

June 19, 2012

VIA EMAIL

Chuck Hubert
Senior Environmental Assessment Officer
Mackenzie Valley Review Board
Ph: (867) 766-7052
Fx: (867) 766-7074
chubert@reviewboard.ca

Dear Mr. Hubert,

**Re: EA0809-004, NICO Project, Fortune Minerals Limited – GNWT and Fortune Minerals
Socio-economic Meeting Report, May 17, 2012**

I am pleased to submit a meeting report for the May 17, 2012 socio-economics meeting between the GNWT and Fortune Minerals. The report has been approved and signed-off by the GNWT and Fortune Minerals.

Please feel free to contact me at Loretta_ransom@gov.nt.ca or (867) 873-7905 with any questions you may have regarding this submission.

Sincerely,



Environmental Assessment Analyst
Environmental Assessment and Monitoring
Environment and Natural Resources, GNWT
Phone #: 867-873-7905

cc Rick Schryer, Fortune Minerals Limited
Pat Maloney, Fortune Minerals Limited

Fortune Minerals/NICO Mine Meeting with GNWT Representatives on Socio-Economic Issues

Meeting Report

Meeting Date: May 17, 2012

| | |
|-----------------------------------|---|
| Attendees: (1) Pat Moloney | Fortune Minerals Inc. |
| (2) Juanita Robinson | GNWT – Industry, Tourism and Investment (ITI) |
| (3) Brittany Shuwer | GNWT – ITI |
| (4) Greg Brady | GNWT – ITI |
| (5) Derek Rains | GNWT – Health and Social Services (HSS) |
| (6) Kimberly Balsillie | GNWT – Environment and Natural Resources (ENR) |
| (7) Loretta Ransom | GNWT – ENR |
| (8) Shafic Khouri | GNWT – ENR |
| (9) Bernard Park | GNWT – Northwest Territories Bureau of Statistics |

Summary of Discussion:

Employment

On May 14, 2012, Fortune provided information to the GNWT regarding outstanding meeting commitments on employment predictions. (See attached)

Fortune was able to confirm and/or clarify the following information about the tables:

- The table assumes an 18 month construction phase, an eight month underground phase concurrent with the beginning of an 18 year open pit phase, followed by a two year decommissioning phase and five to 10 years of post-closure monitoring.
- Each employee number entered in the table assumes one full time employee working for one year (one person year).
- None of the employees referred to in the table would be seasonal or part-time.
- The Aboriginal and Northern numbers in the tables represent Fortune's predictions for NWT Aboriginal and NWT resident employment.

Construction table discussion:

- "indirects" refers to those positions which are not necessarily involved in mine operations but who are still employees and include things like helpers and assistants, etc. (i.e., overhead positions)
- "visitors" refers to employees coming from out of territory onto site for either work or site visits. It also includes visitors, such as community leaders
- Most positions listed on the table are direct employees of Fortune, though some (e.g. Golder) are contractors

Operations table discussion:

- Fortune clarified that the "Total" line at the bottom of the table should be a combined total including "total without underground", "various contractors", "various visitors" and "underground mine".
- All underground employees will be contractor employees

Transportation

For now, pick up points (with transportation provided by Fortune) are only scheduled for the Tlicho communities and Yellowknife.

If it is found that NWT Aboriginal and NWT resident employment rates are lower than expected, Fortune will re-evaluate its pick up point locations. It is expected that Fortune will provide transportation for employees in other NWT communities at that time, but this is to be confirmed.

Fortune is considering the possibility of moving materials and employees between the site and Hay River using dirigibles.

Procurement

All contractors will be made aware of and must adhere to Fortune hiring priorities. This information will be communicated to prospective contractors in a package each will be given before the bidding and screening process begins.

Health

To date the position of Health Coordinator remains vacant; Fortune is waiting permitting approval to fill the position.

Developer Commitment(s):

Fortune is committed to maximizing employment with NWT Aboriginal people and NWT residents and doing what it can in terms of transportation to meet its predictions for northern employment.

Fortune will have an Employee Family Assistance Program that will be made available to employees and their immediate families.

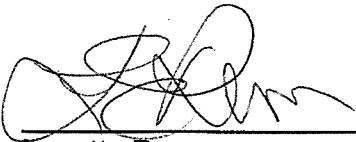
Fortune will ensure any of its employees or contractor employees entering the territory who are not NWT residents will provide evidence of insurance from their home province, or for non-Canadian citizens, evidence of third-party health insurance coverage. Fortune will ensure that all forms of insurance are maintained by all employees while in the NWT.

Fortune will build into policy that its employees must be diagnosed by a physician, and not a nurse practitioner, when accessing GNWT health services.

