

FORTRESS MINERALS CORP.
Annual Report
For the Year Ended December 31, 2007

To our shareholders,

A new, exciting chapter has begun for Fortress. The Company has teamed up with Gazprombank, one of the three largest banks in Russia, to jointly develop the Company's growing Svetloye gold project and to acquire and develop additional world-class gold projects in Russia.

Fortress has signed agreements to acquire the 49% interest in Svetloye held by Freeport-McMoran Exploration Corp. which would bring Fortress' holdings up to 100%. Concurrently, Fortress has granted an option to Gazprombank to acquire a 51% interest in Svetloye thus forming a Gazprombank 51% and Fortress 49% joint venture partnership.

The partnership capitalizes on the respective strengths of Fortress' mining expertise and Gazprombank's extensive relationships in Russia. It also positions Fortress to succeed under proposed legislation in Russia, under which acquisitions of certain strategic sector assets, including gold deposits in excess of 50 tonnes (approximately 1.6 million ounces), are expected to require government approval.

Transaction Highlights

Acquisition of Freeport Svetloye Interest

The Company shall pay US\$8 million and issue four million Fortress shares to Freeport in exchange for its 49% project interest, increasing Fortress' ownership in Svetloye to 100%. The total consideration based upon Fortress' 20-day volume weighted average price equates to approximately C\$13.5 million. Freeport will not have a right to any further payments or royalties from Svetloye.

Gazprombank Purchase Option

The Company has granted Gazprombank an option exercisable up to December 31, 2008 to purchase 51% of Svetloye. The purchase price includes:

1. US\$47.75 million payable upon exercise by way of investment in the Svetloye joint venture company, which will be used in part to repay all loans from Fortress and in part to fund operations at Svetloye;
2. Reimbursement to Fortress of 51% of costs incurred at Svetloye between April 8, 2008 and the date of exercise, payable upon exercise; and
3. A bonus payable to Fortress at prefeasibility, contingent on the measured and indicated resource included in a prefeasibility report.

The exercise of the option by Gazprombank will be subject to Russian regulatory approval.

Svetloye

At Svetloye, Fortress enjoyed its most successful year. The 2007 exploration program comprised 8,306 metres of drilling in 61 holes as well as an extensive trenching, soil and rock chip sampling program. The company has completed a total of 16,709 metres of drilling in 131 holes and 4,186 metres of trenching through to December 31, 2007. The work program identified two additional large prospects along what is now an eight kilometre long zone of epithermal gold mineralization including nine prospects. The gold mineralization is associated with extensive zones of vuggy

silica and alunite. This style of mineralization is common to Pierina, Veladero and other high sulphidation epithermal deposits.

Much of the exploration focused on the Elena prospect, which returned a series of wide, from surface, intercepts of high grade gold. Drilling this year expanded significantly the known zone of high grade mineralization, especially Hole PDSC-111 to the north and Hole PDSC-80 to the south. Highlights included:

PDSC-80 - 29.7 metres (from 0 to 29.7m) grading 9.3 grams per tonne (g/t) gold
PDSC-100 - 55.7 metres (from 6.8 to 62.5m) grading 2.7 g/t
PDSC-103 - 20.1 metres (from 0 to 20.1m) grading 4.04 g/t
PDSC-106 - 16.5 metres (from 0 to 16.5m) grading 8.58 g/t, and the next 2.5 metres grading 86.3 g/t
PDSC-111 - 47.9 metres (from 0 to 47.9m) grading 8.12 g/t, incl. 1.4 metres grading 923 g/t (cut to 26.3 g/t)
PDSC-119 - 65.6 metres (from 0 to 65.6m) grading 5.2 g/t

At the Amy Prospect, five drill holes were completed during the 2007 program. Of particular interest is Hole PDSC-091, which intersected 182.7 metres grading 1.10 g/t gold. Trenching at the Amy Prospect returned significant results including 43.8 metres grading 1.81 g/t gold, including 13.5 metres grading 4.1 g/t gold.

At the Tamara Prospect, highlights include PDSC-071, which returned 25.6 metres grading 1.27 g/t gold. Work conducted this year at Tamara has added significantly to the understanding of the mineralizing controls. Highlights from the 2006 drill program at Tamara South included PDSC-065, which returned 40.3 meters grading 3.3 g/t gold and PDSC-49, which returned 46.4 meters grading 8.85 g/t gold. Extensive trenching was undertaken during 2007 in the Tamara North area, where the zone of mineralization appears to widen based on geologic mapping and soil geochemistry. Highlights include 27.1 metres grading 1.22 g/t gold.

An aggressive work program is underway for 2008 at Svetloye including trenching, sampling, geophysics and a minimum 15,000 metres of drilling. Three diamond drill rigs commenced drilling in March 2008 on the Tamara prospect and by April 24 had already completed 27 holes and 3,872 metres. Drilling will also focus on the Elena and Amy prospects during 2008.

We are pleased to announce that we have added Russian depth to our Corporate and Management teams, with the appointment of Mr. Alexander Kim as a Director of the Corporation and Mr. Igor Gladkov as Vice President Russia.

During the year Ron Hochstein stepped down as President and CEO of Fortress to focus on his other executive commitments. We would like to thank Ron for his hard work and dedication to the Company during his tenure as President and CEO and look forward to his ongoing contributions as a Director of the Company. As your newly appointed President and CEO, I'm excited about what we have accomplished in 2007 and am enthusiastically looking forward to leading Fortress through an exciting period in its development to becoming a Russia-focused gold producer.

We look forward to another successful year ahead in 2008 and are honoured to have Gazprombank as our partner as we build Fortress into a leading Russia-focused gold producer. We look forward to a successful partnership for years to come with one of Russia's strongest and most influential enterprises.

On behalf of the board,

Ian Slater
President and CEO

April 25, 2008