



MANAGEMENT INFORMATION CIRCULAR
(as at July 30, 2010, unless otherwise noted)

SOLICITATION OF PROXIES

This Management Information Circular (“**Circular**”) is furnished in connection with the solicitation by the management of FORTRESS MINERALS CORP. (the “**Corporation**” or “**Fortress**”) of proxies to be voted at the special meeting of shareholders of the Corporation to be held at 10:00 a.m. (Vancouver time) on Monday, August 30, 2010, at the offices of the Corporation at Suite 2101, 885 West Georgia Street, Vancouver, British Columbia, and any adjournment thereof (the “**Meeting**”).

Management's solicitation of proxies will be conducted primarily by mail and may be supplemented by telephone or other means of communication to be made without special compensation by directors, officers and regular employees of the Corporation or by the Corporation's registrar and transfer agent. The Corporation may retain other persons or companies to solicit proxies on behalf of management, in which event customary fees for such services will be paid. All costs of solicitation will be borne by the Corporation.

Unless the context otherwise requires, references herein to the “Corporation” or “Fortress” mean Fortress Minerals Corp. and its subsidiaries. The principal executive office of the Corporation is located at Suite 2101, 885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3E8. The registered and records office of the Corporation is located at Suite 2610, Oceanic Plaza, 1066 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3X1. The Corporation's website address is www.fortressminerals.com. The information on that website is not incorporated by reference into this Circular.

Unless otherwise indicated, all monetary amounts referred to herein are stated in Canadian dollars.

APPOINTMENT OF PROXYHOLDER AND VOTING BY PROXY

The individuals named in the accompanying form of proxy (the “**Proxy**”) are directors or officers of the Corporation (the “**Management Proxyholders**”). **A shareholder wishing to appoint a person or company other than Management Proxyholders to attend and act for the shareholder and on the shareholder's behalf at the meeting has the right to do so, by striking out the names of the Management Proxyholders and by inserting the desired person's or company's name in the blank space provided in the Proxy, or by executing a proxy in a form similar to the enclosed form. In either case, the completed form of proxy must be delivered to Computershare prior to the Meeting or any adjournment thereof. A proxyholder need not be a shareholder.**

You can choose to vote your common shares by proxy by mail, by telephone or on the Internet. If you vote your common shares by proxy by mail, completed forms of proxies must be delivered to the Corporation's transfer agent, Computershare Investor Services Inc. (“**Computershare**”), at Proxy Department, at 100 University Avenue, 9th Floor, Toronto, Ontario, Canada, M5J 2Y1, in the envelope provided for that purpose. Telephone and Internet voting can also be completed 24 hours a day, 7 days a week, at 1-866-732-VOTE (8683) (toll free) and www.investorvote.com. Duly completed forms of proxy or a vote using the telephone or over the Internet must be completed no later than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting, or any adjournment thereof, unless the chairman of the Meeting elects to exercise his discretion to accept proxies subsequently received.

If you are a Beneficial Shareholder and receive these materials through your broker or through another intermediary, please complete and return the form of proxy in accordance with the instructions provided by your broker or other intermediary.

NON-REGISTERED HOLDERS OF COMMON SHARES

The information set forth in this section is of significant importance to many shareholders as a substantial number of shareholders do not hold securities of the Corporation in their own name. Shareholders who hold their securities through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their securities in their own name (referred to in this Circular as "**Beneficial Shareholders**") should note that only proxies deposited by shareholders who appear on the records maintained by the Corporation's registrar and transfer agent as registered holders of voting securities will be recognized and acted upon at the Meeting. If voting securities are listed in an account statement provided to a Beneficial Shareholder by a broker, those voting securities will, in all likelihood, not be registered in the shareholder's name. Such voting securities more likely will be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name of the Canadian Depositary for Securities which acts as nominee for many Canadian brokerage firms). Voting securities held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their voting securities are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the instrument of proxy provided directly to registered shareholders by the Corporation and is commonly referred to as a "**voting instruction form**". However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. ("**Broadridge**") (formerly known as ADP Investor Communications) in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails such forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote their securities directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of securities must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the securities voted. If you have any questions respecting the voting of securities held through a broker or other intermediary, please contact that broker or other intermediary promptly for assistance.** Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting securities registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the securities in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their securities as proxyholder for the registered shareholder should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**

REVOCATION OF PROXIES

A registered shareholder who has given a Proxy may revoke it by an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing or, if the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either to the registered office of the Corporation

at Suite 2610, Oceanic Plaza, 1066 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3X1, at any time up to and including the last business day preceding the day of the Meeting or any adjournment of it or to the chair of the Meeting on the day of the Meeting or any adjournment of it. **Only registered shareholders have the right to revoke a proxy. Beneficial Shareholders who wish to change their vote must, at least seven days before the Meeting, arrange for their respective intermediaries to revoke the proxy on their behalf.** A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

EXERCISE OF DISCRETION

The enclosed Proxy, when properly completed and delivered and not revoked, gives discretionary authority to the persons named therein with respect to any amendments or variations of matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. As at the date of this Circular, management of the Corporation knows of no such amendment, variation or other matter that may be presented to the Meeting.