Action Items:

Fortune agrees that Action Items will be provided **no later than May 28, 2012**, unless otherwise stated, so information may be included in the technical report being developed by the GNWT.

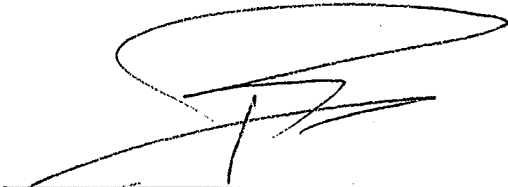
- (1) Fortune will provide in writing details on how information on its hiring priorities is communicated to its contractors.
 - (2) Fortune will provide in writing information on how it plans to engage NWT based Aboriginal and local businesses and communicate potential contract opportunities to help build local business capacity.
 - (3) Fortune agrees to provide best estimates and a rationale where there is uncertainty on the following procurement figures:
 - An estimate of total procurement from NWT-based businesses for the closure and reclamation phase
 - An estimate of total purchases from NWT-based Aboriginal businesses for each phase of the development
 - Total project procurement, *including* capital equipment, for each phase of the development
 - (4) Fortune agrees to provide a copy of NICO project contracting policy, referenced in DAR section 16.2.4.2.2 which outlines Fortune's contracting policies for the NICO project. Fortune also agrees to confirm whether a project specific version of the *Supply Chain Management Purchasing Policy* will be or has been developed for the NICO project and to provide details.
 - (5) Fortune agrees to provide in writing details on its Progressive Aboriginal Relations designation and how Fortune will assist its suppliers to meet the requirements for Canadian Council Aboriginal Business membership.
 - (6) Fortune and the GNWT will develop wording, at a date suitable to Health & Social Services and Fortune, to describe the elements that will be in Fortune's Emergency Response Plan. This will include a commitment that all project employees must be diagnosed by a physician and not a nurse practitioner for insurance purposes and the conditions required to access the Stanton Emergency Room.
 - (7) Fortune will arrange to meet with the GNWT department of Finance no later than June 1, 2012, to discuss outstanding questions relating to government revenue calculations. GNWT will provide a list of questions in advance of the meeting.
- (Update: A meeting between GNWT Finance department and Fortune Minerals is scheduled in Yellowknife for June 20th)



Loretta Ransom
Signature of Government of the
Northwest Territories Representative

June 6, 2012

Date



Signature of developer representative

June 6, 2012

Date

Attachment

Loretta Ransom

Subject: Feb 8 Meeting Follow-up
Attachments: 120514 NICO Manpower Construction Breakdown.pdf; 120514 NICO Manpower Operations Breakdown.pdf; 120514 NICO Manpower Closure Breakdown.pdf; Fortune Minerals Limited Yellowknife Open House Invite.pdf

-----Original Message-----

From: Pat Moloney [mailto:PMoloney@fortuneminerals.com]
Sent: Monday, May 14, 2012 12:38 PM
To: Loretta Ransom
Subject: RE: Feb 8 Meeting Follow-up

Loretta,
From the minutes dated February 8, 2012.

Employment

Attached are the breakdowns of the 3 phases of the NICO project. That is Fortune's response to the first employment information request. The second employment information request was regarding employee transportation. I have had discussions with our VP Operations and our initial plan is to recruit from the Tlicho and Yellowknife communities. If we are adding additional labour from other regions in the NWT we will make that determination at that time based upon what other mines are doing as well the cost.

Closure

Fortune Minerals committed to providing in writing specific information to the GNWT in the event of unforeseen or planned closure.

Business

Fortune committed to providing the GNWT with additional information regarding procurement from NWT based companies for each phase of the project. This will be provided by our Supply Chain Manager Bill Shepard. The second business information request was regarding Fortune having an office for procurement and recruitment in the NT. I can confirm that we have opened the office. Too bad you missed the open house! In the third commitment Fortune stated that it would align itself with current industry standards for northern procurement and to providing more information on how we will achieve these goals.

Health

Fortune committed to working directly with the GNWT Department of Health and Social Services regarding emergency evacuation once a Health and Safety Manager is employed. We have not recruited that individual as of this date.

Pat.

