



FORTUNE
MINERALS LIMITED



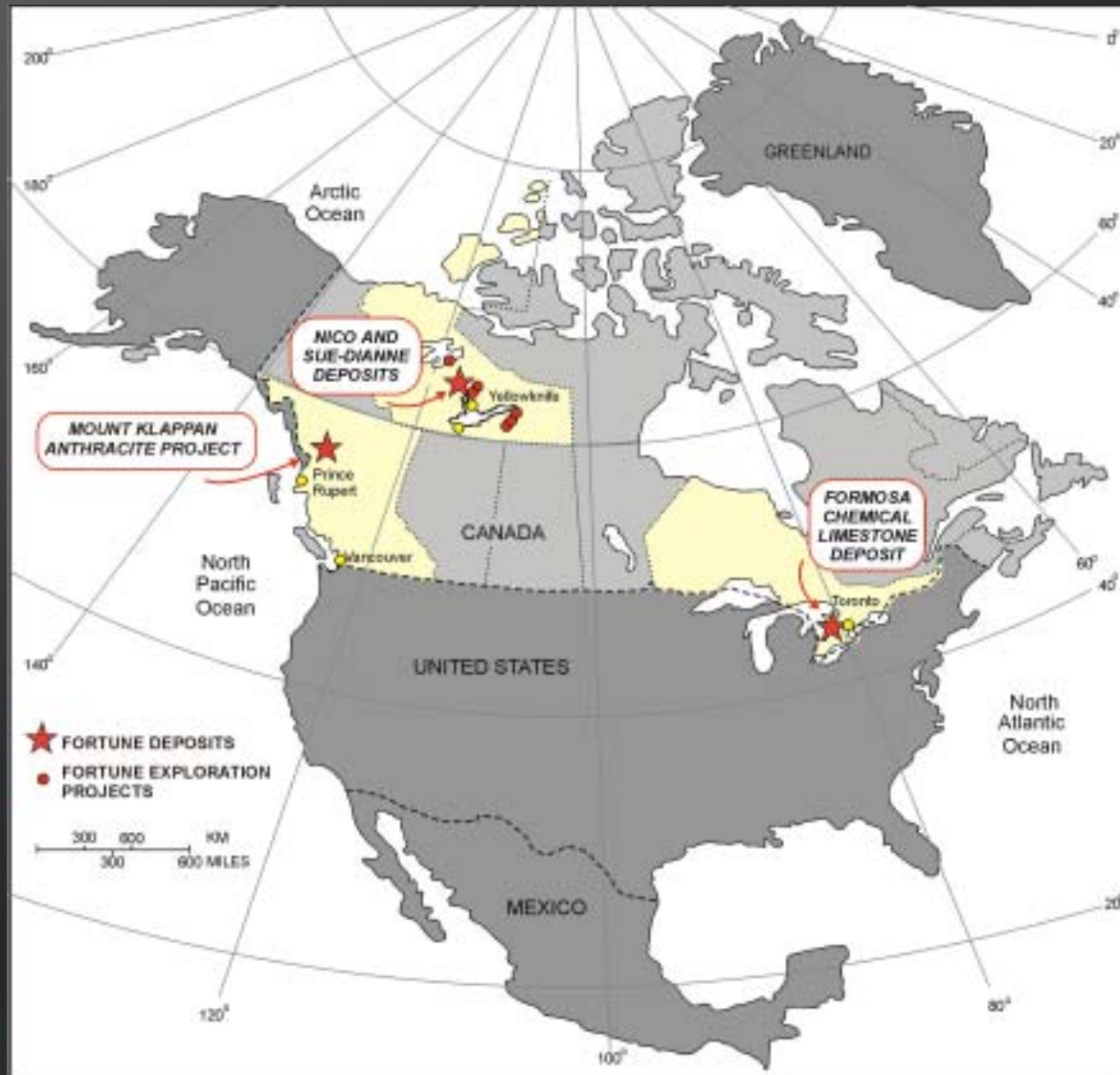
Minerals North Conference
Smithers, B.C.