If a shareholder does not specify a choice and the shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.

CAUTIONARY NOTE - FORWARD LOOKING STATEMENTS

This Circular may contain forward-looking statements. These forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to political risks involving the Corporation's exploration and development of its properties, the inherent uncertainty of cost estimates and the potential for unexpected costs and expenses, commodity price fluctuations, the inability or failure to obtain adequate financing on a timely basis and other risks and uncertainties, including those described in the Corporation's periodic filings with the British Columbia Securities Commission and those associated with the proposed Sale Transaction as described herein. Such information contained herein represents management's best judgment as of the date hereof based on information currently available. The Corporation does not intend to update this information and disclaims any legal liability to the contrary.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No director or executive officer of the Corporation, nor any person who has held such a position since the beginning of the last completed financial year end of the Corporation, nor any associate or affiliate of the foregoing persons has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting.

RECORD DATE

Shareholders registered as at July 26, 2010 (the "**Record Date**") are entitled to attend and vote at the Meeting. Shareholders who wish to be represented by proxy at the Meeting must, to entitle the person appointed by the Proxy to attend and vote, deliver their Proxies at the place and within the time set forth in the notes to the Proxy.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of common shares of which 180,472,095 common shares are issued and outstanding as at the date hereof. Each common share is entitled to one vote.

To the knowledge of the directors and executive officers of the Corporation, the following persons beneficially own, directly or indirectly, or exercise control or direction over, directly or indirectly, 10% or more of the issued and outstanding common shares of the Corporation:

Name	Number of Common Shares	Percentage
Zebra Holdings and Investments S.à.r.l. ("Zebra") ⁽¹⁾	19,233,447	10.66%
Lorito Holdings S.à.r.l. ("Lorito") ⁽¹⁾	38,183,334	21.16%
⁽¹⁾ Lorito and Zebra, who report their security holdings as joint actors, are private corporations owned by a trust whose settler is the Estate of Adolf H. Lundin. Together, Lorito and Zebra hold a total of 57,416,781 common shares of the Corporation, which represents approximately 31.82% of the current issued and outstanding common shares of the Corporation.		

PARTICULARS OF MATTERS TO BE ACTED UPON

Approval of Sale and Purchase

The Corporation expects that it will enter, on or about August 3, 2010, into a share purchase agreement (the "SPA") with Castalian Trading Ltd. (the "Share Purchaser"), that is a party to a letter of intent with Polymetal (PMTL.MM) (PMTLq.L) ("Polymetal") to purchase the Svetloye gold deposit. Pursuant to the SPA, the Share Purchaser will purchase, all of the issued shares of the Corporation's Cypriot subsidiary, Fortress Minerals Cyprus (IV) Ltd. (the "Target Company"), consisting of 51,100 ordinary shares (the "Ordinary Shares") and 10,000 preference shares (the "Preference Shares"), as well as the one ordinary share (the "Cyprus (V) Share") of Fortress Minerals Cyprus (V) Ltd., owned by Fortress (Cayman) Corp., a wholly owned subsidiary of the Corporation. The Target Company together with the Corporation's Cypriot subsidiary, Fortress Minerals Cyprus (V) Ltd. own 100% of the participatory interests in the Corporation's Russian subsidiary, PD RUS, LLC ("PDRUS"), which holds the Svetloye License (mining and exploration) located in Khabarovsk Krai within the Russian Federation (the "Russian Asset"). As part of the SPA transaction (the "Sale Transaction"), intercompany debt in the form of loan agreements and promissory notes (the "Debt") owed by PDRUS to the Corporation and its Delaware subsidiary, Svetloye Gold Corporation will be assigned or transferred, as applicable, to Polymetal ESOP Limited (the "Debt Purchaser"), that is a 100 per cent subsidiary of Polymetal.

The aggregate consideration to be realized by the Corporation in relation to the Sale Transaction is US\$9.25 million and shall be paid as follows:

- consideration for the sale and purchase of the Ordinary Shares to the Share Purchaser shall be the sum of one US\$1.00;
- consideration for the sale and purchase of the Preference Shares to the Share Purchaser shall be the sum of US\$1.00;
- consideration for the sale and purchase of the Cyprus (V) Share to the Share Purchaser shall be US\$1.00; and

- consideration for the assignment and/or transfer, as applicable, of the Debt to the Debt Purchaser shall be US\$9,249,997 (the “Debt Consideration”).

The board of directors (the “Board”) of the Corporation has approved the execution and delivery of the SPA and the consummation of the Sale Transaction and has determined that the Sale Transaction is in the best interests of the Corporation.

