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Other Companies

Mount Klappan

- Fortune Minerals Limited (FT) announced the appointment of James Mucklow, M.E.Sc., P.Eng., as the Company's Manager of Environment and Community Relations. Jim, who will be based in Thunder Bay, Ontario, will be involved with the management of environmental studies and programs, as well as permitting, including Environmental Assessments and community relations for all of Fortune's projects. Fortune owns the Mount Klappan anthracite coal project in British Columbia and the NICO gold-cobalt-bismuth deposit in the Northwest Territories
- Crew Gold Corporation (CRU) is proceeding ahead of schedule of refurbishment and commissioning of the Nugget Pond plant in preparation for the first delivery of ore from its Nalunaq mine in southern Greenland. Ore will be shipped through South Brook in Newfoundland and trucked to site at a modest additional cost of US$13 per tonne until a dedicated unloading facility at Snook's Arm is constructed mid this year. This will enable processing of ore several months earlier than originally anticipated and improve cash flows from the Nalunaq mine and reduce working capital requirements. The Company has improved operations at Nalunaq during 2006 and is now delivering improved productivity and should see the operation achieve its targeted production of 500-550 tonnes per day.
- bcMetals Corp. (C) is recommending shareholders accept a cash takeover offer from Imperial Metals Corp., which values the junior miner at about C$42.2 million ($36 million). Imperial Metals (III) is offering C$1.10 per common bcMetals share, and 2 Canadian cents per out-of-the-money security. The bcMetals directors' circular also recommends against a lower, competing cash bid of C$1.05 per share from Taseko Mines Ltd. Imperial's offer hinges on the termination of a planned bcMetals venture with Global International Jiangxi Copper Mining Co. Hong Kong based Jiangxi, 49 percent held by Jiangxi Copper Co. Ltd., has agreed to pay $105 million to buy a 75 percent stake in bcMetals' Red Chris copper-gold project in northern British Columbia. Imperial's bid also requires two-thirds of bcMetals' common shares be tendered.

Red Chris

Industry

- China told banks to set aside more money as reserves for the fourth time in seven months to prevent a rebound in lending and investment in the world's fastest-growing major economy. Banks must put aside 9.5 percent of deposits starting on Jan. 15, up from 9 percent, the Beijing-based People's Bank of China said today on its Web site. China, which raised interest rates twice last year to reach 6.12 percent, wants to prevent cash generated by a record trade surplus from being channeled through bank lending into investments.
- Bolivia plans to raise the taxes paid by mining companies six-fold. Mining Minister Guillermo Dalence was quoted as telling the daily La Razon that the leftist government of President Evo Morales had received $45 million in tax revenue on mining exports of $1 billion in 2006. "That's a ludicrous amount taking into account that these are not renewable resources. If in 2007 we were to export $1 billion worth of minerals again, the state should receive at least $300 million," Dalence was quoted as saying. "That should be the aim of the new taxing system," he added, according to the report. The tax increase is part of a new mining policy Dalence is due to announce before the end of January, La Razon said. U.S.-based mining companies Apex Silver Mines Ltd. (SIL.A) and Coeur d'Alene Mines Corp. (CDE.N) are expected to start production in two multimillion-dollar mining projects in Bolivia this year.
- China may purchase more copper this month and the next as wiremakers stock up to ensure output isn't disrupted during the week-long Lunar New Year holiday, Beijing Antaike Information Development Co. said in a monthly report. China's copper demand has recovered as prices fell. Copper demand in China, the world's biggest consumer of the metal, will expand 5.6 percent this year, the same as in 2006, while the increase in domestic production may slow as the global supply of concentrate lags behind consumption.
- A prolonged staffing squeeze is hitting small Canadian mining companies harder than senior producers because they often don't have the connections or cachet to lure workers. Canada's mining industry faces a massive shortage of workers, a 2005 government-funded study said. The report predicted the high-growth sector will need up to 82,000 new workers in the 10-year period ending 2014. More than 50 percent of the industry's workers are between 40 and 54 years old, and 40 percent say they plan to retire by 2014.
- Copper mining company Asarco and the United Steelworkers union reached a tentative agreement on Saturday for a new contract covering 1,500 workers in plants in southern Arizona and Texas. The accord grants workers a $3 per hour wage increase over the course of the contract. The deal expires June 30, 2010. The accord must be ratified by workers in the next few weeks and also must be approved by a federal bankruptcy court in Texas since Asarco, which is majority-owned by Mexican mining giant Grupo Mexico has filed for Chapter 11 protection.
- Brazilian base metals producer Votorantim Metais will buy 20,000 tonnes per year of zinc in concentrates from Americano do Brazil. The concentrates will come from Americano's mine at Montecristo, Minas Gerais state, and will be used at either Votorantim's Tres Marias or Juiz de Fora smelters. Votorantim is Brazil's sole electrolytic zinc producer, with output in 2006 of around 410,000 tonnes. It is expanding capacity at its smelter in Juiz de Fora, Minas Gerais state, to 108,000 tonnes a year by late 2007, from the 92,000 tonnes a year, as part of a $132 million investment, including a move into indium production. Votorantim also owns the Tres Marias smelter, also in Minas Gerais state, which has production capacity of around 180,000 tonnes a year of zinc metal, as well as the 130,000 tonnes a year