MOUNT KLAPPAN COAL PROJECT

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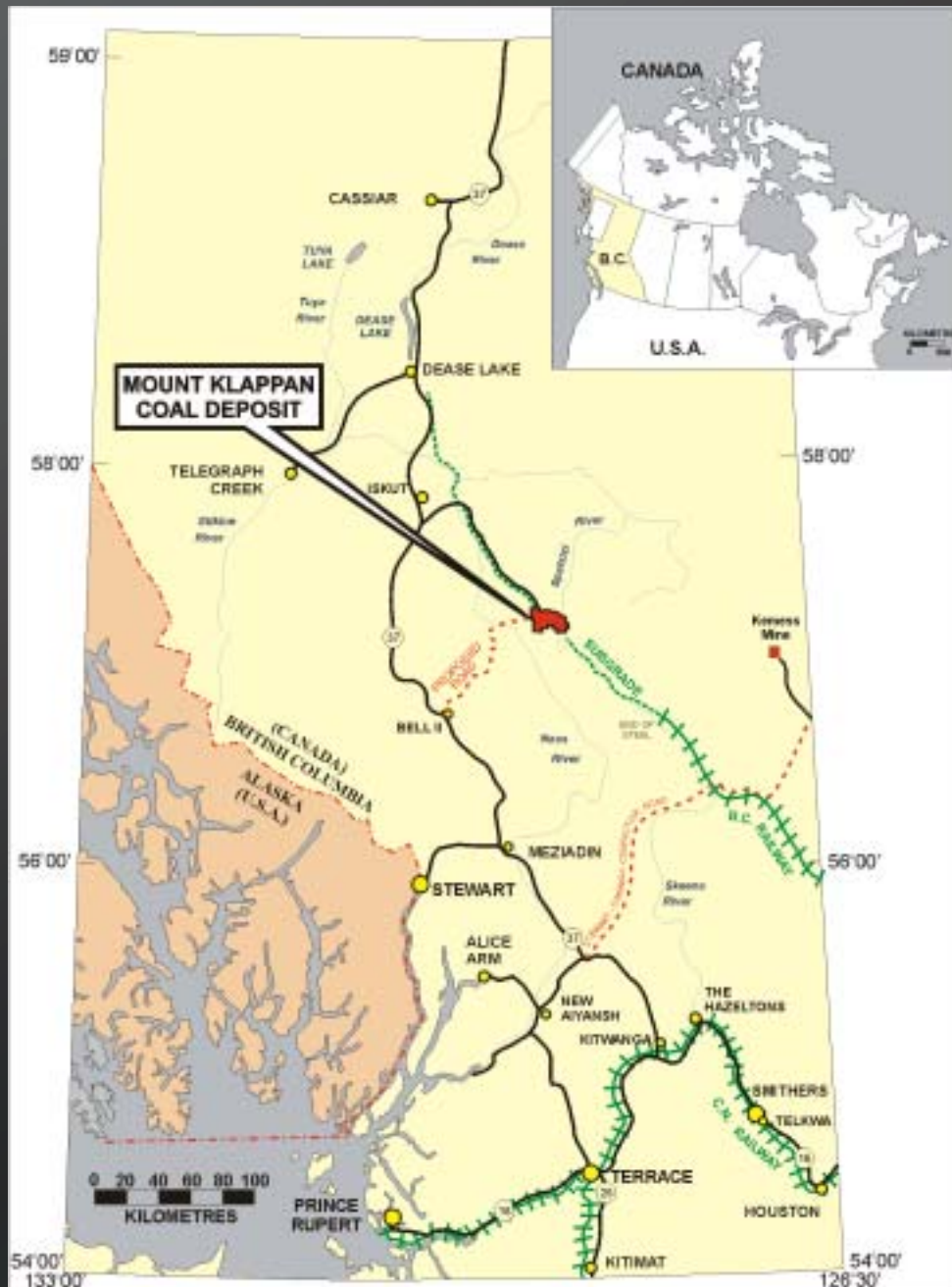
FORTUNE MINERALS PROJECTS



7 mineral deposits & prospective exploration projects, all in Canada



MOUNT KLAPPAN LOCATION & INFRASTRUCTURE



- Proximity to tide water
- 150km from Stewart & 330km from Prince Rupert
- Leases straddle railway right-of-way
- Railway sub-grade provides road access to highway
- Track 70km south
- CNR proposes to buy BC Rail