Pat Moloney
Human Resources Manager

Fortune Minerals Limited
148 Fullarton Street, Suite 1600
London, Ontario, CANADA N6A 5P3

W (519) 858-8188
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F (519) 858-8155

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| NICO SITE MANPOWER | | Statistics - 18 months in duration, peak period identified | | | | |
|--------------------------------------|------------------|--|--------------------|---------|------------------|----------------------|
| Job Title | Employee Numbers | % Aboriginal | Aboriginal Numbers | % North | Northern Numbers | Non-Northern Numbers |
| Mining - Open Pit only | 0 | 0% | 0 | 0% | 0 | 0 |
| Earthworks | 0 | 0% | 0 | 0% | 0 | 0 |
| Concrete | 0 | 0% | 0 | 0% | 0 | 0 |
| Structural steel | 27 | 50% | 13 | 75% | 21 | 6 |
| Architectural | 9 | 10% | 1 | 33% | 3 | 6 |
| Mechanical | 59 | 33% | 20 | 40% | 24 | 35 |
| Electrical | 27 | 10% | 3 | 20% | 5 | 22 |
| Instrumentation | 16 | 10% | 2 | 25% | 4 | 12 |
| Piping | 21 | 25% | 5 | 50% | 10 | 11 |
| IQE | 0 | 0% | 0 | 0% | 0 | 0 |
| Contractor EBA | 6 | 0% | 0 | 0% | 0 | 6 |
| Tailings Thickener | 0 | 0% | 0 | 0% | 0 | 0 |
| Contractor - Golder (Tailings & ETF) | 28 | 0% | 0 | 0% | 0 | 28 |
| | | | | | | |
| Construction Management | 23 | 0% | 0 | 0% | 0 | 23 |
| Owner | 11 | 0% | 0 | 0% | 0 | 11 |
| 8 people on 4 in 1 out rotation | | | | | | |
| Indirects | 62 | 100% | 62 | 100% | 62 | 0 |
| Visitors | 5 | 0% | 0 | 0% | 0 | 5 |
| 5 people on 4 in 1 out rotation | | | | | | |
| Catering staff | 40 | 100% | 40 | 100% | 40 | 0 |
| | | | | | | |
| Total | 334 | | | | | |

| NICO SITE MANPOWER | | Statistics | | | | |
|---------------------------------|------------------|--------------|--------------------|-------------------------------|------------------|----------------------|
| Job Title | Employee Numbers | % Aboriginal | Aboriginal Numbers | % North (includes aboriginal) | Northern Numbers | Non-Northern Numbers |
| | | | | | | |
| OPEN PIT MINE OPERATIONS | 29 | 66% | 19 | 100% | 29 | 0 |
| Operations Superintendent | 1 | 0% | 0 | 100% | 1 | 0 |
| Mine Shift Boss | 2 | 50% | 1 | 100% | 2 | 0 |
| Production Shovel | 2 | 50% | 1 | 100% | 2 | 0 |
| 992 Loader (Crusher and Backup) | 2 | 50% | 1 | 100% | 2 | 0 |
| Haul Truck | 6 | 67% | 4 | 100% | 6 | 0 |
| Drill | 2 | 50% | 1 | 100% | 2 | 0 |
| Dozer/Grader/Water Truck | 4 | 50% | 2 | 100% | 4 | 0 |
| Blaster | 2 | 50% | 1 | 100% | 2 | 0 |
| Blaster Helper | 2 | 100% | 2 | 100% | 2 | 0 |
| Crusher Operators | 4 | 100% | 4 | 100% | 4 | 0 |
| Dryman | 2 | 100% | 2 | 100% | 2 | 0 |
| TECHNICAL SERVICES | 10 | 20% | 2 | 60% | 6 | 4 |
| Geologists | 2 | 0% | 0 | 50% | 1 | 1 |
| Senior Mining Engineer | 1 | 0% | 0 | 0% | 0 | 1 |
| Mining Engineer | 1 | 0% | 0 | 100% | 1 | 0 |
| Planning Engineer | 2 | 0% | 0 | 0% | 0 | 2 |
| Mine Technologist | 2 | 50% | 1 | 100% | 2 | 0 |
| Surveyor | 2 | 50% | 1 | 100% | 2 | 0 |
| ENVIRONMENTAL SERVICES | 6 | 67% | 4 | 100% | 6 | 0 |
| Enviromental Superintendent | 1 | 0% | 0 | 100% | 1 | 0 |
| Regulatory Co-ordinator | 1 | 0% | 0 | 100% | 1 | 0 |
| Environmental Technologist | 4 | 100% | 4 | 100% | 4 | 0 |
| PROCESSING PLANT | 27 | 52% | 14 | 70% | 19 | 8 |
| Concentrator Superintendent | 1 | 0% | 0 | 0% | 0 | 1 |
| Metallurgist | 2 | 0% | 0 | 0% | 0 | 2 |
| Plant Shift Foreman | 4 | 25% | 1 | 75% | 3 | 1 |
| Grinding Operator | 4 | 75% | 3 | 100% | 4 | 0 |
| Flotation Operator | 4 | 50% | 2 | 100% | 4 | 0 |
| Tailings Operator | 4 | 100% | 4 | 100% | 4 | 0 |
| Plant Helper | 8 | 50% | 4 | 50% | 4 | 4 |
| ANALYTICAL GROUP | 10 | 60% | 6 | 80% | 8 | 2 |
| Chief Analyst Laboratory | 1 | 0% | 0 | 0% | 0 | 1 |
| Senior Assay Technician | 1 | 0% | 0 | 0% | 0 | 1 |
| Assay Technician | 4 | 50% | 2 | 100% | 4 | 0 |
| Sample Preparation | 4 | 100% | 4 | 100% | 4 | 0 |
| POWER & MAINTENANCE SERVICES | 33 | 42% | 14 | 70% | 23 | 10 |
| Maintenance Superintendent | 1 | 0% | 0 | 100% | 1 | 0 |
| O/P Maintenance Lead Hand | 2 | 50% | 1 | 50% | 1 | 1 |
| Plant Maintenance Lead Hand | 2 | 50% | 1 | 50% | 1 | 1 |
| Maintenance Planner | 1 | 0% | 0 | 100% | 1 | 0 |
| Reliability Engineer | 1 | 0% | 0 | 100% | 1 | 0 |
| O/P Mechanics | 2 | 50% | 1 | 100% | 2 | 0 |
| O/P Welders/Tires/Field Tech | 4 | 50% | 2 | 75% | 3 | 1 |
| Service Truck Attendant | 2 | 100% | 2 | 100% | 2 | 0 |
| Plant Millwright | 4 | 25% | 1 | 50% | 2 | 2 |
| Plant Welder | 2 | 50% | 1 | 50% | 1 | 1 |
| Plant Mechanic | 2 | 50% | 1 | 50% | 1 | 1 |
| Plant Carpenter | 1 | 100% | 1 | 100% | 1 | 0 |