HV - Jan. 8/07

- Canadian Royalties' main focus remains evaluating the potential of establishing an independent, stand-alone Ni-Cu-PGE mining and milling operation in the general vicinity of Xstrata Nickel's Raglan Mine in Nunavik, Quebec.

Analysis

- One of the indicator's of strong commodity demand and world economic activity is bulk ocean freight rates. Ocean freight rates are on the rise.
- The Baltic Exchange's Dry Freight Index a composite of leading global export routes for commodities like iron ore, coal and grains has risen some 60 percent in the last four months alone. Prices on leading routes for cape-class ships hauling minerals and Panamax-class ships hauling grains, are almost twice as high as this time last year. Moreover, prices are roughly three-to-five times higher than they have been in the last 20 years.
- Global freight market's strength in the third quarter and struck 17-month highs in September on factors such as surging Chinese iron ore purchases and long-term charter deals to ship raw goods.
- The strength of the steel market is a major driver of ocean freight rates with iron using the big ships and steel trade using smaller ships.
- Last year, China was almost solely responsible for driving steel demand growth, this year demand growth for steel, and resulting trade in iron ore, had been very strong globally. In the last few months global steel demand excluding China has increased 10%.
- Ocean freight rates reflect economic growth and economic growth on a global basis is currently being spurred largely by the expansion of the steel industry. The strong steel demand results not only in increase trade for iron ore and coking coal but also in increased demand for base metals such as nickel, cobalt, molybdenum and zinc.

Other Companies

- YGC Resources Ltd. (YGC) announces further results of the ongoing drill program from the Manto Gold Zone on the wholly-owned, past producing; Ketza River property located near Ross River, in the Yukon Territory, Canada. These results are likely to produce an increase in the property's potentially open-pittable resources which were last estimated in October 2005 and were measured 1.4 million tonnes of 3.54 g/t, indicated 7.1 million tonnes of 2.6 g/t and 14.6 million tonnes of 2.25 g/t. Total open pitable gold in all categories is 1.8 million ounces. An updated resource estimate will be carried out, by the end of October, as part of the pre-feasibility study due for completion by the end of December 2006.
- Fortune Minerals Limited (FT) is completing the fieldwork for its 2006 environmental baseline studies program examining the mine site and access corridors in support of the EA and permitting processes. This year's program focused primarily on the proposed 100km access road to be built for truck haulage of coal products to the port of Stewart. The 2006 budget was expanded from $3 to $3.5 million to include additional field work, helicopter support and consultation activities with First Nations. Rescan is now compiling reports for submission in support of the EA.
- Fortune is developing an opportunity for an approximately 300MW power plant near Mount Klappan that would address this regional demand and also reduce operating costs for the proposed Lost-Fox mine development. Fortune has contracted Marston to evaluate two scenarios for supplying fuel to a mine-mouth power plant, including one focused on a mine producing combined power plant fuel and export metallurgical coal products, and a smaller mine supplying only power plant fuels as a start-up project for the development. This pre-feasibility study is expected to be completed later this year.