MOUNT KLAPPAN PORTS

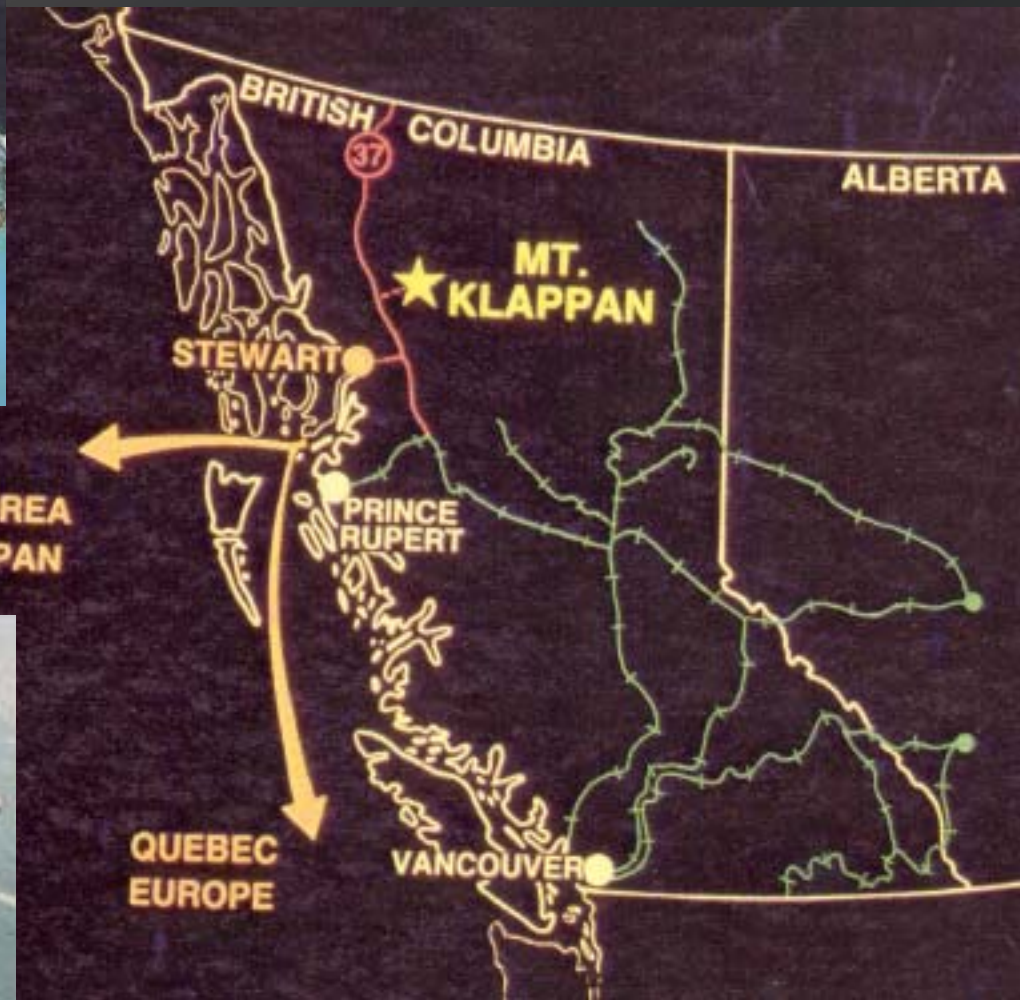
Port of Stewart



- Closest major coal deposit to tide water

- Prince Rupert 1 day closer to Asian markets

Port of Prince Rupert



MOUNT KLAPPAN ACQUISITION



- 1981-2001 – Gulf Canada Resources Limited



- 2001-2002 – Conoco Canada Resources Limited takeover of Gulf & parent merges with Phillips Petroleum to become ConocoPhillips



- 2002 - Fortune Minerals Limited acquires 100% interest in Mount Klappan for:
 - \$3.3 million
 - \$1/tonne royalty



