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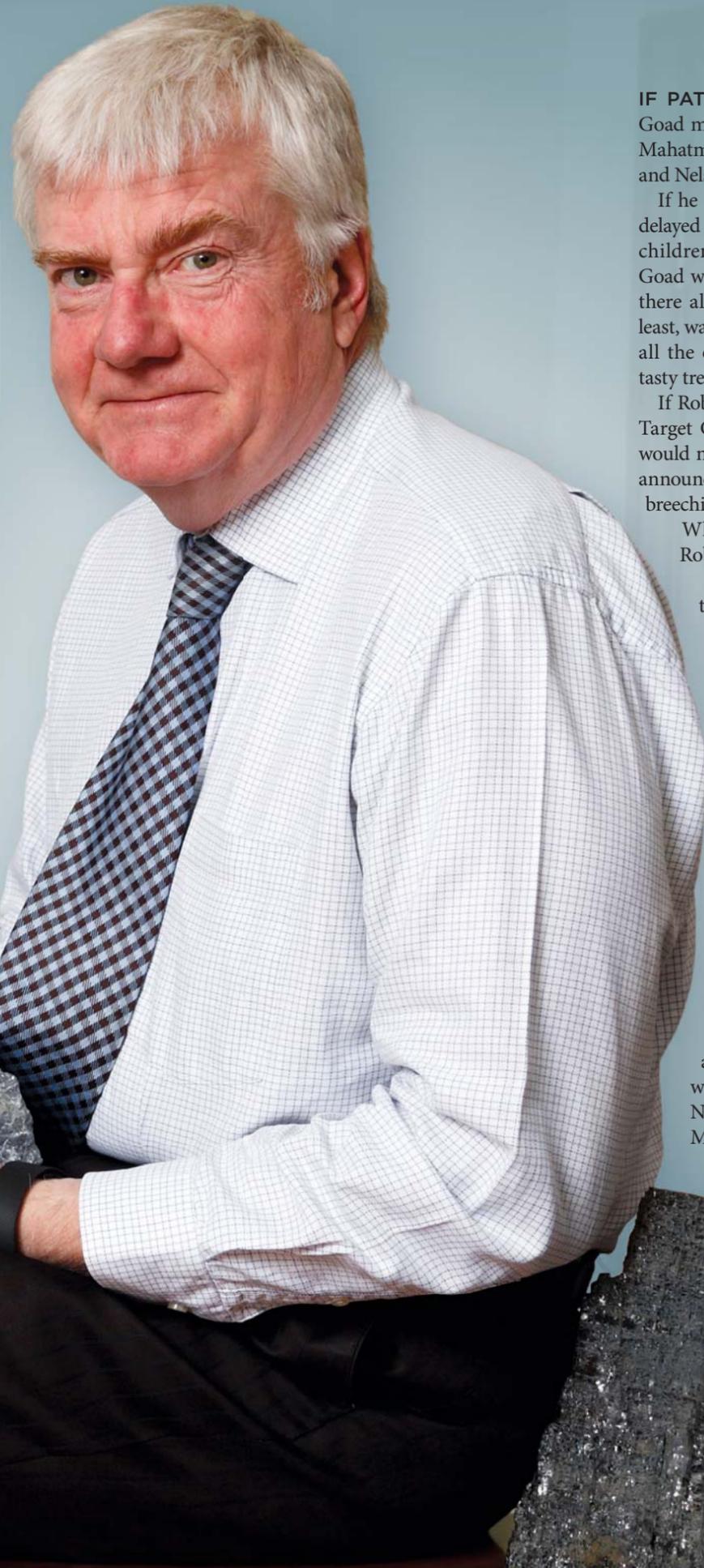
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AWAITING *his* FORTUNE

With revenue flowing and a strategy to take advantage of opportunities ahead, Robin Goad is betting that patience and perseverance will pay off for Fortune Minerals

By Christopher Clark



IF PATIENCE IS A VIRTUE, Robin Goad might well be in the company of Mahatma Gandhi, Martin Luther King and Nelson Mandela.