Industry

- Herald Resources is awaiting project approval from the Ministry of Forestry so that it can proceed with its Dairi zinc project in Indonesia, Ministry of Forestry has requested a number supporting letters which the Company is requesting from other government departments. EPCM is to be awarded in Q406 and the company is still targeting mill start up for the Q407.
- Molybdenum prices have dipped slightly as the effects of a weakened European market begin to seep into U.S. pricing. Spot sales have declined in the past couple of weeks, and market sources report that customers appear to be covered by contracts. Prices for ferromolybdenum have shown a modest decline to a range of $27 to $28 a pound from $27.50 to $28.50 a pound.
- Defeated Zambian presidential candidate Michael Sata said on Wednesday his opposition party had emerged from the Sept. 28 elections with enough power to cut local taxes and review some contracts with foreign investors. In a challenge to Mwanawasa and his Movement for Multiparty Democracy (MMD), which won 72 of the 148 parliamentary seats contested in the election, Sata said, "They can run their state government ... but we will run the councils." Under Zambian law, the central government can only dismiss councils for poor performance. Sata also pledged to fight what he termed the "slave wages" being paid to miners in the country's vast copper and cobalt mines and demand amendments to concessions already held by foreign firms.

Coast Klappan Ocean "Freight

Mt. KLAPPAN

HV - Oct. 5/06

TBS → Mt. Klappan

- The work program for 2006 calls for sufficient drilling to be able to report a resource compliant with NI 43-101 standards before year-end, column leach tests to demonstrate the amenability of the deposit to heap leach, and initial engineering designs that can be incorporated into a 43-101 compliant preliminary assessment report that will address the potential to develop the San Javier project as an open pit, heap leach copper project with recovery by solvent extraction and electrowinning to produce Grade A copper cathodes.

Analysis

- Latest ICSG (International Copper Study Group) shows world copper demand excluding China was up by 3.1% on a year over year basis and world copper demand including China was up 1%.
- Demand in Europe and Japan were strong, although demand in the US demand has been remarkably weak.
- Chinese demand was down 6.4% or 69,000 tonnes on a year over year basis despite strong industrial and GDP growth. It is likely than consumption is understated by at least 130,000. Copper for this consumption could have come from unreported copper production, SRB (Strategic Resource Bureau) destocking or Chinese consumer destocking. SRB destocking is estimated to be 30,000 to 40,000 tonnes. Which leaves unreported copper production and Chinese consumer destocking to account for the remaining 100,000 tonnes? We believe that unreported consumer destocking is responsible for the shortfall in the Chinese copper demand estimate.
- For the 1st qt of 2006 ICSG showed the copper market in modest surplus of 67,000 tonnes. The ICSG does not make any allowance for any changes in Chinese State Reserves Bureau stocks of copper or for consumer destocking. If such an allowance were made, we expect the copper supply and demand to be in a deficit.
- With reported copper inventories remaining low, we expect that consumer restocking will keep inventories low throughout the traditionally weak 3rd quarter and as we approach the strong 4th quarter, copper prices will approach new highs.
- Our favorite Canadian mid tier copper producing companies are EuroZinc (EZM), Constellation Copper (CCU) and Quadra (QUA).

Other Companies

- Fortune Minerals Limited (TSX-FT) has completed a private placement of 2,095,000 flow-through common shares to raise gross proceeds of $7,227,750 at a price of $3.45 per share. The proceeds raised from this financing will primarily be used to fund work on the Company's 100% owned Mount Klappan anthracite coal deposits in northwest British Columbia and its 85% owned NICO gold-cobalt-bismuth deposit in the Northwest Territories. $3M MK
- PGM Ventures Corporation (PPG) is changing its name to Iberian Minerals Corp. to more closely reflect the Company's current business activities.
- BHP Billiton has approved the Koala underground project at the EKATI Diamond Mine in Canada. The project will recover approximately 9.8 million carats of high value Koala diamonds over an eleven year production life at a capital cost of approximately US$250 million. Initial production is expected in the December 2007 quarter and full production is expected to be reached by mid calendar year 2009.