GULF CANADA - MOUNT KLAPPAN EXPENDITURE HISTORY

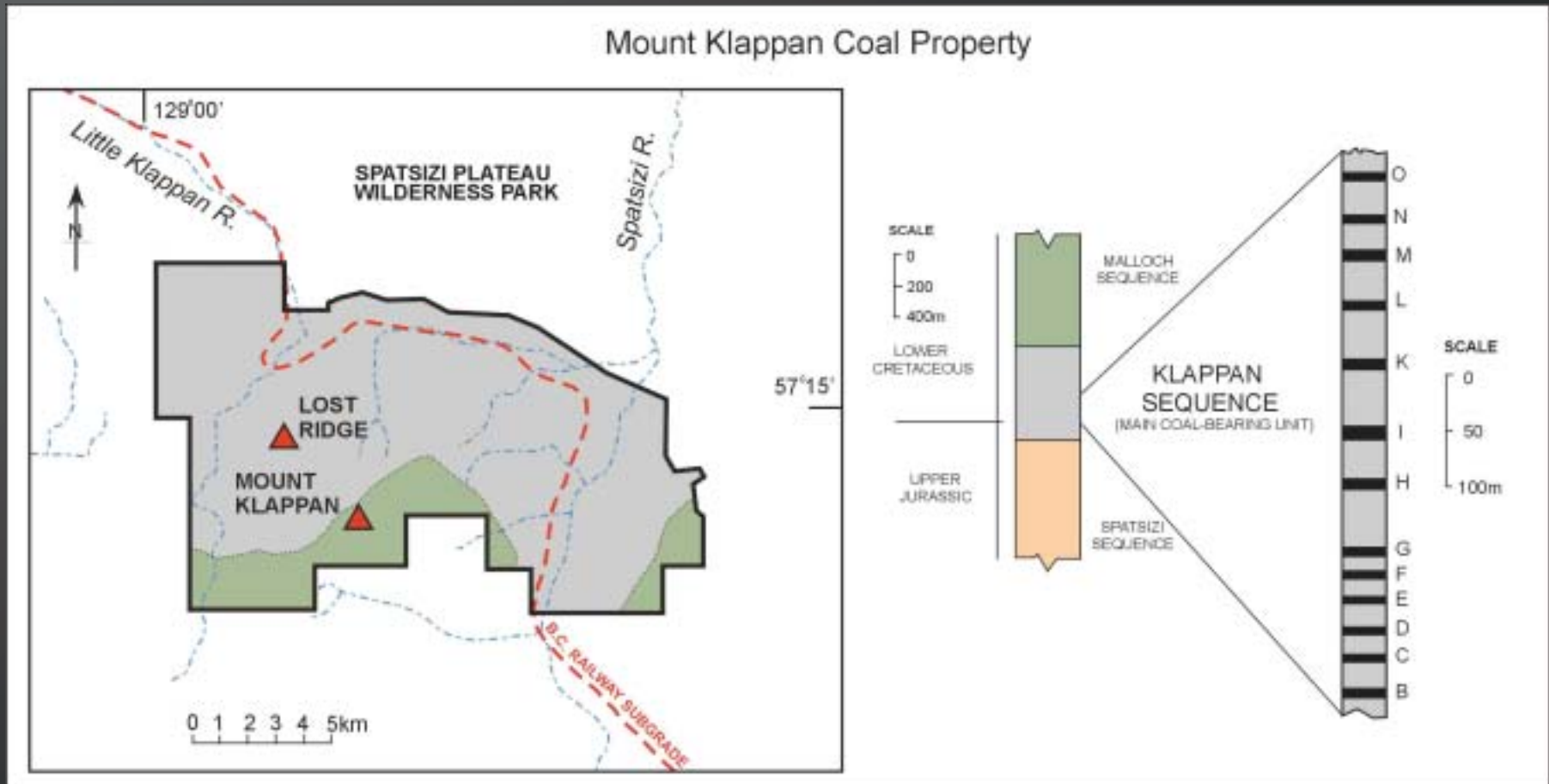
1981	Acquisition of Licenses	\$ 514,000
1982	Exploration	\$ 2,715,000
1983	Exploration, Environmental	\$ 5,460,000
1984	Exploration, Environmental, Engineering	\$ 6,195,000
1985	Trial Cargo, Exploration, Engineering	\$18,902,000
1986	Trial Cargo, Feasibility Studies, Exploration, Test Burn	\$11,407,000
1987	Feasibility Studies, Exploration, Marketing	\$ 7,305,000
1988	Feasibility Studies, Exploration, Marketing, Power Studies	\$ 7,216,000
1989	Feasibility Studies, Marketing	\$ 1,413,000
1990	Feasibility Studies, Marketing	\$ 1,457,000
1991- 2001	Maintenance of Leases, Marketing, Power Generation Studies	\$ 2,500,000
	Total	\$65,084,000