Description of Svetloye Licence

The Svetloye project is a high-sulphidation epithermal gold system situated in the Russian Far East, located approximately 750 km southwest of Magadan, Russia, and 220 km southwest of the village of Okhotsk. Access to the site is provided by winter road from the village of Okhotsk during the period from December through March, or via helicopter during other months of the year. Okhotsk is served by regular commercial aircraft from Khabarovsk, located 1,300 km to the south.

The Svetloye deposit is located in the basin of the Alalindya and Onemna Rivers, which are both tributaries of the Uenma River. Relief is moderate, with elevations ranging from 800 to 900 m, ASL. The region consists primarily of flat lying volcanic stratigraphy that has been incised by streams and rivers. Official Russian climate zone maps place the Svetloye deposit within the “monsoon forest climate zone of Priokhotsky Province of Dzhugdzhur Climate Region”, an area characterized by cold humid winters and cool to warm humid summers, with winter temperatures commonly reaching below -40°C and summertime highs rarely exceeding 35°C. Monthly precipitation averages 390 mm per year, with the highest precipitation in the summer months. Average days of snow cover in the region are 210, with snow reaching an average depth of 32 to 42 cm by March.

The property occurs within the Okhotsk-Chukotka volcanic - plutonic belt, which formed during the Cretaceous in response to subduction related granitic plutonism. Gold mineralization at Svetloye was formed by a high-sulphidation epithermal system within a Cretaceous, calc-alkaline, volcanic arc setting. The region of the Svetloye license is characterized by numerous arcuate and circular faults that are interpreted as representing fossil caldera systems. Svetloye is marked by numerous zones of alteration and mineralization. Widespread advanced argillic alteration (alunite dickite, kaolinite), with localized zones of silicic alteration, including “vuggy” silica, are interpreted to be a result of leaching by acidic hydrothermal fluids. These altered zones host gold mineralized prospects and exploration targets of variable sizes, and grade ranges. Mineralization is controlled by both structure and lithology. Northwest and northeast trending faults provided the plumbing systems for the mineralizing hydrothermal fluids.

Exploration has been conducted on the property since 2003, initially by the Russian subsidiary of Phelps Dodge Corporation (“**Phelps Dodge**”), PD Russia Inc (“**PDRI**”). In May 2005, Fortress entered into an option agreement to purchase an 80% interest in PDRI. Phelps Dodge was acquired by Freeport McMoRan Copper & Gold Inc. (Freeport) in November, 2006. Fortress completed its earn-in requirements and subsequently purchased the outstanding ownership of PDRI, now PD RUS LLC (“**PDRUS**”), from Freeport in early May, 2008. The Svetloye property is held under an exploration and extraction licence which expires on December 31, 2030.

Silicification and advanced argillic alteration are widespread, with over 17 square kilometres of alteration having been mapped within the license area to date. The alteration area forms a northwesterly trending belt across the project area that is about 10 km long by up to 4 km wide. Argillic alteration flanks much of the advanced argillic alteration extending the overall altered area, and making it more continuous.

Eight major target areas of gold mineralization have been discovered at Svetloye. The Elena prospect is at the most advanced stage of exploration with, 169 drill holes. The Amy, Tamara and Tamara North prospects have far less drilling (53, 41 and 17 holes, respectively), and the Larissa, Ludmilla, Ludmilla South and Gorky prospects are at relatively early stages of exploration with just a few holes each. In January 2009, NI 43-101 inferred mineral resources were estimated and reported at a 0.5 g/t Au cutoff for Elena and Tamara, and a 1.0 g/t Au cutoff for Amy (NI 43-101 Technical Report titled, “Report on the Svetloye Gold Property, Khabarovsk Krai, Okhotsky Tajon,

Russia”, dated June 1, 2009, filed on SEDAR). The Elena deposit’s inverse distance, block model inferred resource totalled 12,199,000 tonnes averaging 2.10 g/t Au and containing 824,000 ounces of gold. The Tamara deposit’s sectional polygon inferred resource totalled 1,929,000 tonnes averaging 2.22 g/t Au and containing 137,000 ounces of gold. The Amy deposit’s current, inverse distance block model inferred resource at a 1.0 g/t Au cutoff totals 5,975,000 tonnes averaging 2.43 g/t Au, and contains 467,000 ounces of gold. The current inferred mineral resources from Elena, Tamara, and Amy now total 20,103,000 tonnes averaging 2.21 g/t Au and contain 1.428 million ounces of gold.

Initial metallurgical test work has been done for the oxide mineralization from Elena and Amy, returning better than 90% gold recoveries by cyanide extraction with low cyanide consumption. Work on the sulfide mineralized material at Amy has not been completed yet.