Industry

- ABARE is forecasting prices to average $6,123 per tonne this year, representing a 66% year-on-year increase on 2005. ABARE estimates global copper demand will increase 3.9% to 17.47 million tonnes in 2006 from 16.82 million tonnes last year and to increase again to 18.1 million tonnes in 2007. World copper production is forecast to increase to 17.49 million tonnes in 2006 and to 18.28 million tonnes next year. Abare estimates imply a copper surplus of 20,000 tonnes in 2006 and a copper surplus of 180,000 tonnes in 2007.
- Chinese exports of zinc accelerated to 31,431 tonnes in May—the highest level seen in over two years—but the country remained a net importer due to strong imports. Cumulative Jan-May net zinc metal imports were 38,027 tonnes and were below the 55,000 tonne level seen in the same period of 2005.
- China's Baiyin Nonferrous Metals, based in Gansu province, began developing a copper and molybdenum deposit in Xinjiang region on June 18. The mine has proven reserves of 290,000 mt of copper and 20,000 mt of moly. The development is expected to be completed in December 2007 and production will start in 2008.
- Chile's copper production totaled 458,521 metric tons in May, inching up 0.7% from the 455,526 tonnes produced in the same month in 2005, according to the National Institute of Statistics. Year-to-date, output increased 2.0% to 2,150,779 tonnes, from 2,108,845 tonnes in January-May 2005.
- BHP's marketing chief, Peter Toth said that short to medium term demand will be driven by China, while "in the longer term it will be the BRIC (Brazil, Russia, India, China) economies". He said about three quarters of the future growth in the iron ore market would be absorbed by China and by 2008 would represent about 50 per cent of the total seaborne iron ore market. In 2006-07 total world steel consumption is estimated to increase by 63 million tonnes, with China accounting for 43 million tonnes, a rise of 12 per cent or more than double the world figure of 5.8 per cent. On coking coal, he forecast that Chinese demand for imports would rise strongly from around two million tonnes a year at the moment and as much as 50 million tonnes by 2010.

R. Visagio, June 29/06

MOUNT KLAPPAN RESOURCES & RESERVES

George Doumet, MSc, MBA, Chairman
Robin Goad, MSc, PGeo, President & CEO
Julian Kemp, BBA, CA, VP Finance & CFO
David Knight, BA, LLB, Secretary

→ Mount Klappan
MABC
Jan. '06

Mineral Resource Category (millions of tonnes)

AREA	MEASURED	INDICATED	DEMONSTRATED	INFERRED	SPECULATIVE
LOST-FOX	107.9	109.5	**217.4**	91.5	749.6
HOBBIT-BROATCH	-	13.5	**13.5**	258.4	753.0
SUMMIT	-	-	-	9.6	508.9
NASS	-	-	-	-	201.5
TOTAL	107.9	123.0	**230.9**	359.5	2,213.0

TOTAL RESOURCES IN ALL CLASSES – 2.8 BILLION TONNES
Resources by Marston Canada Ltd. in compliance with NI 43-101

1981-2001 – Gulf Canada Resources Limited

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

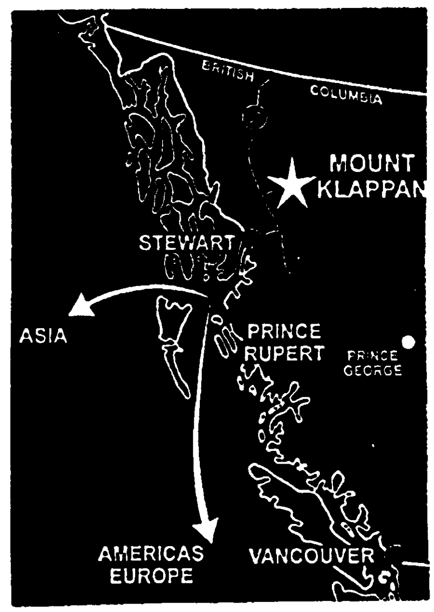
2002 - Fortune Coal Limited, a wholly-owned subsidiary of Fortune Minerals Limited, completes acquisition of 100% interest in Mount Klappan

Lost-Fox Deposit Reserve (MMT)
At 1.5 MT/yr Scenario
(10% Ash PCI Product @ 61% Recovery)
(2005 feasibility study)