MOUNT KLAPPAN EXPLORATION & DEVELOPMENT WORK



MOUNT KLAPPAN GEOLOGY



- Upper Jurassic to Lower Cretaceous rocks of Bowser Basin
- Klappan Sequence – shallow coastal plain of clastic sediments & coal swamps
- Mount Klappan – 33 coal horizons up to 11.13 metres in thickness



MOUNT KLAPPAN RESOURCES & RESERVES

Area	Mineral Resource Category (MT)				
	Measured	Indicated	Demonstrated	Inferred	Speculative
Lost-Fox	111.4	111.7	223.1	36.8	798.6
Hobbit-Broatch	-	13.5	13.5	258.4	753.0
Summit	-	-	-	9.6	508.9
Nass	-	-	-	-	201.5
Total	111.4	125.2	236.6	304.8	2,262.0

TOTAL RESOURCES IN ALL CLASSES – 2.8 BILLION TONNES



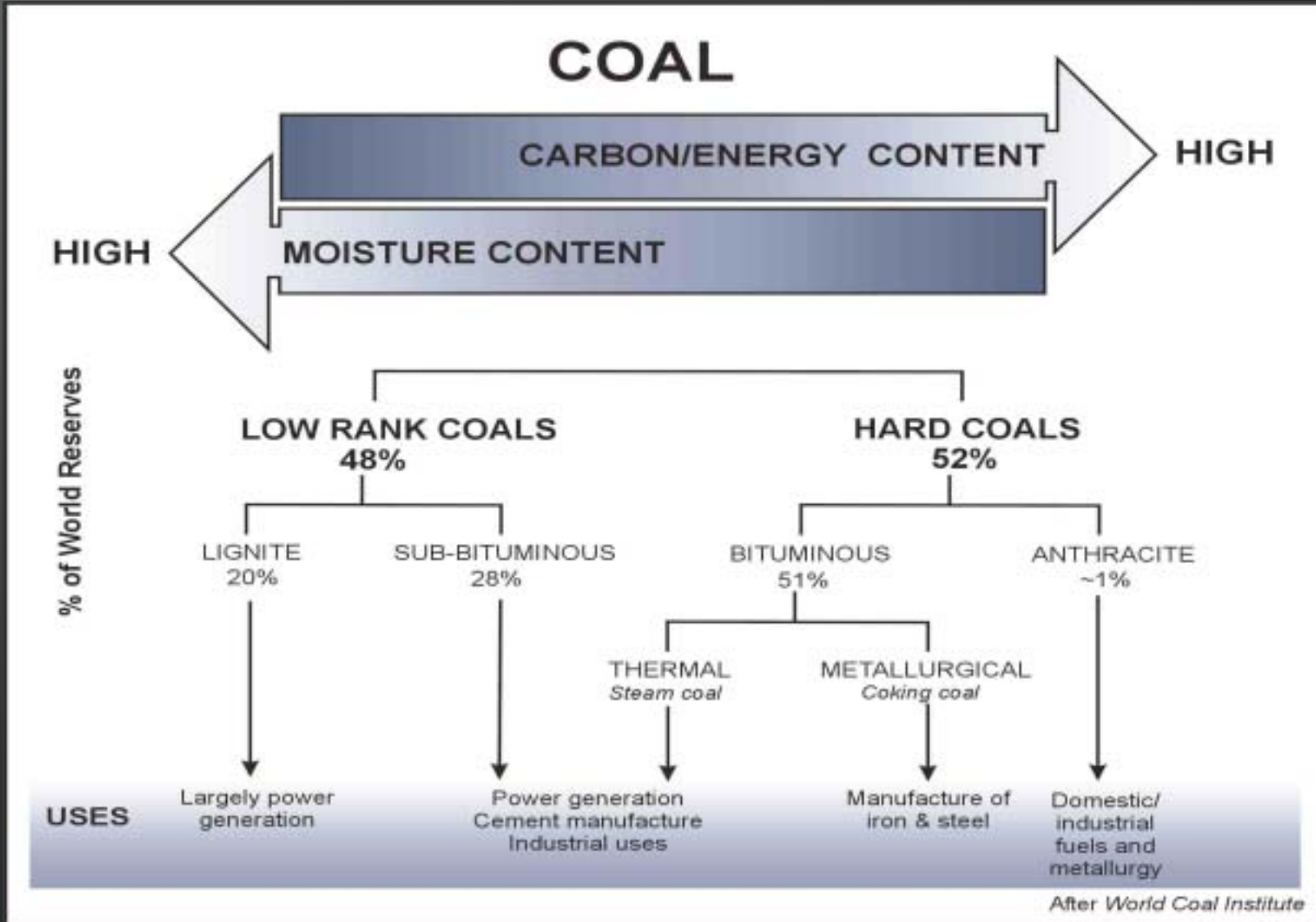
Mining Reserve Category (MT)

