted by the Agency Agreement, they will not offer or sell any Common Shares and Warrants comprising the Units within the United States. The Agency Agreement permits the Agents to offer and sell Common Shares and Warrants comprising the Units in the United States to certain institutional “accredited investors” as defined in Rule 501(a) of Regulation D under the U.S. Securities Act in a manner exempt from the registration requirements of the U.S. Securities Act and in compliance with applicable state securities laws. This short form prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Units, the Common Shares and the Warrants comprising the Units or the Common Shares underlying the Warrants in the United States. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Common Shares and the Warrants comprising the Units offered hereby or any Common Shares issuable upon exercise of the Warrants within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act unless the offer and sale are made pursuant to an exemption under Rule 144A under the U.S. Securities Act.

Fortune has agreed in the Agency Agreement that, subject to certain exceptions, it will not authorize, issue or sell any Common Shares of the Company or securities convertible into or exchangeable for Common Shares of the Company (other than the Common Shares offered hereby, any Common Shares issuable upon exercise of stock options granted under the Company’s stock option plan, upon exercise of outstanding warrants or pursuant to the Candou-NICO Agreement) for a period of 90 days following the Closing Date, without the prior consent of the Agents, which consent will not be unreasonably withheld.

It is a condition of the Offering that the directors and senior officers of Fortune execute and deliver written undertakings in favour of the Agents agreeing not to sell, transfer, assign, or otherwise dispose of any securities of Fortune owned, directly or indirectly, by such directors or officers for a period of 90 days following the Closing Date, without the prior consent of the Agents, which consent will not be unreasonably withheld.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Macleod Dixon LLP, counsel to Fortune, and Fasken Martineau DuMoulin LLP, counsel to the Agents, the following is, as of the date hereof, a general summary of the principal Canadian federal income tax considerations applicable to a purchaser of Common Shares and Warrants comprising the Units pursuant to this Offering. This summary is applicable only to a purchaser who, at all relevant times, is resident in Canada, deals at arm’s length and is not affiliated with Fortune, and who will acquire and hold such Common Shares and Warrants as capital property (a “Holder”), all within the meaning of the Tax Act. Any Common Shares and Warrants will generally be considered to be capital property to a Holder unless the Holder holds such securities in the course of carrying on a business or has acquired them in a transaction or transactions considered to be an adventure in the nature of trade. Certain Holders whose Common Shares might not otherwise qualify as capital property may be entitled to make the irrevocable election provided by subsection 39(4) of the Tax Act to have the Common Shares and every other “Canadian security” (as defined by the Tax Act), which would not include the Warrants, owned by such Holder in the taxation year of the election and in all subsequent taxation years deemed to be capital property.

This summary does not apply to a Holder that is a “financial institution” for purposes of the mark-to-market provisions of the Tax Act or a “specified financial institution” for purposes of the Tax Act.

On October 31, 2003, the Department of Finance released, for public consultation, draft proposed amendments (the “October 31st Proposals”) to the Tax Act that would require, for taxation years commencing after 2004, that there be a “reasonable expectation of profit” from a business or property for a taxpayer to realize a loss from the business or property, and that make it clear that profit in this sense does not include capital gains. The October 31st Proposals could, among other things, adversely affect a Holder who has borrowed funds in connection with an acquisition of Common Shares and Warrants pursuant to this Offering. The summary does not address any special considerations for such Holder and any such Holder should consult his or her own tax advisors in this regard.

This summary is based upon the current provisions of the Tax Act and the regulations thereunder, specific proposals to amend the Tax Act (the “Tax Proposals”) which have been announced by or on behalf the Minister of Finance (Canada) prior to the date hereof, and counsel’s understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the “CRA”). This summary assumes that the Tax Proposals will be enacted in the form proposed and does not take into account or anticipate any other changes in law, whether by way of judicial, legislative or governmental decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from the Canadian federal income tax considerations discussed herein. No assurances can be given that such Tax Proposals will be enacted as proposed or at all, or that legislative, judicial or administrative changes will not modify or change the statements expressed herein.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Common Shares and Warrants. The following description of income tax matters is of a general nature only and is not intended to be, nor should it be construed to be, legal or income tax advice to any particular Holder. Holders are urged to consult their own income tax advisors with respect to the tax consequences applicable to them based on their own particular circumstances.

Allocation of Purchase Price

A Holder will be required to allocate the purchase price of each Unit between the Common Share and the one-half of one Warrant on a reasonable basis in order to determine their respective costs for purposes of the Tax Act. Fortune intends to allocate \$2.83 of the issue price of each Unit as consideration for the issue of each Common Share and \$0.17 for the issue of each one-half of one Warrant. Although Fortune believes such allocation is reasonable, such allocation will not be binding on the CRA.

The adjusted cost base to a Holder of a Common Share acquired hereunder will be determined by averaging the cost of that Common Share with the adjusted cost base (determined immediately before the acquisition of the Common Share) of all other Common Shares held as capital property at the time of acquisition by the Holder.