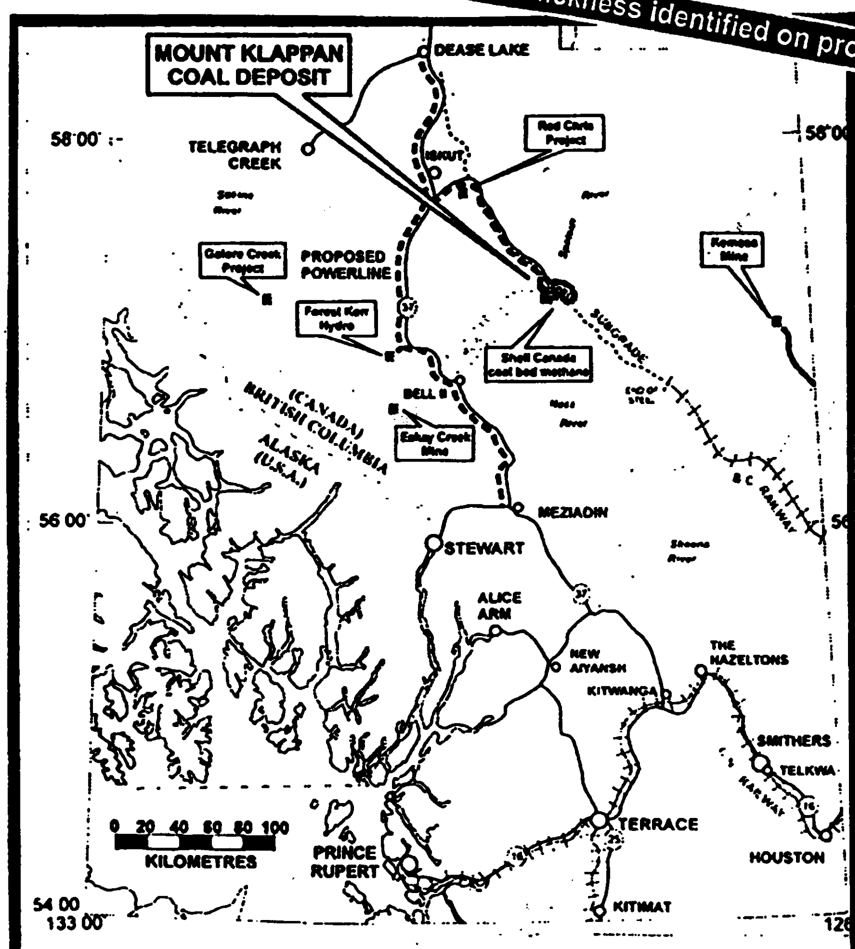
Run of Mine	52.1
Clean Coal	31.3

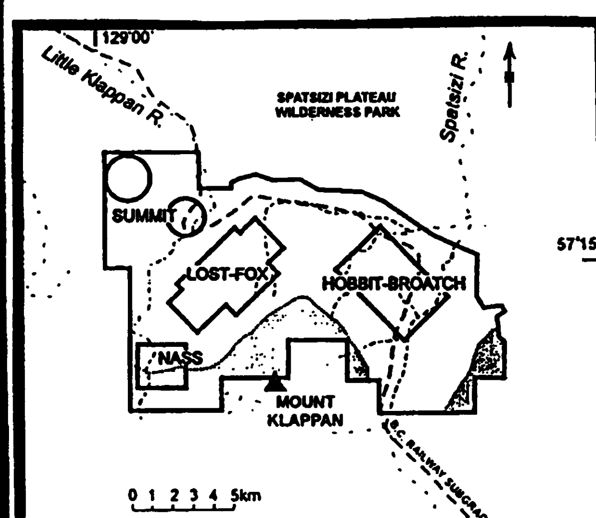
Finished product ratio – 9.7:1 BCM/T

MANAGERS:
Kathy Neale, PhD, Exploration Manager
Derek Mulligan, HBSc, Exploration Manager
Garett Macdonald, MBA, PEng, Engineering Manager