If he had participated in the famous delayed gratification study that tempted children with marshmallows, Robin Goad would have been the kid who sat there all morning, not tempted in the least, waiting for the greater reward after all the other kids had gobbled up the tasty treats.

If Robin Goad had been in charge of Target Canada, the U.S.-based retailer would not have cut bait last month and announced plans to flee, two years after breaching the 49th parallel.

Whatever else he is, it's safe to say Robin Goad is a patient man.

He's also an optimist. You have to be optimistic to create a mining company based in London, Ontario, where the only miners are Saturday morning garage sale fanatics, pawing through piles of junk in search of treasures—loosely defined.

You have to be both patient and optimistic to start that company in your basement in 1988 and keep it going and growing without ever selling an ounce of minerals until 2014, when you generated your first operating revenue in 26 years.

With revenue finally flowing from a Colorado silver mine, and the promise of hitting it big with a bismuth/cobalt mine in the Northwest Territories, Fortune Minerals Ltd. has run head long into the great commodities



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Fortune Mineral's investor relations manager Troy Nazarewicz and Robin Goad

collapse of 2015. When the price of a barrel of oil drops into the spare-change range, investors lose their enthusiasm for commodity exploration of all kinds. Nevertheless, Fortune is poised to take off, potentially rewarding the patience of president and CEO Robin Goad and his small collection of investors and employees who share his patience and optimism, at least to some degree.

"I was a rock collecting nerd," Goad, 57, says, explaining in a round-about way why he ended up in the mining industry. "I started studying at Western but left to spend a year or two in the mines. School didn't really interest me, but I didn't want to be in the mines my whole life, so I came back."

The mines in question were Lamaque gold mines in Northern Quebec. When he tired of that life, he discovered the geology program at Western. For a rock nerd, it was the perfect fit. Degree in hand, he created Fortune, going public in 1989 with an over-the-counter penny stock. It was a sideline for several years as he worked as a mining consultant, but in 1996 Fortune discovered and claimed a mine in the NWT. Its potential prompted him to go full-time with Fortune, attracted investors from around the world and sustained the company to this point.

The NICO mine, 160 kilometres north-west of Yellowknife, is the platform on which Fortune was built. It contains gold, copper, cobalt and bismuth. It's never a bad thing to find gold and copper, but back when Fortune made its original find, no one knew how valuable bismuth and cobalt were about to become to the world's high-tech economy.

It's no secret lead has become a four-letter word. No one wants it in their pipes or paint or Pepto-Bismol. Yes, bismuth is a non-toxic ingredient in all kinds of stomach-settling products. It's also a perfect substitute for lead in potable water sources, sprinkler systems, auto rust protection, brake linings and clutch pads, and those tiny black dots around the edges of your car's windshield. Known as frit, the black compound protects the adhesive that keeps the windshield in place as you bomb down the 401 at 120 km/h. Every new car contains about two ounces of bismuth around the windshield.

NICO accounts for 12% of the world's known bismuth reserves, an attractive alternative to China, which has 59% of the known supply.

The cobalt story is even more encouraging for Fortune. If you were to name the items nearly every person you know uses every day without giving them a second thought, batteries would be near the top of the list. Every mobile device, from phones to laptops to tablets, is powered by increasingly sophisticated lithium-ion batteries. So too are cordless appliances and tools.

Some early adopters rely on lithium-ion batteries to power their automobiles. If the future of cars is Tesla and other electric vehicles, then the world is going to need a whole lot more cobalt, which accounts for 60%, by weight, of a lithium-ion battery, and 15%, by weight, of a nickel-metal hydride battery.

Tesla alone has plans to produce half a million lithium-ion batteries by 2020, at a \$5-billion U.S. plant under development in Nevada.

Two-thirds of the world's mined cobalt comes from the Congo, and China refines nearly half of the world's cobalt. A North American source could provide a more secure, economical source for a host of burgeoning industries.