| NICO SITE MANPOWER | | Statistics | | | | |
|--|------------------|--------------|--------------------|-------------------------------|------------------|----------------------|
| Job Title | Employee Numbers | % Aboriginal | Aboriginal Numbers | % North (includes aboriginal) | Northern Numbers | Non-Northern Numbers |
| Electricians | 4 | 50% | 2 | 75% | 3 | 1 |
| Computer Technician | 1 | 0% | 0 | 100% | 1 | 0 |
| Stationary Engineer | 2 | 0% | 0 | 0% | 0 | 2 |
| Water Treatment Technician | 2 | 50% | 1 | 100% | 2 | 0 |
| ADMINISTRATION | 9 | 56% | 5 | 89% | 8 | 1 |
| Mine Manager | 1 | 0% | 0 | 100% | 1 | 0 |
| Executive Assistant | 1 | 100% | 1 | 100% | 1 | 0 |
| HR Co-ordinator | 1 | 0% | 0 | 100% | 1 | 0 |
| Community Liason Co-ordinator | 1 | 100% | 1 | 100% | 1 | 0 |
| Safety Co-ordinator/Mine Rescue | 1 | 100% | 1 | 100% | 1 | 0 |
| Accounting Clerk | 2 | 50% | 1 | 50% | 1 | 1 |
| Stores and Logistics Clerk/First Aid | 2 | 50% | 1 | 100% | 2 | 0 |
| POTENTIAL CONTRACTORS | 18 | 94% | 17 | 100% | 18 | 0 |
| Camp Manager | 2 | 50% | 1 | 100% | 2 | 0 |
| Support Team (Cooking & Cleaning) | 14 | 100% | 14 | 100% | 14 | 0 |
| Security/EMT1 | 2 | 100% | 2 | 100% | 2 | 0 |
| Total Without Underground | 142 | 57% | 81 | 82% | 117 | 25 |
| Various Contractors (camp calculation) | 10 | 40% | 4 | 70% | 7 | 3 |
| Various Visitors (camp calculation) | 6 | 17% | 1 | 50% | 3 | 3 |
| UNDERGROUND MINE | 36 | 36% | 13 | 72% | 26 | 10 |
| TOTAL | 142 | 57% | 81 | 82% | 117 | |

| Job Title | NICO SITE MANPOWER | | Statistics | | | |
|------------------------------------|--------------------|--------------|--------------------|---------|------------------|----------------------|
| | Employee Numbers | % Aboriginal | Aboriginal Numbers | % North | Northern Numbers | Non-Northern Numbers |
| Mine Decommissioning & Reclamation | 30 | 25% | 7 | 50% | 15 | 15 |
| Monitoring | 5 | 50% | 3 | 80% | 4 | 1 |
| | | | | | | |



FORTUNE

MINERALS LIMITED

NEW YELLOWKNIFE OFFICE

OPEN HOUSE

FRIDAY, MARCH 30, 2012

Meet & Greet

2:00 p.m. – 4:00 p.m.

Please join us at the location of our new office in Yellowknife for a Meet & Greet session with members of the NICO project team.

Cocktail Reception

4:00 p.m. – 7:00 p.m.