Exercise or Expiry of Warrants

A Holder will not realize a gain or loss upon the exercise of a Warrant. The Holder’s cost of Common Shares acquired by exercising Warrants will be equal to the aggregate of the Holder’s adjusted cost base of the Warrants exercised plus the exercise price paid for the Common Shares. The Holder’s adjusted cost base of the Common Shares so acquired will be determined by averaging the cost of those Common Shares with the adjusted cost base (determined immediately before the acquisition of the Common Shares) of all other Common Shares held as capital property by such Holder at the time of acquisition.

In the event of the expiry of an unexercised Warrant, the Holder will realize a capital loss equal to the Holder’s adjusted cost base of such Warrant as discussed below.

Disposition of Common Shares and Warrants

A Holder who disposes of or is deemed to have disposed of a Common Share or a Warrant (other than a disposition arising on the exercise or expiry of a Warrant) will realize a capital gain (or incur a capital loss) equal to the amount by which the proceeds of disposition in respect of the Common Share or the Warrant exceed (or are exceeded by) the aggregate of the adjusted cost base of such Common Share or Warrant, as the case may be, and any reasonable expenses associated with the disposition.

Generally, one-half of any capital gain (a “taxable capital gain”) realized must be included in the Holder’s income and one-half of any capital loss may be used to offset taxable capital gains incurred by the Holder in the year, in any of the

three prior years or in any subsequent year in the circumstances and to the extent provided in the Tax Act. A capital loss realized on the disposition of a Common Share by a Holder that is a corporation may in certain circumstances be reduced by the amount of dividends which have been previously received or deemed to have been received by the Holder on such shares. Similar rules may apply where a corporation is, directly or through a trust or partnership, a member of a partnership or a beneficiary of a trust that owns Common Shares.

Capital gains realized by an individual and certain trusts may result in the individual or trust paying alternative minimum tax under the Tax Act.

A Holder that is, throughout the relevant taxation year, a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 $\frac{2}{3}$ % on its “aggregate investment income” for the year, which is defined to include an amount in respect of taxable capital gains.

Taxation of Dividends Received by Holders of Common Shares

A Holder of Common Shares will be subject to the treatment under the Tax Act applicable to taxable dividends received from a taxable Canadian corporation.

Dividends (including deemed dividends) received on Common Shares by a Holder who is an individual (and certain trusts) will be included in the Holder’s income and be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received by an individual from taxable Canadian corporations including an enhanced gross-up and dividend tax credit for “eligible dividends” received from the Company. Taxable dividends received by such Holders may give rise to alternative minimum tax under the Tax Act.

Dividends (including deemed dividends) received on Common Shares by a Holder that is a corporation will be included in the Holder’s income and will normally be deductible in computing such Holder’s taxable income. A Holder that is a “private corporation” (as defined in the Tax Act) or any other corporation resident in Canada and controlled, whether by reason of a beneficial interest in one or more trusts or otherwise, by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), may be liable to pay a 33 $\frac{1}{3}$ % refundable tax under Part IV of the Tax Act on dividends received on the Common Shares to the extent that such dividends are deductible in computing the Holder’s taxable income.

INTEREST OF EXPERTS

Certain legal matters in connection with the Offering will be passed upon by Macleod Dixon LLP, counsel to the Company, and by Fasken Martineau DuMoulin LLP, counsel to the Agents. As of the date hereof, the partners and associates of Macleod Dixon LLP, as a group, and the partners and associates of Fasken Martineau DuMoulin LLP, as a group, each own directly or indirectly, less than 1% of the outstanding Common Shares. David Knight, a director and officer of the Company, is a partner of Macleod Dixon LLP.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditors of Fortune are Ernst & Young LLP, Chartered Accountants, of London, Ontario. To the knowledge of the Company, as at the date hereof, Ernst & Young LLP, Chartered Accountants, is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

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

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for the particulars of these rights or consult with a legal adviser.

AUDITORS' CONSENT

We have read the short form prospectus of Fortune Minerals Limited (the "Company") dated July 19, 2007, relating to the issue and sale of up to 8,350,000 Units of the Company. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned prospectus of our report to the shareholders of the Company on the consolidated balance sheets of the Company as at December 31, 2006 and 2005 and the consolidated statements of loss and deficit and cash flows for the years then ended. Our report is dated February 7, 2007.

London, Ontario,
July 19, 2007

(Signed) Ernst & Young LLP
Chartered Accountants

CERTIFICATE OF THE COMPANY

Dated: July 19, 2007

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada, other than Quebec.

By: (Signed) Robin E. Goad
Chief Executive Officer

By: (Signed) Julian B. Kemp
Chief Financial Officer

On behalf of the Board of Directors

By: (Signed) William A. Breukelman
Director

By: (Signed) David A. Knight
Director

CERTIFICATE OF THE AGENTS

Dated: July 19, 2007

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada, other than Quebec.

CIBC WORLD MARKETS INC.

By: (Signed) David A. Scott
Managing Director

DESJARDINS SECURITIES INC.

By: (Signed) James R. Gillis
Vice Chair

CANACCORD CAPITAL CORPORATION

By: (Signed) Craig G. H. Warren
Director, Investment Banking



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