Lost-Fox Deposit

Proven	40.51
Probable	10.95
Total	51.46



ABOUT ANTHRACITE



Premium product with highest rank by carbon & energy content



MOUNT KLAPPAN PRODUCT QUALITY



	Coarse Low Ash	Briquette	Fines Low Ash	Fines Med. Ash	Fines High Ash
Size Range	50 X 6 mm	40 gm	6 X .15 mm	6 X 0 mm	3 X 0 mm
Residual Moisture	1-2%	1-2%	1-2%	1-2%	1-2%
Ash (ar)	7.50%	8.00%	7.00%	8-10%	14-22%
Volatile Matter (ad)	5-8%	5-8%	5-8%	5-8%	5-8%
Fixed Carbon (ad)	85-87%	82-85%	85-87%	82%	70-76%
Total Sulphur	0.50%	1.0% Max.	0.50%	0.50%	0.50%
Calorific Value (Kcal/Kg)	7300	7300	7400	7100	5800-6600
Hardgrove Index	38	-	41	46	50



WORLD ANTHRACITE MARKETS



- World production ~ 310 MT
- World trade ~ 14-15 MT



Filtre Media	~ US \$ 250/T
Sized Solid Fuel	~ US \$ 100/T
Metallurgical Reductants	~ US \$ 100/T
Sintering	~ US \$ 50/T
Briquettes	~ US \$ 40/T
Pulverized Coal Injection (PCI)	~ US \$ 50/T
Cement	~ US \$ 30-35/T
Power Generation	~ US \$ 30-35/T



MOUNT KLAPPAN PROJECTED ECONOMIC EVALUATION

Grade	Tonnes	Average Selling Price	C\$ Revenue	C\$ Cost	C\$ Cash Flow
6 Products	1,757,000	C\$74.95	131,689,333	88,728,500	42,960,833

CAPEX estimated at: ~ C\$85 Million
(potential savings from contract mining & processing)

6 products: coarse, filtre media, reductants, briquettes, PCI & power/cement fuels

US\$:C\$ = 1:0.75

Cost FOB Port: C\$50.50 (Plant \$25.50, Trucking & Handling \$25)

Cost at Plant: C\$25.50 (Mining \$18, Processing \$4.50, Admin. \$3)



MOUNT KLAPPAN POWER GENERATION

BC requires 4000 MW new power by 2012

- Pro coal energy policy in 2002
- New emissions standards in 2003
- Alcan Kitimat proposed expansion
- Kemess & other new mining projects

Power studies & test burns

- 15% ash blend yields 28.33 MJ/Kg energy
- 1 million tonnes generates 450 MW power
- SO₂, NO₂, CO₂ well below BC standards
- Low slagging potential & slagging factor
- New studies in progress