Enjoy some cocktails and hors d'oeuvres with the members of the NICO project team.

50 MINI MALL BUILDING
5006 – 50 AVENUE, 2ND FLOOR
(Down the hall from the Champagne Lounge)

For more information, please contact our corporate Head Office at
cbloomfield@fortuneminerals.com or (519) 858-8188.

Loretta Ransom

Subject: Feb meeting follow up
Attachments: Updated Slides for community visit.pptx; 1.1.0 Supply Chain Management Policy.docx

From: Bill Shepard [mailto:bshepard@fortuneminerals.com]
Sent: Wednesday, May 16, 2012 12:41 PM
To: Loretta Ransom
Cc: Pat Moloney
Subject: Feb meeting follow up

Hi Loretta

I wanted to provide the information you requested related to Fortune Minerals and its supply base. I have included a couple of PP slides we use in most of our presentations stating our current performance of.

- 115 suppliers used to date
- 99 of which are northern
- And of the 99,
- 17 are Aboriginal

The slides also show examples of current and future supplies and service categories we will be sourcing future services from.

I will also include a draft copy of our purchasing policy. This is to convey our commitment to aboriginal businesses in the regions we do business (in this case being the NWT). I hope this helps with the information you require. Please contact me directly if I can help further.

Bill Shepard
Manager
Supply Chain Management
Fortune Minerals Limited
W 519 858 8188
C 519 532 5613
E bshepard@fortuneminerals.com



FORTUNE MINERALS LIMITED

| | | | |
|---------------|---|-----------------|------------------|
| Manual: | Supply Chain Management | SPP No. | SCM 1.1.0 |
| Section Name: | Supply Chain Management Purchasing Policy | Section Number: | 1 |
| Issue to: | All Manual Holders | Page: | 1 of 6 |
| Issued by: | Supply Chain Management Department | Issue Date: | |

| |
|---|
| Policy Name: AD-SCM-P 1.1.0 Supply Chain Management Purchasing Policy |
|---|

1.0 Revision History

| Version | Date | Author | Sections Changed |
|---------|-------------------|--------------|------------------|
| 1.0 | February, 22 2012 | Sherry Tunks | Policy Created |
| 2.0 | February, 24 2012 | Sherry Tunks | Revised Policy |
| 3.0 | February, 28 2012 | Sherry Tunks | Modified Policy |
| | | | |

2.0 Overview

The purpose of this Supply Chain Management Purchasing Policy is to establish a standard for purchasing goods and services on behalf of the company Fortune Minerals Limited (Fortune). The goal is to communicate clear expectations and guidelines for our employees when sourcing goods and services from the approved supply base. Fortune purchasing employees will be expected to follow the purchasing processes and procedures outlined in the Supply Chain Purchasing Manual when performing their duties. It is our commitment to develop and grow capacity in the communities Fortune operates in by being fair, equitable and a transparent company when conducting business transactions. Fortune will provide a Supplier Handbook to all approved vendors to enable their participation in Fortune's purchasing process.

3.0 Scope

This policy is applicable to all Fortune employees charged with purchasing supplies, raw materials, capital equipment, and services as required by Fortune.



| | | | |
|---------------|---|-----------------|------------------|
| Manual: | Supply Chain Management | SPP No. | SCM 1.1.0 |
| Section Name: | Supply Chain Management Purchasing Policy | Section Number: | 1 |
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| Issued by: | Supply Chain Management Department | Issue Date: | |

4.0 Definitions

Aboriginal Persons

- First Nation, Inuit and Metis Persons

Aboriginal Businesses -

- If the business is a sole proprietorship, it must be wholly owned by an Aboriginal person
- If the business is a corporation, it must have at least 51% of the equity (including any common or voting shares) owned by one or more Aboriginal Businesses or Aboriginal people.
- If the business is a partnership or joint venture, it must have at least 51% of the ownership rights (including any voting rights) directly held by one or more Aboriginal businesses or Aboriginal people
- As determine by the Owner in its sole discretion from time to time, any other business with a substantial amount of ownership rights held by one or more Aboriginal Business or Aboriginal people. When an Aboriginal Business has six or more full-time employees at the date of submitting the bid, at least a third of the employees are Aboriginal People, and this ratio must be maintained for the life of the contract.

