

FORTRESS MINERALS CORP.
Second Quarter Report
For the Period Ended June 30, 2008

To our shareholders,

Ongoing work at the Svetloye gold project in northeastern Russia continues to yield excellent results. The 2008 exploration program is well underway and includes trenching, sampling, geophysics and a minimum of 16,000 metres of drilling, utilizing three diamond drill rigs. Work is focusing primarily on the Elena, Tamara and Amy prospects. Since the start of the 2008 drilling program in late March, 2008, 98 diamond drill holes totaling approximately 12,500 metres have been completed.

The Elena prospect continues to grow. The known mineralized zone was further expanded to the southwest by 50 meters in step out Hole PDSC-156 which intercepted 1.82 grams per tonne (g/t) gold over 91.8m. Additional step out drilling to the south intercepted lower-grade gold mineralization further extending the area of interest. Work will continue at this key target.

The high-grade zone at the Tamara prospect was extended north 40 metres with drill hole PDSC-135 which intersected 20.2 metres grading 19.09 grams per tonne (g/t) Au. Also of significance are 5 holes drilled to test a geochemical anomaly 800 metres northeast of Tamara. All 5 holes intersected gold mineralization, including PDSC-146 with 48.7 metres grading 1.07 g/t Au, including 13.8 metres with 2.01 g/t Au. Additional drilling will be carried out to further delineate this new area of mineralization.

Excellent results have been received from recent drilling at the Amy prospect. Highlights from the six drill holes completed thus far at Amy include holes PDSC-176 that intercepted 91 metres (from 0 to 91m) grading 2.67 grams per tonne (gpt) gold and PDSC-177 that intercepted 52.2 metres (from 0 to 52.2m) grading 2.97 gpt gold.

The first resource estimate commissioned by the Company on the Svetloye gold project was completed during the quarter and is based upon drilling data compiled up to September 30, 2007. Resources were estimated for three of nine mineralized zones at the project, namely, Elena, Amy and Tamara. Total inferred resources at these three zones are estimated at 1.1 million ounces of gold at a grade of 2.11 grams per tonne (g/t).

The resource estimate was completed on a block model for Elena and by sectional methods for Amy and Tamara. A table showing the tonnage and grade for the different zones is given below.

Mineral Resource Estimate for the Svetloye Project (0.5 g/t Au Cut-off grade)				
Deposit	Category	Tonnage	Grade (g/t Au)	Oz (troy) Au
Elena	Inferred	12,199,000	2.10	823,735
Amy	Inferred	2,095,000	2.10	141,547
Tamara	Inferred	1,929,000	2.22	137,421
Total		16,233,000	2.11	1,102,703

The resource zones are open to expansion and the 2008 exploration program is targeting further expansion of these zones. Most of the mineralization occurs at surface on hill tops and approximately 70% of the above cut-off grade resource blocks occur within 50 metres of surface. Mineralization at the three zones occurs within an intense alteration system that covers an area of about 17 square kilometres within the project area.

Fortress currently has a 100% interest in the project with Gazprombank holding an option to acquire a 51% interest. In addition, the Company has entered into a strategic alliance with Gazprombank to jointly explore and potentially acquire additional gold projects in Russia. Gazprombank is one of the three largest banks in Russia and the partnership capitalizes on the respective strengths of Fortress' mining expertise and Gazprombank's extensive relationships in Russia.

Work recently commenced on the Company's Dubaki License in northeastern Russia. Two geological teams have begun reconnaissance exploration. The 2008 program at this project will include stream sediment sampling, soil sampling and follow-up field investigations of alteration zones identified to-date and investigations of pan-concentrate gold anomalies identified during previous Soviet investigations in the license area.

The Dubaki License was awarded to Fortress in 2007. The Dubaki License occurs along the Sekcha structural/mineral belt that extends from the Company's Svetloye property northeast to the Khakanja gold/silver deposit. Svetloye occurs approximately 40 km to the southwest of Dubaki, and the Khakanja mine occurs approximately 220 km to the northeast.

The Dubaki license encompasses 166 square kilometers and includes several large zones of hydrothermally altered rocks identified by airborne and ground based regional reconnaissance. In addition, pan concentrate gold point and zone anomalies occur within the license which were identified during regional exploration programs conducted under the former Soviet Union.

The two reconnaissance teams will complete regional stream sediment and pan concentrate sampling in order to verify anomalies discovered by the Soviet reconnaissance teams. In addition, areas of observed alteration as well as any additional zones of alteration that may be found during the pan-concentrate follow-up program will be investigated by rock chip and soil sampling, geologic mapping, and trenching where appropriate.

The Company looks forward to continued drilling and exploration success in the months to come.

On Behalf of the Board,

Lukas H. Lundin
President and CEO

August 28, 2008