But of course electric cars are much

more attractive to consumers and investors when gas is selling for \$1.20/litre at the pump, not flirting with 80 cents every evening. No one knows where oil prices are headed—hands up everyone who predicted the current decline—or when they will rise again. The price of oil is something like physics' elusive, all-encompassing theory of everything, a variable that captures an endless number of factors: Middle East peace, terrorism, a new Saudi king, the

global economy, the Keystone pipeline and about 100 other variables.

What seems certain is that oil and commodity prices will rise again one day, as they always have in the past, and that the world's demand for power in its many forms will continue to grow. China alone, whether its economy has slowed or not, is a bigger automobile market than North America and Europe combined. And then there's India.

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COVER

So Fortune Minerals is sitting pretty, no? Well, maybe. You can only wait so long for your bismuth/cobalt mine to come in. The regulations and hurdles Fortune has faced trying to develop the NICO mine make wind-turbine construction look like a weekend treehouse project. At this time last year, Fortune still had never earned any operating revenue. It had assets of \$134 million and a market capitalization just shy of \$32 million. Its share price had dropped to about 15 cents from a high that year of about 45 cents. It needed to transform itself into a producing mine. And that's when the company got interested in silver; specifically, the Revenue Silver Mine in Ouray, Colorado.

Cheek by jowl to the famous Telluride ski resort, the mine produced its first silver around the time Sir John A. and his cohorts were stringing Canada together with the thread of the CP Railway. Like a grand old home of that vintage, it continued to operate but had fallen into disrepair of late. When Goad heard it was for sale, he was intrigued.

"We had a great skill set in this company, people who have run mines and know how to do so very efficiently," he says. "We had an operational team here, ready to go, and we needed to deploy them. The mine had great potential."

What Goad doesn't say is that having an operational team in place, waiting, say, for a bismuth/cobalt mine in NWT to finally start operating, is bloody expensive. A little revenue would offset those costs and keep his key people in place, ready to go when NICO was ready. So Fortune bought the aptly named Revenue mine, more than tripling its employee count to about 180. And then it went in and had a good look around. Back to the grand old house analogy—it was a bit of a fixer-upper.

In fact, the damn thing has been draining cash from Fortune since late last year, not injecting cash as anticipated. "There were a few challenges, but we expect to reach the breakeven point in February," Goad says. "And the commodity price of silver has dropped about 25% since we bought the mine," he says with a shrug.

Still, Fortune is now a producing mineral company, something it's never been able to say when talking to investors. "It makes a big difference, to be a producer,"

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Robin Goad with senior buyer Sherry Tunks and supply chain manager Bill Shepard

says investor relations manager Troy Nazarewicz. “Investors look at you differently when you have production, no question.”

Nazarewicz joined Fortune nearly four years ago and has helped attract investors, intrigued by the potential of NICO and also by an anthracite coal mine Fortune is working to develop in northwest B.C. Among them: POSCO of South Korea, a 20% partner in the Arctos Anthracite project in B.C. and Procon Resources Inc., owned in part by Chinese mining interests, which

owns 17% of Fortune stock.

The coming two years could well provide the payoff Goad and Fortune investors have planned for and dreamed of for decades. The silver mine will finally provide some cash flow. If the NICO development proceeds on something close to plans, it could start producing in two years or so.

Further into the future the Arctos project in B.C. could create 600 jobs and deliver rare, high-quality anthracite metallurgical coal. Distinct from thermal coal used to heat buildings, metallurgical coal is used in steel manufacturing.

Put it all together, and it’s possible to be nearly as optimistic as Robin Goad. As he looks into the short-term future, he does his best to temper his enthusiasm with a dose of reality.

“We’re well positioned,” he says, “with a producing mine and two promising projects.” He pauses, and then his enthusiasm gets the better of him. “Our commodities are interesting. NICO is not just a mine but a vertically integrated project serving the huge battery market. Bismuth is one of the safest metals there is.”

And so it goes for another minute, a soliloquy reflecting the positive outlook that has helped propel Fortune to the cusp of success.

One way or another, Team Goad will know fairly soon whether the optimism has been warranted for all these years. **Ω**

To read more about Fortune Minerals, visit Christopher Clark’s blog at www.christopherclarkwriter.com/blog



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