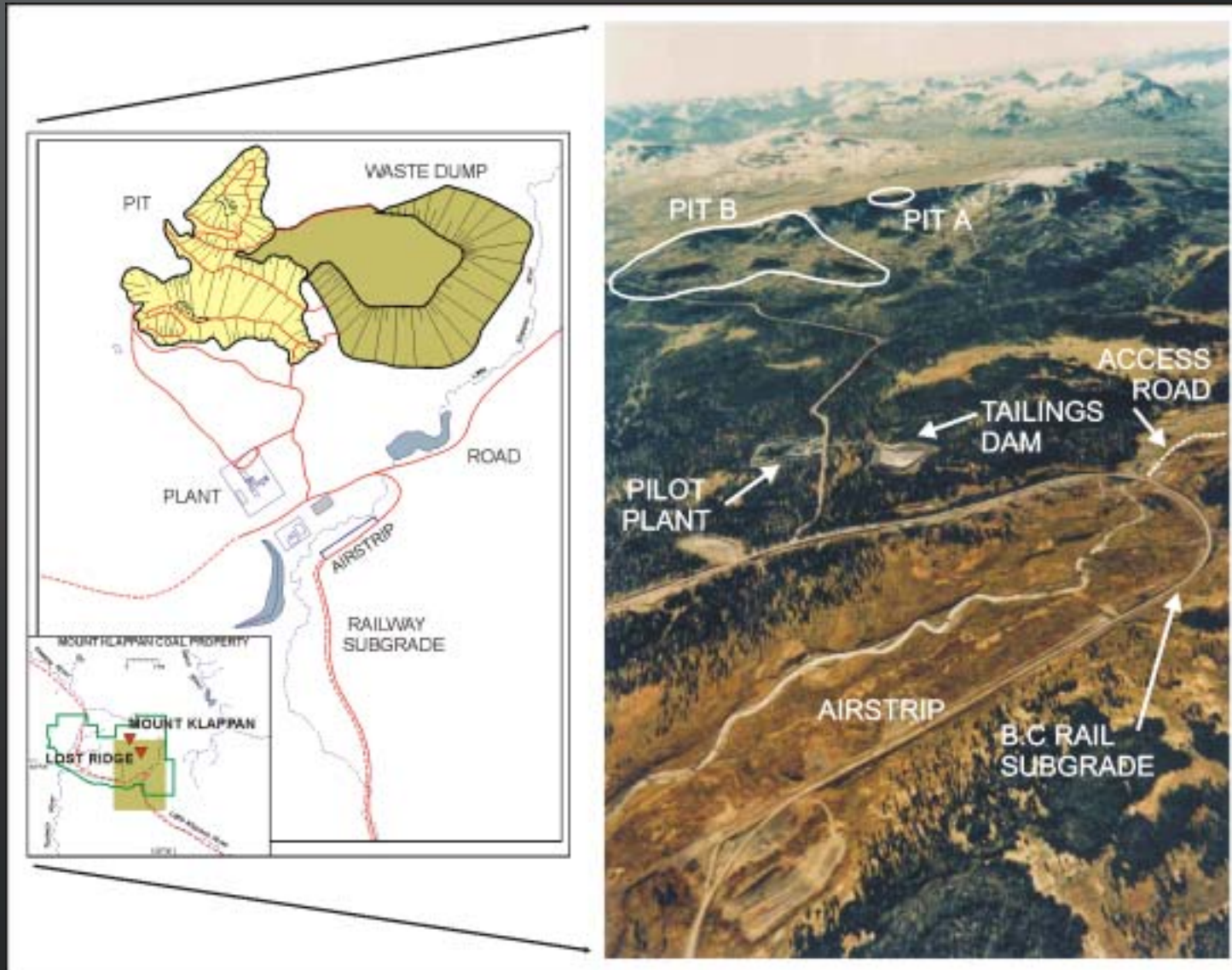
Impact of power plant on cash flow

Grade	Tonnes	Average Selling Price	C\$ Revenue	C\$ Cost	C\$ Cash Flow
Power A	1,757,000	C\$69.70	122,476,000	63,953,050	58,522,950
Power B	1,757,000	C\$69.70	122,476,000	73,863,500	48,612,500