Tender or Request for Tender (RFT)

- a formal and detailed invitation for the supply of products or services
- Fortune will use an RFT combined with a Statement of Work when a project can be thoroughly detailed and a formal written offer is sought

Quote or Request for Proposal (RFP)

- a formal notification to suppliers inviting them to enter into a bidding process for a project that has not yet been thoroughly detailed
- Fortune will use an RFP when interested in reviewing alternative approaches

Statement of Work (SOW)

- A formal document that captures and defines the work activities, deliverables and a timeline a vendor will execute against in performance of specified work



FORTUNE MINERALS LIMITED

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Sole Source/ Direct Award or No-bid Contract

- Only one source has the capability to perform the service;
- There is only one source, generally a manufacturer with ownership rights; or
- Only one source has capacity to perform the required service date / level

Set-Aside Award

- When a contract exists with a supplier that allows a percentage of the work to be awarded to Aboriginal companies as directed by Fortune

Capability

- the ability to perform work as specified in the SOW, RFP, RFQ and/or Tender or RFT
- Capacity will be assessed as having the ability to meet a specified delivery date, proven technical expertise, financial and commercial solvency, quality assurance procedures as well as the capability to do the work at a comparable price.

Approved Vendors

- Described as being vendors or suppliers who have gone through Fortune's Vendor selection process

5.0 Policy

Fortune is committed to obeying ALL laws and regulations. While striving to be fair and equitable during all business transactions, Fortune will be bias towards Aboriginal businesses as we are dedicated towards increasing Aboriginal capacity to the community in which Fortune operates. In turn, we will conduct business in a transparent manner due to our bias towards the Aboriginal communities.

If an Aboriginal business is not found for a particular service, Fortune will give preference and encourage businesses to become more aligned with Aboriginal needs. Preference will be given to businesses that have policies and strategies directed towards capacity building of Aboriginal communities. Memberships with organizations such as the Canadian Council for Aboriginal Business (CCAB) will be given preferred vendor status.

Fortune will recognize the traditional people of the project areas when sourcing goods or services.



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6.0 Purchasing Objectives

Competition & Best Value

- Products and / or services are acquired wherever possible by competition. An awarded contract must always be the most cost-effective way of getting the work done in the opinion of Fortune.

Fairness

- Prospective qualified contractors have fair access to contract business

Integrity

- We will deal with contractors in an ethical manner and in an atmosphere of mutual trust

Legality

- Contracts between Fortune, contractors and business individuals are legally sound and enforceable

Consistency

- The same standards apply across Fortune for the award and management of contracts

Control

- Approval, payment and reporting mechanisms are in place to keep track of Fortune's contract expenditures

Building Capacity

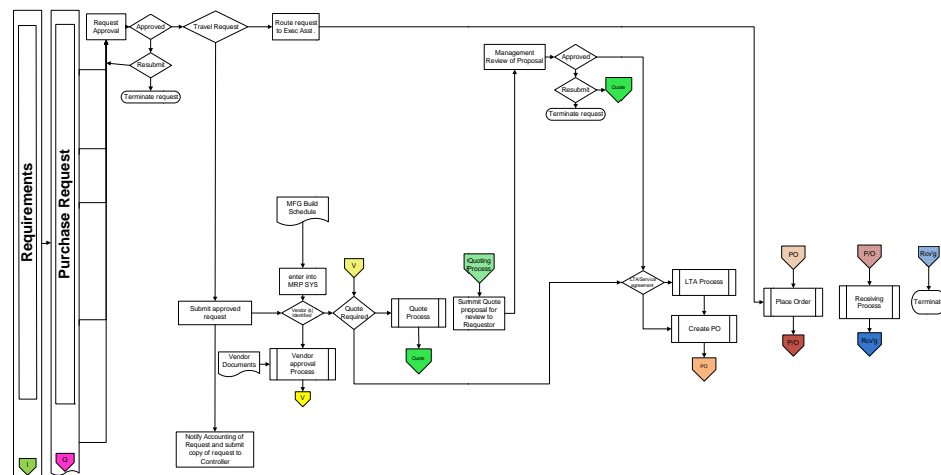
- Developing opportunities for Aboriginal people and businesses to compete competitively on Fortune contracts for goods and services



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| Issued by: | Supply Chain Management Department | Issue Date: | |

7.0 Purchasing Processes

Overall Supply Chain Purchasing Process



8.0 Enforcement of Policy

Please note that it is an employee's responsibility to know and follow the policies and procedures outlined herein. Any violation or breach of the applicable policy and procedures may result in disciplinary action up to and including termination of employment with the Company. This includes an employee obligation to report any act or practice by another employee that is a violation of the Company's policies and procedures.

Questions concerning this Policy # **AD-SCM-P 1.1.0** should be directed to Fortune Supply Chain Management.