Background of Sale Transaction

On June 7, 2010, a letter of intent for the sale of the Corporation’s interest in the Russian Asset was executed with MacRitchie Metals Pte Ltd. (“MacRitchie”) (see news release dated June 8, 2010). On June 16, 2010, the Corporation advised MacRitchie of the receipt of a superior proposal from Polymetal. On June 18, 2010, MacRitchie delivered a counter proposal to the Corporation, which after review by the Corporation’s Board was not determined to be superior to the proposal of Polymetal. On June 24, 2010, the Corporation announced the acceptance of the Polymetal superior proposal (see news release dated June 24, 2010), subject to certain conditions, which includes shareholder and TSX Venture Exchange (the “Exchange”) approval. Pursuant to the terms of the MacRitchie letter of intent, the acceptance of the Polymetal superior proposal terminated the MacRitchie letter of intent and triggered the requirement for the Corporation to pay MacRitchie a break fee in the sum of \$250,000. On July 8, 2010, the Corporation received Exchange conditional approval of the Sale Transaction, subject to certain conditions, which includes shareholder approval.

Description of Debt Assignment/Transfer

As part of the Sale Transaction the Corporation and Svetloye Gold Corporation will assign certain loan agreements and transfer certain promissory notes representing the Debt to the Debt Purchaser in exchange for the Debt Consideration.

Reasons for Sale Transaction

In recommending the Sale Transaction, the Board considered several factors including the following:

- a) The determination by the Board that the Sale Transaction is in the best interests of the Corporation;
- b) The Sale Transaction is subject to approval of not less than 66 2/3 % of the common shares voted at the Meeting;
- c) The determination that it is impractical to pursue the development of the Russian Asset as a standalone project at this time; and
- d) The cash to be realized from the Sale Transaction.

Shareholder Approval and Recommendation of the Board

The *Canada Business Corporations Act* (the “CBCA”) at section 189(3) provides that if a corporation decides to sell all or substantially all of its assets, shareholders must approve the sale as and by way of a special resolution of shareholders, which requires the approval of not less than 66 2/3% of the shares voted on the matter in person or by proxy at the Meeting. Existing case law dictates that the test of whether a sale constitutes a sale of all or

substantially all of a corporation's assets is to be determined on a quantitative and qualitative basis. The policies of the Exchange also require a corporation to seek shareholder approval in relation to a sale of more than 50% of a corporation's assets.

As the Sale Transaction may constitute a sale of all or substantially all of the assets of the Corporation, based on the fact the Russian Asset is the Corporation's principal asset, the Corporation has determined to seek shareholder approval in respect of the Sale Transaction by way of a special resolution (the "**Sale Transaction Resolution**"), the text of which is attached as Schedule "A" and forms part of this Circular. The Sale Transaction Resolution must be approved by not less than 66 2/3% of the votes cast at the Meeting by holders of common shares of the Corporation present in person or by proxy and the Corporation must grant dissenting shareholder rights in respect of the Sale Transaction.

Dissenting Shareholders

Shareholders of common shares of the Corporation may dissent to the Sale Transaction and the Sale Transaction Resolution as hereinafter provided. The following summarizes dissent rights provided by the CBCA and is qualified in its entirety by section 190 of the CBCA, the full text of which is set forth in Schedule "B" to this Circular. **Shareholders are hereby cautioned that section 190 of the CBCA is technical in nature and that shareholders should seek independent legal advice as to the application and interpretation of such legislation as it relates to the shareholder. The below summary and attached text of section 190 of the CBCA is provided for information purposes only and is not to be interpreted as legal advice from the Corporation or its directors and officers.**

A dissenting shareholder may only claim under section 190 of the CBCA with respect to all the shares of a class held on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

A shareholder who wishes to invoke the provisions of section 190 of the CBCA with respect to the Sale Transaction Resolution must send to the Corporation, at or before the Meeting, a written objection (the "**Objection Notice**") to the Sale Transaction Resolution.

Within 10 days after the passing of the Sale Transaction Resolution, the Corporation is required to notify in writing each dissenting shareholder that at or prior to the Meeting sent an Objection Notice to the Corporation, that the Sale Transaction Resolution has been adopted. The Corporation is not required to notify dissenting shareholders, who subsequent to the delivery of an Objection Notice, either voted FOR the Sale Transaction Resolution or withdrew their objection to the Sale Transaction Resolution.

A dissenting shareholder shall within 20 days after receiving notice of the adoption of the Sale Transaction Resolution, or if such shareholder does not receive such notice, within 20 days after learning that the Sale Transaction Resolution has been adopted, send to the Corporation a written notice ("**Demand for Payment**") containing the shareholder's name and address, the number and class of shares in respect of which the shareholder dissents and a demand for payment of the fair value of such shares.

Within 30 days after sending the Demand for Payment, the dissenting shareholder shall send the certificates representing the shares in respect of which the shareholder dissents to the Corporation or its transfer agent. Failure by the dissenting shareholder to send the certificates to the Corporation or its transfer agent within the prescribed 30-day period will cause the dissenting shareholder to lose his rights to make a claim under section 190 of the CBCA.

