



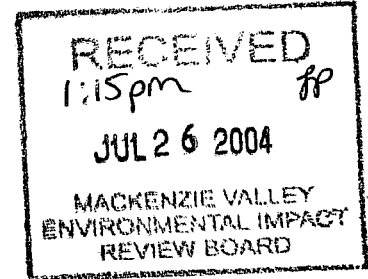
FORTUNE MINERALS LIMITED

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VC*

July 26, 2004

Mackenzie Valley Environmental Impact Review Board
Box 938
5102-50th Avenue
Yellowknife, NT X1A 2N7
Tel. 867-766-7053
Fax. 867-766-7074
Attention: Martin Haefele & Alan Ehrich:



RE: Proposed Environmental Assessment – Slave Claims, Meridian Lake, NWT

Dear Mr. Haefele & Mr. Ehrich:

We are in receipt of your email messages, dated July 6, 2004 and a Review Board's draft, dated July 23, 2004, indicating our application for a **simple** Land Use permit to conduct first stage exploration of our Slave claims near Meridian Lake, Northwest Territories (NWT), was referred to an Environmental Assessment by the Mackenzie Valley Land and Water Board on July 2. This follows receipt of a letter from the Lutsel K'e Dene First Nation, dated June 7, 2004 rejecting issuance of a work permit, reportedly because any disturbance, no matter how small, would be unacceptable. In addition, comprehensive archaeology assessments may be required prior to any exploration work being considered.

Fortune Minerals applied for a Land Use permit in early April, 2004 to conduct preliminary grass roots exploration of our Slave 1 (F74600) and Slave 2 (F74599) claims this summer. These claims are located on the 75K/11 NTS map sheet, specifically between Meridian Lake and the East Arm of Great Slave Lake. Fortune Minerals has active exploration programs in the NWT and normal protocols and procedures were followed strictly in the application process, including written correspondence with government regulators and first nations.

The Slave claims were staked in 2002 following a comprehensive research project by our exploration staff, which indicated a favourable geological environment that may be prospective to host copper-gold mineralization. Further, exploration had already been conducted on this site during the 1960's when it was staked as the Ann claims, and subsequently taken to lease and then allowed to lapse by a previous exploration company. Previous work included trenching and diamond drilling, indicating this is already a disturbed site. Fortune

Minerals incurred expense in staking its claims with the reasonable expectation that it would be permitted to carry out preliminary exploration programs. Our application for a Land Use permit was to conduct an initial program of grid-cutting and geological and geophysical surveys that would be followed by diamond drilling, only in the event of success in the initial phase of exploration. **No significant work has been carried out on the property to justify our company incurring the expense of an Environmental Assessment process to obtain a simple work permit.** In fact, from my 30 years of domestic and international experience in mineral exploration, I am not aware of any jurisdiction on this planet that would even request such an undertaking at this early stage of development.

Fortune Minerals has been successfully conducting exploration programs in the NWT for 17 years in a responsible and environmentally conscientious manner. The Company has also been consulting and operating cooperatively with Treaty 11 Tli Cho communities and providing employment opportunities to their residents. To date, our Company has expended directly or under management, approximately \$15 million, contributing significantly toward the economy of the NWT. More importantly, our efforts have been very successful, leading to the discovery of a new deposit of gold, cobalt and bismuth at Lou Lake, which we refer to as the NICO project. We also concurrently tripled the size of the nearby Sue-Dianne copper-silver deposit, previously discovered by a Yellowknife prospector and Noranda. Work on the NICO deposit is proceeding well. We are currently at bankable feasibility, and expect to be in a position to construct a mine in the very near future. NICO will be a significant contributor to the economy of the NWT and the Tli Cho First Nation, likely creating several hundred new jobs, significant tax base, and badly needed regional infrastructure. NICO will also almost certainly undergo scrutiny through an Environmental Assessment process, but only after significant exploration effort, and the economic viability of the project determined.

Given the low potential for environmental impacts at this early stage of our proposed program, you clearly have the cart before the horse, and a complex Environmental Assessment is completely unjustified. It is also an outrageous and irresponsible misuse of taxpayer money. Most importantly, it sends a clear message to our Company and the natural resource industry that the NWT is not a good place to do business. Notably, mineral and hydrocarbon development is the only viable means of creating meaningful sustainable economic development in the NWT. Furthermore, only about 1 out of 1,000 exploration prospects actually develops into a viable mineral deposit, and only after many years of hard work and expenditure of several tens of millions of dollars.

We are not prepared to go through an Environmental Assessment to obtain a simple work permit to conduct grass roots exploration. Further, given the amount of time it has taken to get to this point, it is unlikely that we can effectively accomplish our proposed preliminary first phase of exploration this year and will

be forced to seek relief from our commitments under Section 87 of the Mines Act. In addition, if we cannot carry out the simplest of exploration programs pursuant to our rights as a holder of a prospecting license, we will likely request reimbursement of all costs incurred to date on the Slave property from the federal government. We would also suggest they withdraw such areas from staking where there is no possibility of conducting the simplest of preliminary exploration programs. With respect to Fortune Minerals, we will continue to spend money at NICO and contribute to the economy of the NWT. However, the next exploration project for Fortune possibly leading to a new mineral discovery will likely not be in the NWT because monies will be reallocated to our Ontario, Newfoundland and British Columbia projects. It noteworthy that the latter jurisdiction mentioned (BC) learned a valuable lesson of just how long it takes to re-establish a viable mining industry after misguided, punitive policies destroyed a vibrant sector in the 1980's and 1990's. Regrettably, a situation that residents of the Lutsel K'e Dene First Nation will continue to experience.

As one of the most fervent supporters of the mining industry in the NWT, we are very disappointed that our rights are being so badly abused and we are very concerned for our industry.


Yours sincerely,

Robin Goad,
President

CC. Honourable Andy Scott, Minister, DIAND
Honourable Joe Handley, Premier, GNWT
Chief Archie Catholique, Lutsel K'e First Nation
Mike Vaydic, NWT and Nunavut Chamber of Mines
Rose Greening, Mining Recorder, DIAND
Malcolm Robb, Manager Mineral Development, DIAND