33 coal horizons up to 11.13 metres in thickness identified on property



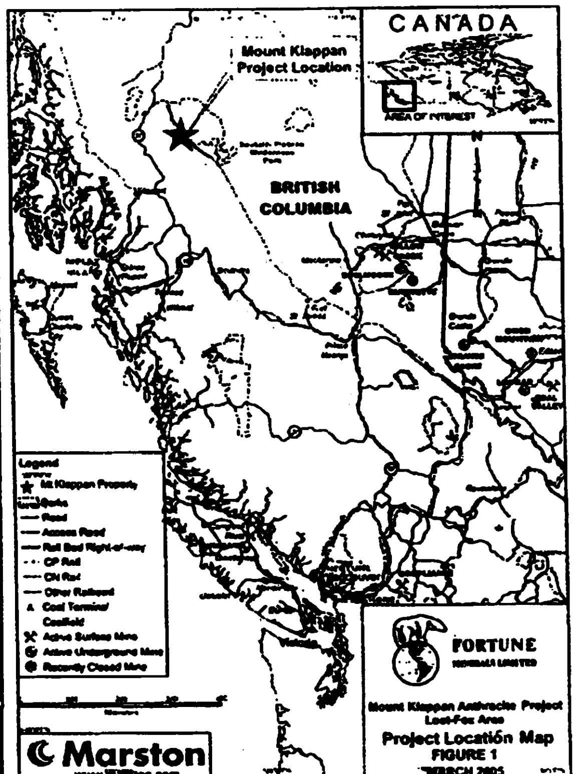


Projects

The Mount Klappan Coal Project

The Mount Klappan coal project is located in northwest British Columbia, about 930 km from Vancouver. It is one of the world's largest undeveloped, high-quality anthracite coal properties, with four known deposits. Fortune acquired the property from Gulf Resources, who spent $65 million to develop the property, and was in the process of putting the project into production. However, due to financial problems of the controlling shareholder, the project was shelved, and Fortune purchased the property in 2002. Fortune has spent $7.5 million confirming reserves and developing a plan to go forward with the project.

Exhibit 1: Mount Klappan Project Location



Source: Marston Canada Ltd.

Fortune owns 100% of the Mount Klappan project, which has large mineral resources, including measured and indicated resources of 231-million tonnes, and inferred and speculative resources totalling 2.8-billion tonnes.

Fortune commissioned Marston to do a BFS, and positive results were released on October 17, 2005. The results of the BFS (details in Appendix A) are based on producing 60.8-million tonnes of PCI coal from the Lost-Fox deposit. The Lost-Fox deposit is scheduled for open-pit production in early 2008, and the capital cost for the initial project is estimated at between $275 million and $523 million, dependent on production rate and transportation infrastructure option.

The property has a sub-arctic climate, characterized by short summers and long winters. Temperatures in the summer can vary between 6° and 10°C, and in winter, between -5° and -20°C. Precipitation is heavy, averaging 300-400 mm per year, with rain in summer and early fall, and snow in winter and spring. The local terrain is mountainous, with valleys and mountain ridges. There are no extraneous terrain or climate issues as compared with other coal mining in the province.

The closest large centres are southwest of the property. The ports of Stewart and Prince Rupert are respectively 150 km and 339 km away, and will be able to provide goods and services to the property. (Refer to Exhibit 1 for a depiction of nearby transportation infrastructure.) These two ports are also available for ocean transportation to Asian markets. The BC Rail right-of-way, called the Dease rail line extension, runs through the property, and roads built on the sub-grade access the deposit from the end of the Steel railway track 70 km south of the deposit, and from the Stewart-Cassiar Highway 37 from the north end. The latter is a 150-km gravelled road built by Gulf.

Fortune Minerals tables Mount Klappan feasibility—very sensitive to the coal price

Desjardins Securities

The feasibility study looked at three operating scenarios: (1) a 1.5mt/year production rate trucking option to the Port of Stewart, (2) a 3.0mt/year production rate trucking option to Stewart, and (3) a 3.0mt/year production rate to the Port of Prince Rupert. The main product will be pulverized coal injection (PCI), which is used in the manufacture of steel and replaces coking coal. Current PCI coal prices are slightly in excess of US$100/t. The PCI coal price should track in a similar fashion to metallurgical coal prices. If the company attracted a JV partner of the likes of BHP Billiton for example, a much larger project could be feasible and the rail option could be used.

	1.5 Mtpa to Stewart	3.0 Mtpa to Stewart	3.0 Mtpa to Prince Rupert
US$110/t			
After-tax NPV (10%) (C$/share)*	8.58	15.07	10.48
US$90/t			
After-tax NPV (10%) (C$/share)*	3.72	7.06	3.83
US$80/t			
After-tax NPV (10%) (C$/share)*	1.20	3.05	0.32