The Corporation or its transfer agent shall endorse on any share certificate received from a dissenting shareholder a notice that the holder is a dissenting shareholder under section 190 of the CBCA and shall forthwith return the share certificate to the dissenting shareholder.

On sending a Demand for Payment, a dissenting shareholder ceases to have any rights as a shareholder other than to be paid the fair value of their shares as determined under section 190 of the CBCA except where the dissenting

shareholder withdraws their Demand for Payment before the Corporation makes an offer to pay (the “**Offer to Pay**”) or the Corporation fails to make Offer to Pay and the dissenting shareholder withdraws its Demand for Payment, or the Board revoke the Sale Transaction Resolution, in which case the dissenting shareholder’s rights are reinstated as of the date the Demand for Payment was sent to the Corporation.

The Corporation shall, not later than 7 days after the later of the day the Sale Transaction is effective or the day the Corporation receives a Demand for Payment, send to each dissenting shareholder who has sent a Demand for Payment, an Offer to Pay for their shares in an amount considered by the Board to be fair value, accompanied by a statement showing how the fair value was determined, or a notice that the Corporation is unable to lawfully pay the dissenting shareholders for their shares. Every Offer to Pay for shares of the same class or series shall be on the same terms. The Corporation shall pay for the shares of a dissenting shareholder within ten days after an Offer to Pay has been accepted, but any such Offer to Pay lapses if the Corporation does not receive an acceptance from the dissenting shareholder within 30 days after the Offer to Pay has been made.

Where an Offer to Pay is not made by a Corporation or a dissenting shareholder fails to accept an Offer to Pay, the Corporation may, within 50 days after the Sale Transaction is effective or within such further period as a court may allow, apply to a court to fix a fair value for the shares of any dissenting shareholder. If the Corporation does not apply to the court within the prescribed 50-day period, a dissenting shareholder may apply to a court for the same purpose within a further period of 20 days or within such further period as the court may allow. A dissenting shareholder is not required to give security for costs in an application to the court to fix a fair value for the shares. An application to the court shall be made to the Supreme Court of British Columbia.

On an application to the court, all dissenting shareholders whose shares have not been purchased by the Corporation shall be joined as parties and are bound by the decision of the court and the Corporation shall notify each affected dissenting shareholder of the date, place and consequences of application and their right to appear and be heard in person or by counsel.

On an application to the court, the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall fix a fair value for the shares of all the dissenting shareholders. In determining the fair value of the shares of the dissenting shareholders, the court may, in its discretion, appoint one or more appraisers to assist the court. A court may, in its discretion, allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the Sale Transaction is effective until the date of payment.

The final order of a court (the “**Court Order**”) shall be rendered against the Corporation in favour of each dissenting shareholder and for the amount of his shares as fixed by the court. The Corporation shall, within 10 days after the pronouncement of the Court Order notify each dissenting shareholder if it is unable to lawfully pay the dissenting shareholders for their shares.

Share Purchase Agreement

The following is a summary of the material terms of the SPA and is subject to specific terms and conditions of the SPA and assumes the execution of the SPA by the parties thereto. **The execution copy of the SPA will be available via the Corporation’s profile on the Canadian System for Electronic Document Analysis and Retrieval (“SEDAR”), which can be accessed at www.sedar.com.**

Overview

Pursuant to the SPA the Corporation will sell the ordinary shares (the “**Target Shares**”) of the Target Company and the Cyprus (V) Share to the Share Purchaser and assign or transfer, as applicable, the Debt to the Debt Purchaser for a total aggregate consideration of US\$9.25 million (the “**Purchase Price**”), payable in cash.

Closing

The Sale Transaction is scheduled to be completed ("Completion") on or before September 15, 2010 (the "Longstop Date"), unless extended by mutual agreement of the parties. On Completion of the Sale Transaction, the Corporation will sell the Target Shares and the Cyprus (V) Share to the Share Purchaser and assign or transfer, as applicable, the Debt to the Debt Purchaser and the Corporation will receive the Purchase Price.

Representation and Warranties

The SPA contains representations and warranties of the Corporation, Fortress Minerals Cyprus (I) Ltd., Svetloye Gold Corporation and Fortress (Cayman) Corp. (collectively, the "Sellers"), which are customary in such transactions relating to, among other things: (i) Capacity and Authority, (ii) Shares and Subsidiaries, (iii) Accounts, (iv) Changes Since the Last Accounting Date, (v) Legal Compliance, (vi) Tax, (vii) Assets, (viii) Environmental Matters, (ix) Agreements, (x) Effect of Sale, (xi) Employees, (xii) Liabilities, (xiii) Insolvency and (xiv) Litigation.

The SPA contains representations and warranties of the Share Purchaser relating to: (i) Capacity and Authority, (ii) Enforceability, (iii) No Conflict, (iv) Insolvency and (v) Litigation.

