

LONDON, ON, July 3, 2015 /CNW/ - [Fortune Minerals Ltd.](#) (TSX: FT) (OTCQX: FTMDF) ("Fortune" or the "Company") (www.fortuneminerals.com) reports that its wholly-owned subsidiary, Fortune Revenue Silver Mines, Inc. ("FRSMI"), the owner of the Revenue Silver Mine (the "RSM") in southwest Colorado, has received notice from LRC-FRSM LLC ("Lascaux") that events of default have occurred under the Amended and Restated Senior Secured Metal Prepay Agreement (the "Prepay Agreement"), dated as of March 25, 2015 among FRSMI, the Company and Lascaux. The notice from Lascaux has declared all amounts and deliveries owing under the Prepay Agreement to be immediately due and payable. FRSMI's obligations under the Prepay Agreement are secured by all of its assets and guaranteed by the Company and certain of its other subsidiaries, including Fortune Minerals NWT Inc. ("Fortune NWT") and Fortune Minerals Saskatchewan Inc. ("Fortune Saskatchewan"), which have also granted Lascaux security over their respective assets. Each of the Company, Fortune NWT and Fortune Saskatchewan have also received notice from Lascaux pursuant to the Bankruptcy and Insolvency Act (Canada) of Lascaux's intention to enforce its security. Lascaux will have the right to enforce such security at any time after July 10, 2015.

Fortune and Lascaux entered into discussions with respect to a settlement of the obligations of the Company and its subsidiaries under the Prepay Agreement. Discussions were also held with the Company's other secured creditors who are parties to an intercreditor agreement with Lascaux. Fortune is pleased to report that the parties have now reached an understanding on terms to settle all outstanding debts. The terms are non-binding, are subject to final negotiation and execution of binding agreements as well as and all necessary regulatory and other approvals and a binding agreement will not be formed until the parties execute definitive documents.

The following are the principal terms of the proposed settlement:

- Fortune will transfer to Lascaux or its designated affiliate the shares of FRSMI and intercompany indebtedness owing from FRSMI to Fortune;
- FRSMI will transfer US\$750,000 to Fortune;
- The Company's NICO gold-cobalt-bismuth-copper project in the Northwest Territories, all related permits and the shares of Fortune NWT and Fortune Saskatchewan will be transferred to a new wholly-owned subsidiary of Fortune ("Newco");
- Lascaux will receive C\$5 million face amount of preferred shares of Newco ("Preferred Shares");
- The other secured creditors will receive C\$3.75 million of Preferred Shares of Newco;
- The Preferred Shares will have the following attributes:
 - a liquidation preference of face value of the Preferred Shares in the event of any financing of the NICO project;
 - The Preferred Shares will be exchangeable for common shares of Fortune at an exchange price of C\$0.25 per share;
 - the Preferred Shares will be automatically redeemed if not previously exchanged after seven years;
 - The Preferred Shares will carry the right to 5% per annum preferred dividend that may be accrued or paid in cash at Fortune's option;
 - A shareholder agreement will be entered into at the Newco level that will provide certain minority protections to the holders of the Preferred Shares.
- Additionally, Lascaux will receive 7.5 million warrants of Fortune with each warrant entitling the holder to purchase one common share at a price of C\$0.15 for five years;
- The Company's other secured creditors who hold security in the Canadian assets will receive 5 million warrants of Fortune with each warrant entitling the holder to purchase one common share at a price of C\$0.15 for five years;
- All security granted to Lascaux under the Prepay Agreement and to the other secured creditors will be released;
- Fortune will provide accounting, payroll, purchasing, IT and other services to Lascaux to assist in the operation of the RSM to the extent required by Lascaux.

Mr. Robin Goad, President and CEO of Fortune stated, "Upon completion of the aforesaid proposed settlement, Fortune will have resolved all of its outstanding debt obligations and will be in a position to focus efforts on the development of the Company's wholly-owned NICO gold-cobalt-bismuth-copper project in Canada's Northwest Territories and the planned related refinery in Saskatchewan."

This press release contains forward-looking information and forward-looking statements within the meaning of applicable securities legislation. This forward-looking information includes statements with respect to, among other things, the proposed settlement of the obligations of the Company and its subsidiaries under the Prepay Agreement. Forward-looking information is based on the opinions and estimates of management as well as certain assumptions at the date the information is given (including, in respect of the forward-looking information contained in this press release, assumptions regarding the Company's ability to complete the contemplated settlement transactions). However, such forward-looking information is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. These factors include the risk that the Company may not be able to complete the contemplated settlement transactions and may not be able to continue operations if it is unable to do so. Readers are cautioned to not place undue reliance on forward-looking information because it is possible that predictions, forecasts, projections and other forms of forward-looking information will not be achieved by the Company. The forward-looking information contained herein is made as of the date hereof and the Company assumes no responsibility to update or revise it to reflect new events or circumstances, except as required by law.

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