Effective date: _____ revision date (if applicable): _____



FORTUNE MINERALS LIMITED

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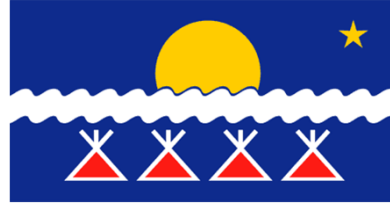
Fortune Minerals Limited



FORTUNE MINERALS LIMITED

www.fortuneminerals.com

Supply Chain Opportunities



Current

- 115 suppliers
- 99 Northern
- 17 direct FN
- Balance were Engineering and storage facilities

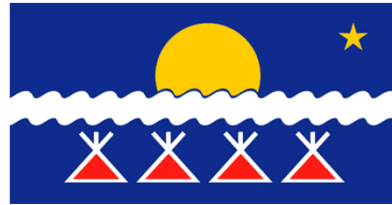




FORTUNE MINERALS LIMITED

www.fortuneminerals.com

Supply Chain Opportunities



Future

- Food Services
- Trucking
- Labor and Machine Operators
- Environmental Support
- Waste handling
- Transportation
- Communications
- Reclamation



Loretta Ransom

Subject: Feb meeting follow up

From: Bill Shepard [mailto:bshepard@fortuneminerals.com]

Sent: Friday, May 18, 2012 7:16 AM

To: Loretta Ransom

Cc: Pat Moloney; Amy Lizotte; Kris Johnson - ITI; Greg Brady; Juanita Robinson; Rick Schryer

Subject: RE: Feb meeting follow up

Hi Loretta

I just wanted to let you know I received your email and requests. We are just looking them over and determining a response. We want to ensure that we are addressing your request in line with the DAR and all the information is open for public consumption i.e. Capital cost. The policies and procedures should be no problem but I am pondering over the total procurement breakdown. The reason being we have provided the overall spend and we are committing to purchase from the north preferably from our Aboriginal partners. We are working with TIC currently to identify current and potential Aboriginal businesses. So to generate a specific number for and aboriginal spend might be premature. The slides I sent were to demonstrate not what we are going to do but rather what we "are" doing. Over 80% of our supply base is Northern already and with our purchasing policy it commits us to changing the ratio from Non-aboriginal to Aboriginal suppliers as we develop local capacities. Fortune Minerals works of a national basis across Canada so the purchasing policy I forwarded reflects that because we work in several regions across the country. What might be best to satisfy your request is to send you the supplier evaluation criteria we use for NICO specific supplier that considers DAR section 16.2.4.6 you refer to.

We can touch base further after the long weekend.

Regards

Bill Shepard

Manager

Supply Chain Management

Fortune Minerals Limited

W 519 858 8188

C 519 532 5613

E bshepard@fortuneminerals.com

From: Loretta Ransom [mailto:Loretta_Ransom@gov.nt.ca]

Sent: May-17-12 11:12 AM

To: Bill Shepard

Cc: Pat Moloney; Amy Lizotte; Kris Johnson - ITI; Greg Brady; Juanita Robinson

Subject: RE: Feb meeting follow up

Hi Bill,

Thank you for providing the information regarding the business related commitments from our meeting with you on February 8th, 2012. In reviewing the information you provided, we have a few more questions regarding Fortune's estimated procurement and information on how it will achieve goals related to engaging the NWT business community. Given the upcoming deadlines for submission of technical reports to the public registry, can you please provide this information to us **by May 24, 2012** (one week from today).

Procurement Estimates

We note that some important information remains outstanding that is necessary to complete our technical analysis. Can Fortune please provide:

- An estimate of total procurement from NWT-based businesses for the closure and reclamation phase?
- An estimate of total purchases from NWT-based Aboriginal businesses for each phase of the development?

The above information can be provided in a table similar to the one in the response to GNWT's information request #9 (GNWT IR 9).

In the response to GNWT IR 9, Fortune provided a table showing its estimated total project procurement, excluding capital equipment (Table 2). In order to get an accurate sense of what the impacts of the NICO project are in the NWT, it is important to know what percentage of **total** project procurement will go to NWT businesses.

- Can Fortune provide a table that shows the total project procurement, *including* capital equipment, for each phase of the development?

Procurement Policies

Fortune committed to providing more information on how it will achieve goals for northern procurement. We thank you for providing a copy of Fortune's *Supply Chain Management Purchasing Policy* to the GNWT. It is clear from this document that Fortune has a commitment to Aboriginal businesses, however it is unclear how the policy will apply the NICO project in terms of engaging NWT businesses. In the DAR, Fortune refers to a "NICO project contracting policy" (Section 16.2.4.2.2) but does not provide details on it. Fortune does, however, make clear it will implement a priority procurement process whereby "*preference will be given to Tłıchʔ businesses that have the capacity to perform the work, followed by Aboriginal, northern, and other companies, in this order of priority*" (DAR section 16.2.4.2.6).

- Can Fortune confirm whether a NICO project specific version of the *Supply Chain Management Purchasing Policy* will be or has been developed for the NICO project? Will the policy be updated to reflect definitions which refer to NWT Aboriginal businesses and NWT businesses?
- Can Fortune please provide a copy of the "NICO project contracting policy"?