Limitation on the Sellers' Representations and Warranties and Liability

The Sellers' representations and warranties contained in the SPA will be qualified in a Disclosure Letter, to be dated concurrent with the execution of the SPA, which forms part of the Sale Transaction documents.

The SPA provides for financial limits and time limits in relation to claims by the Purchaser due to the Sellers' breach of its warranties and representation under the SPA.

Conditions to Closing

The Sale Transaction is subject to a number of conditions (the "Conditions") being met or waived by the entitled party, if applicable, as the case may be, which include: (i) completion of due diligence with respect to the Target Company and Fortress Minerals Cyprus (V) Ltd. to the reasonable satisfaction of the Share Purchaser for a limited period of time, (ii) receipt of requisite Exchange and shareholder approvals by the Corporation, (ii) the approvals set out in the preceding item having been obtained, that such approvals remain in force and that there shall not have been or shall continue in effect, any order, judgement, rule, regulation, policy or practice being enacted or enforced by any Governmental Authority or any actual, pending or threatened suit, action, investigation or proceeding making illegal or otherwise preventing, prohibiting or frustrating the Sale Transaction, (iii) the audited annual accounts of The Target Company and Fortress Minerals Cyprus (V) Ltd. for the years ending 31 December 2008 and 2009 having been prepared in accordance with relevant accounting standards of the applicable jurisdiction and being unqualified, having been delivered to the Purchaser, and (iv) there not having occurred any substantial loss of all the assets or any catastrophic event affecting the business, operations, assets or financial positions of any of the Target Company and Fortress Minerals Cyprus (V) Ltd.

Termination

If any Condition as set out above under the heading "Conditions to Closing", other than the Condition for the completion of due diligence with respect to the Target Company and Fortress Minerals Cyprus (V) Ltd. to the reasonable satisfaction of the Share Purchaser (the "Due Diligence Condition"), has not been satisfied (or waived by the Purchaser, as the case may be) by 5.00 pm on the Longstop Date, or if the Due Diligence Condition has not been satisfied within the time period set out in the SPA, then the SPA shall automatically terminate with immediate effect.

If any Condition that is satisfied by the "Condition Satisfaction Date" (as such term is defined in the SPA) ceases to be satisfied on the completion date (the "Completion Date") of the Sale Transaction or if any licence of the Russian

Asset ceases to be in full force and effect on the Completion Date, the parties to the SPA shall not be obliged to complete the Sale Transaction and the SPA shall automatically terminate with immediate effect unless otherwise agreed between the parties thereto.

If the Sale Transaction is not completed on the Completion Date because the Sellers (on one hand) or the Share Purchaser (on the other hand) fail to comply with any of their obligations under clause 5 and Schedule 2 of the SPA (whether such failure by them amounts to a repudiatory breach or not), the Share Purchaser or the Sellers, as the case may be, may by notice to the other:

- a) proceed to Completion to the extent reasonably practicable;
- b) postpone Completion to such date as the non-defaulting Party may specify (being a date not later than the Longstop Date); or
- c) terminate the SPA.

Use of Proceeds from Sale Transaction

The Corporation plans to use the Purchase Price to pursue other opportunities, extinguish unsecured debt and for general working capital.

Continued Listing Requirements

Pursuant to Exchange Policy 2.5, the Corporation must meet certain continued listing requirements (“CLR”) standards applicable to its category in order to remain listed on the Exchange. Failure to meet the CLR standards can result, in the Corporation being moved to the NEX or its shares suspended from trading or delisted from the Exchange.

Although there are no requirements generally, the Exchange retains discretion to declare that an Issuer (as such term is defined by Exchange Policy) no longer meets Tier 2 CLR standards if, in the Exchange’s opinion, the Issuer or its principal operating subsidiary substantially reduces or impairs its principal operating assets, ceases or discontinues a substantial portion of its operations or business for any reason.

Due to the nature of the Sale Transaction, there exists the possibility that the Exchange may opine that the Sale Transaction substantially reduces or impairs the Corporation’s principal operating assets, and thereby the Corporation no longer meets Tier 2 CLR standards.

Notwithstanding the foregoing, Exchange Policy 2.5, provides that a Tier 2 Issuer which is unable to meet one of the Tier 2 CLR standards will not immediately have its listing transferred to NEX. The Exchange will allow such Issuer six months to meet the requirement. During those six months, the Issuer will trade as a normal Tier 2 Issuer. If, after that six-month period, the Issuer does not meet all applicable Tier 2 CLR standards, the Exchange may either, at its discretion, suspend and delist the Listed Shares of the Issuer or transfer its listing to NEX.

The persons named in the accompanying Proxy, if not expressly directed to the contrary in such proxy, will vote the common shares in respect of which they have been appointed proxyholder FOR the Sale Transaction Resolution.