Power Plant A at mine mouth; Power Plant B at grid



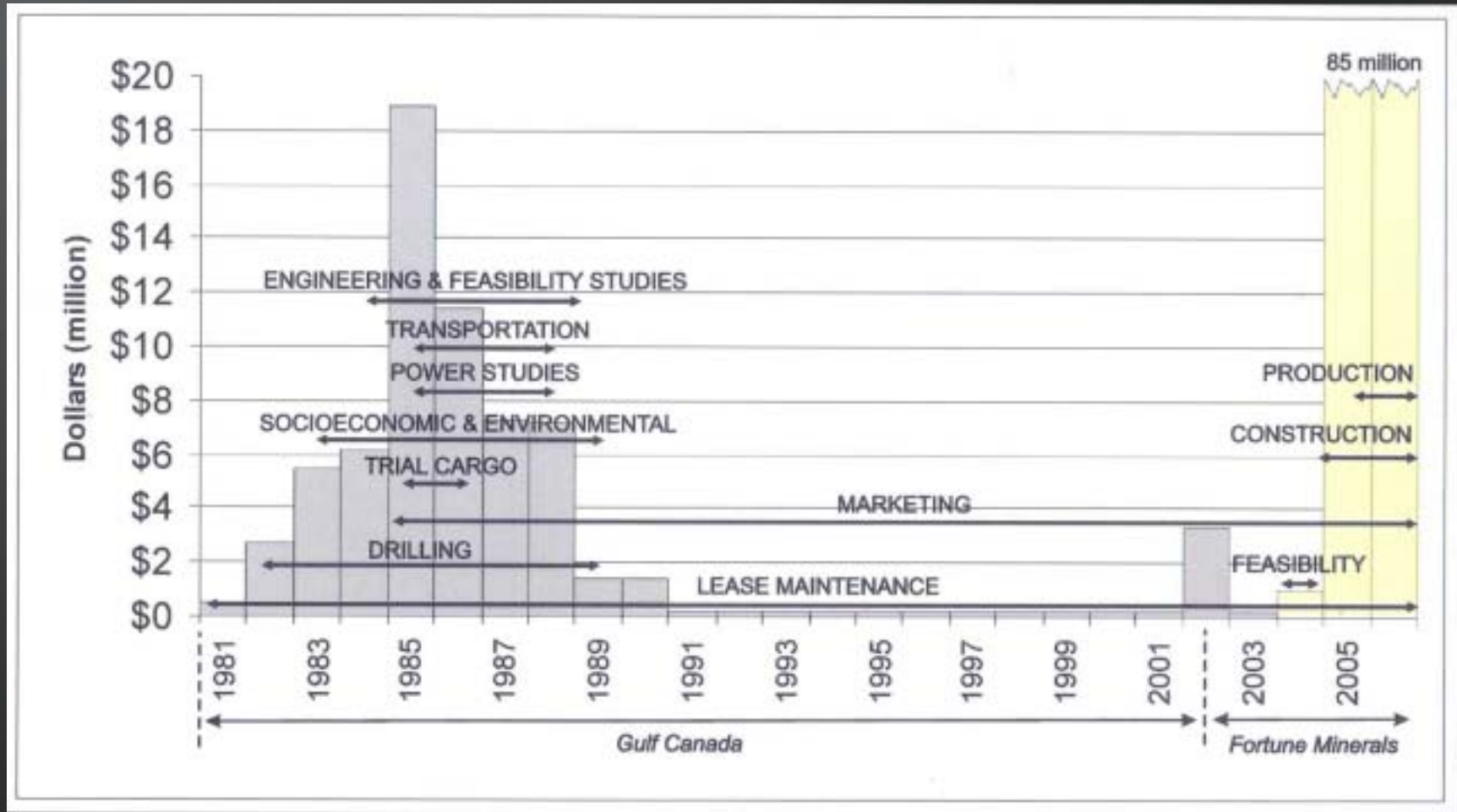
MOUNT KLAPPAN FEASIBILITY STUDIES



1991 feasibility study indicates attractive rate of return
Updated feasibility study in 2004



MOUNT KLAPPAN PROJECTED WORK PROGRAM



\$68 million expended on the project to date



CURRENT WORK

- **New digital geology & drill hole database for block model & pit optimization studies**
- **Updated resources in April 2004**
- **Marketing study in May 2004**
- **CNR completing acquisition of BC Rail**
- **Feasibility study in H2 2004**
- **Environmental studies, community consultation & permitting in 2004/2005**
- **Production anticipated 2005/2006**