Without the above information for our analysis, it is not possible to get a complete picture of the impacts the NICO project will have on the NWT. Keeping in mind the tight deadlines ahead of us, we thank you in advance for providing the above information to us **by May 24, 2012**.

Kind Regards,

Loretta

Loretta Ransom

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From: Bill Shepard [<mailto:bshepard@fortuneminerals.com>]
Sent: Wednesday, May 16, 2012 12:41 PM
To: Loretta Ransom
Cc: Pat Moloney
Subject: Feb meeting follow up

Hi Loretta

I wanted to provide the information you requested related to Fortune Minerals and its supply base. I have included a couple of PP slides we use in most of our presentations stating our current performance of.

- 115 suppliers used to date
- 99 of which are northern
- And of the 99,
- 17 are Aboriginal

The slides also show examples of current and future supplies and service categories we will be sourcing future services from.

I will also include a draft copy of our purchasing policy. This is to convey our commitment to aboriginal businesses in the regions we do business (in this case being the NWT). I hope this helps with the information you require. Please contact me directly if I can help further.

Bill Shepard
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Loretta Ransom

Subject: May 17 Meeting Minutes
Attachments: Respond to GNWT IR 120526.docx

From: Bill Shepard [mailto:bshepard@fortuneminerals.com]
Sent: Tuesday, May 29, 2012 12:19 PM
To: Loretta Ransom; Pat Moloney
Subject: RE: May 17 Meeting Minutes

Hello Loretta

I have attached a document to respond to the questions you asked related to my area of the business. I all so wanted to make note that the construction period of the project once commenced is 18mths I believe it may have been stated as 2 yrs. If you could correct Pat's name (Moloney) that would be great to ensure items get sent to the correct person. Both Pat and I will be in Yellowknife on June 20th so if you need anything else please let us know before then so we have time to prepare what you need.

Regards

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Fortune Minerals/NICO Mine responses to the GNWT minutes actions for the Fortune Minerals SCM group. Representatives on Socio-Economic Issues

1. Fortune has developed internal policies on how Fortune's staff shall source suppliers for goods and services. This is communicated to the purchasing staff through training and team meetings. Externally Fortune will be communicating sourcing preferences via a supplier hand book and web portal. As potential suppliers are identified their information will be maintained in Fortune's supplier database highlighting skills and abilities along with aboriginal affiliations that would provide advantages during the sourcing process. Fortune is and will continue to work at the community level with the local human resources and Investment Corporations to develop potential Aboriginal suppliers. We will retain the right to source suppliers that provide a sound and economical business plan or quote for the service required. Fortune is also working with the Canadian Council for Aboriginal Business to identify support mechanisms to help develop Aboriginal suppliers to enable to compete competitively for Fortune contracts.
2. Fortune currently has strong relations with the local business and economic development and investment corporations in the communities Fortune operates in. Fortune participates in the local communities job fairs and part of the community engagement practices travel to our target communities conduction workshops. These methods have proven to be effective resulting in over 80% of our supply base being from the north.
3. The procurement estimates have been communicated through the responses for information request GNWT_9 tables one and two. Constrains are stated below;
 - a. The final estimates for the closure are not completed at this time. The costs are being estimated by Fortune's engineering consultants and will be estimates for activities supporting the end of mine life 20 years from now.
 - b. The total procurement will not be estimated based on Aboriginal business only due to not all NWT-based Aboriginal businesses for been identified for all phases for the project. Fortune has been working for years with the Tilcho Investment Corporation to match their family of businesses with Fortune's present and future needs.
 - c. This has been communicated in the IR responses (minus the capital costs). The Forward Engineering is currently in draft and until the final report is issued and made public the estimate will be as reported

4. Fortune has provided a corporate internal purchasing policy directed at governing Fortune's staff. As the project continues to develop we will add addendums to our corporate policies to reflect site specific requirements. In the case of the Nico project this will outline Fortune's contractual preferences when considering awarding work.

Band affiliation : (in order of preference)

1. Tlicho
2. YKDFN
3. NSMA
4. Other Aboriginal groups

Fortune also has a preference to award business to Northern companies. In all cases Fortune reserves the right to award on a competitive basis.

5. Fortune in its commitment to developing Aboriginal capacities within and around our project sites has developed a relationship with the Canadian Council for Aboriginal Business (CCAB). We are currently participating in a certification process to ensure Fortune's business philosophies and practises are in line with Progressive Aboriginal Relations (PAR). With the support of the CCAB, Fortune will continue to develop Aboriginal suppliers to competitively compete for Fortune contracts. Details on the PAR program can be found at www.ccab.com