The directors of the Corporation, having considered all factors they deemed necessary to be considered based on the information available to them, have concluded that the approval of the Sale Transaction Resolution is appropriate and favourable for the Corporation. **Accordingly the Board unanimously recommends that the Shareholders vote FOR the Sale Transaction Resolution.**

The Sale Transaction Resolution must be approved by not less than 66 2/3% of the votes cast at the Meeting by holders of common shares of the Corporation present in person or by proxy and the Corporation must grant dissenting shareholder rights in respect the Sale Transaction.

OTHER MATTERS

Management of the Corporation knows of no other matters which will be brought before the Meeting, other than those referred to in the Notice of Meeting. Should any other matters properly be brought before the Meeting, the common shares of the Corporation represented by the proxies solicited hereby will be voted on those matters in accordance with the best judgment of the persons voting such proxies.

ADDITIONAL INFORMATION

The Board approves the Corporation's annual consolidated financial statements and annual management's discussion and analysis ("MD&A"), quarterly reports to shareholders and the content of the Corporation's other significant public disclosure documents. These and other prescribed documents are available on Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com. The Corporation has also established and maintains a corporate website at www.fortressminerals.com that includes, among other things, an investor relations section containing past annual and quarterly reports and press releases. Financial information regarding the Corporation is provided in the annual financial statements and annual MD&A for the period ended December 31, 2009. Shareholders may contact the Corporation to request copies of the financial statements and MD&A as follows:

- (i) e-mail: fortress@namdo.com
- (ii) telephone: 604-689-7842
- (iii) mail: Fortress Minerals Corp.
Suite 2101, 885 West Georgia Street
Vancouver, BC V6C 3E8
Attn: Corporate Development

CERTIFICATE

The contents and the distribution of this Circular have been approved by the Board.

DATED the 2nd day of August, 2010

BY ORDER OF THE BOARD

(Signed) Lukas Lundin, President/Chief Executive Officer

SCHEDULE "A"

SALE TRANSACTION RESOLUTION

WHEREAS the Corporation contemplates that it will enter, on or about August 3, 2010, into a share purchase agreement (the "SPA") with Castalian Trading Ltd. (the "Share Purchaser");

AND WHEREAS pursuant to the SPA, the Share Purchaser will purchase, all of the issued shares of the Corporation's Cypriot subsidiary, Fortress Minerals Cyprus (IV) Ltd. (the "Target Company"), consisting of 51,100 ordinary shares (the "Ordinary Shares") and 10,000 preference shares (the "Preference Shares"), as well as the one ordinary share (the "Cyprus (V) Share") of Fortress Minerals Cyprus (V) Ltd., owned by Fortress (Cayman) Corp., a wholly owned subsidiary of the Corporation;

AND WHEREAS the Target Company together with the Corporation's Cypriot subsidiary, Fortress Minerals Cyprus (V) Ltd. own 100% of the participatory interest in the Corporation's Russian subsidiary, PD RUS, LLC ("PDRUS"), which holds the Svetloye License (mining and exploration) located in Khabarovsk Krai within the Russian Federation (the "Russian Asset");

AND WHEREAS the SPA transaction (the "Sale Transaction") contemplates that intercompany debt in the form of loan agreements and promissory notes (the "Debt") owed by PDRUS to the Corporation and its Delaware subsidiary, Svetloye Gold Corporation will be assigned or transferred, as applicable, to Polymetal ESOP Limited (the "Debt Purchaser");

AND WHEREAS the aggregate consideration to be realized by the Corporation in relation to the Sale Transaction is US\$9.25 million;

AND WHEREAS the board of directors (the "Board") of the Corporation has approved the execution and delivery of the SPA and the consummation of the Sale Transaction and has determined that the Sale Transaction is in the best interests of the Corporation.

NOW THEREFORE BE IT RESOLVED, AS A SPECIAL RESOLUTION THAT:

1. the sale of the Target Company and underlying Russian Asset and the Cyprus (V) Share pursuant to the SPA be and is hereby approved pursuant to section 189(3) of the *Canada Business Corporations Act*;
2. the assignment and transfer, as the case may be, of the Debt to the Debt Purchaser be and is hereby authorized and approved;
3. the SPA and all the transactions contemplated thereby be and are hereby ratified, confirmed and approved;
4. any one officer or director of the Corporation, alone, be and is hereby authorized and directed for and on behalf and in the name of the Corporation (or its subsidiaries, as applicable) to take or cause all such action, do or cause all such things, enter into or cause to be entered into, sign, execute or cause to be executed, affix the common seal of the Corporation and to deliver or cause to be delivered all such deeds, documents, instruments, agreements and writings, as he or she may in his or her sole discretion deem necessary, desirable or useful for the purpose of giving effect to these resolutions, to the SPA and the Sale Transaction in accordance with the terms thereof, including:
 - a. all actions required to be taken by or on behalf of the Corporation, and all the necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and

- b. the signing of the certificates, consents and other agreements, documents writings and declarations as may be required under the SPA or otherwise to be entered into by the Corporation (or its subsidiaries, as applicable); and
- 5. notwithstanding that this special resolution has been passed by the shareholders of the Corporation, the Board is hereby authorized and empowered without further notice or approval of the shareholders of the Corporation: (i) to amend the SPA; (ii) not proceed with the Sale Transaction at any time; and (iii) to revoke this special resolution at any time prior to the Sale Transaction becoming effective.

SCHEDULE "B"

Right to dissent

190. (1) Subject to sections 191 and 241, a holder of shares of any class of a corporation may dissent if the corporation is subject to an order under paragraph 192(4)(d) that affects the holder or if the corporation resolves to

(a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;

(b) amend its articles under section 173 to add, change or remove any restriction on the business or businesses that the corporation may carry on;

(c) amalgamate otherwise than under section 184;

(d) be continued under section 188;

(e) sell, lease or exchange all or substantially all its property under subsection 189(3); or

(f) carry out a going-private transaction or a squeeze-out transaction.

Further right

(2) A holder of shares of any class or series of shares entitled to vote under section 176 may dissent if the corporation resolves to amend its articles in a manner described in that section.

If one class of shares

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares.

Payment for shares

(3) In addition to any other right the shareholder may have, but subject to subsection (26), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents or an order made under subsection 192(4) becomes effective, to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted or the order was made.

No partial dissent

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

Objection

(5) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting and of their right to dissent.

Notice of resolution

(6) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (5) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn their objection.

Demand for payment

(7) A dissenting shareholder shall, within twenty days after receiving a notice under subsection (6) or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing

- (a) the shareholder's name and address;
- (b) the number and class of shares in respect of which the shareholder dissents; and
- (c) a demand for payment of the fair value of such shares.

Share certificate

(8) A dissenting shareholder shall, within thirty days after sending a notice under subsection (7), send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

Forfeiture

(9) A dissenting shareholder who fails to comply with subsection (8) has no right to make a claim under this section.

Endorsing certificate

(10) A corporation or its transfer agent shall endorse on any share certificate received under subsection (8) a notice that the holder is a dissenting shareholder under this section and shall forthwith return the share certificates to the dissenting shareholder.

Suspension of rights

(11) On sending a notice under subsection (7), a dissenting shareholder ceases to have any rights as a shareholder other than to be paid the fair value of their shares as determined under this section except where

- (a) the shareholder withdraws that notice before the corporation makes an offer under subsection (12),
- (b) the corporation fails to make an offer in accordance with subsection (12) and the shareholder withdraws the notice, or
- (c) the directors revoke a resolution to amend the articles under subsection 173(2) or 174(5), terminate an amalgamation agreement under subsection 183(6) or an application for continuance under subsection 188(6), or abandon a sale, lease or exchange under subsection 189(9), in which case the shareholder's rights are reinstated as of the date the notice was sent.

Offer to pay

(12) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (7), send to each dissenting shareholder who has sent such notice

(a) a written offer to pay for their shares in an amount considered by the directors of the corporation to be the fair value, accompanied by a statement showing how the fair value was determined; or

(b) if subsection (26) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

Same terms

(13) Every offer made under subsection (12) for shares of the same class or series shall be on the same terms.

Payment

(14) Subject to subsection (26), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (12) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

Corporation may apply to court

(15) Where a corporation fails to make an offer under subsection (12), or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as a court may allow, apply to a court to fix a fair value for the shares of any dissenting shareholder.

Shareholder application to court

(16) If a corporation fails to apply to a court under subsection (15), a dissenting shareholder may apply to a court for the same purpose within a further period of twenty days or within such further period as a court may allow.

Venue

(17) An application under subsection (15) or (16) shall be made to a court having jurisdiction in the place where the corporation has its registered office or in the province where the dissenting shareholder resides if the corporation carries on business in that province.

No security for costs

(18) A dissenting shareholder is not required to give security for costs in an application made under subsection (15) or (16).

Parties

(19) On an application to a court under subsection (15) or (16),

(a) all dissenting shareholders whose shares have not been purchased by the corporation shall be joined as parties and are bound by the decision of the court; and

(b) the corporation shall notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel.

Powers of court

(20) On an application to a court under subsection (15) or (16), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall then fix a fair value for the shares of all dissenting shareholders.

Appraisers

(21) A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

Final order

(22) The final order of a court shall be rendered against the corporation in favour of each dissenting shareholder and for the amount of the shares as fixed by the court.

Interest

(23) A court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

Notice that subsection (26) applies

(24) If subsection (26) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (22), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

Effect where subsection (26) applies

(25) If subsection (26) applies, a dissenting shareholder, by written notice delivered to the corporation within thirty days after receiving a notice under subsection (24), may

(a) withdraw their notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to their full rights as a shareholder; or

(b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

Limitation

(26) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

(a) the corporation is or would after the payment be unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

R.S., 1985, c. C-44, s. 190; 1994, c. 24, s. 23; 2001, c. 14, ss. 94, 134(F), 135(E).