

Fortune Minerals Ltd.: Provides NICO Project Update

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Canadian cobalt-gold development project positioned for rapidly expanding use of lithium-ion batteries in portable electronic devices, automotive electrification & stationary storage

LONDON, Aug. 24, 2017 - [Fortune Minerals Ltd.](#) (TSX: FT) (OTCQX: FTMDF) ("Fortune" or the "Company") (www.fortuneminerals.com) is pleased to provide an update of activities for its 100% owned NICO Cobalt-Gold-Bismuth-Copper Project in Canada. NICO is a vertically integrated development consisting of a planned mine and concentrator in the Northwest Territories and refinery near Saskatoon where concentrate will be processed to battery grade cobalt sulphate, gold, bismuth metal and oxide, and copper. NICO is a primary cobalt project with approximately 60% of projected revenues from cobalt at current commodity prices. The NICO Mineral Reserves also contain more than 1.1 million ounces of gold and 12% of world bismuth reserves. NICO was assessed in a positive Feasibility Study in 2014. This study is being updated by Hatch Ltd. ("Hatch") and Micon International Limited ("Micon") in order to assess the economics for the project at current commodity price and exchange rate assumptions, and capital and operating costs. NICO has already received its environmental assessment approvals in the Northwest Territories and Saskatchewan and the major mine permits. Fortune has engaged PricewaterhouseCoopers Corporate Finance Inc. ("PwC") to arrange the project financing through a combination of strategic partnerships, debt and equity.

Cobalt Market Update

The market for cobalt has had significant, 20-year compounded annual growth ("CAGR") of approximately 6% and Commodities Research Unit ("CRU") reports current annual mine production at 117,000 metric tonnes ("mT"). Demand growth for cobalt is expected to accelerate due to its use in lithium-ion batteries (~50% of the current market), which are needed to power portable electronic devices, electric vehicles ("EVs") and stationary cells to store electricity from renewable energy (primarily wind and solar), and off-peak charging from the electrical grid. Transformative evolution of automobiles from internal combustion engines to electric drivetrains is expected to dramatically impact future cobalt demand. Whereas a typical smart phone battery contains between 5 and 20 grams of cobalt, EV batteries usually contain between 4,000 and 14,000 grams. Tesla's first US\$5 billion, 35 gigawatt-hour ("GWh") Gigafactory in Nevada started commercial production earlier this year and will require approximately 7,000 tonnes of cobalt per annum when it reaches full production in 2018. More than 16 battery mega-factories are either under construction or announced, including an even larger 100 GWh plant for CATL in China. Exane BNP Paribas is projecting 300,000 mT of cobalt will be required to satisfy the demand by 2025. Cobalt is also used in superalloys for aerospace applications, high strength alloys for cutting tools and cemented carbides, permanent magnets, surgical implants, pigments, catalysts, and additives in food and agricultural products.

The cobalt market transitioned into a supply deficit in 2016 that is expected to continue for the foreseeable future. Future supply is also at risk due to geographic concentration of mine and refinery supply and because 98% of current non-artisanal cobalt production is a by-product of either copper or nickel mining. Low primary metal prices have caused some copper-cobalt and nickel-cobalt mines to close. More than 60% of current mine production is from the politically unstable Democratic Republic of the Congo ("Congo") and China controls 52% of cobalt refinery production and 84% of refined cobalt chemical supply. Ethical sourcing of raw material has become an issue for the Electronics Industry Citizens Coalition ("EICC") because of child labour and unsafe working conditions in some Congo mines. There are also concerns about metals being used to finance conflicts under U.S. Dodd-Frank and European Union Ethical Sourcing legislation. The price of cobalt metal has escalated to approximately US\$30 per pound, well in excess of the US\$16 per pound used in Fortune's 2014 Feasibility Study.

NICO Mineral Reserves & Mine Plan

The Proven and Probable Mineral Reserves for the NICO deposit were determined for the Company's 2013 Front-End Engineering and Design ("FEED") study and 2014 Feasibility Study. They total 33 million mT containing 82.3 million pounds of cobalt (37,341 mT), 1.11 million ounces of gold, 102.1 million pounds of bismuth (46,325 mT) and 27.2 million pounds of copper (12,341 mT) (see Fortune's news release dated April 2, 2014 for details). The Mineral Reserves are sufficient to support a 21-year mine life at the 4,650 mT of ore

per day production rate used in the 2014 Feasibility Study. The study also identified several million tonnes of sub-economic mineralized material that was planned to be separately stockpiled for processing when metal prices permit and may be economic to process at today's metal prices. Given the positive outlook for cobalt, Fortune is re-evaluating the NICO Mineral Reserves and considering a higher production rate to achieve greater economies of scale and earlier access to the deeper higher grade parts of the deposit.

Feasibility Study Update

The Feasibility Study update by Hatch and Micon is proceeding well for the initially planned scope of work for the mine and concentrator in the Northwest Territories. However, two metallurgical testwork programs were required for Hatch to properly size equipment and conduct the detailed design work for the copper cementation circuit and the manganese removal step in the cobalt sulphate circuit for the refinery in Saskatchewan. This work is currently in progress at SGS Lakefield Research Limited, but due to laboratory congestion will not be completed until the end of October. The metallurgical flowsheet for NICO has previously been confirmed from piloting, and a high quality cobalt sulphate heptahydrate product has already been produced that meets the specifications of the rechargeable battery industry.

Completion of the Feasibility Study update has therefore been delayed until after this metallurgical testwork and optimization of the Mineral Reserves, production rate and mine schedule if and as required.

2017 Field Activities

Fortune has completed the winter, spring and summer phases of field activities at the NICO mine site that were required by Wek'eezhii Land and Water Board prior to the commencement of construction of the mine. This additional baseline monitoring was required pursuant to the Company's water license and consisted of collecting additional water quality, sediment, benthic invertebrate and fish population data. The final water quality sampling for this program will be completed in September.

While environmental work was carried out at NICO this summer, Fortune was also able to improve and expand roads and lay-down areas at the mine site in preparation for the arrival of supplies and materials on the winter ice road. Fortune plans to conduct the first year of construction of the NICO mine using winter road access while the Government of the Northwest Territories ("GNWT") Department of Transportation constructs a new all-weather gravel road to Whati. Fortune will construct a 50-kilometre gravel spur road to connect with the government road as part of its development. Fortune and the GNWT are also negotiating a Socio-Economic Agreement.

About NICO

NICO is a planned Canadian, vertically integrated, primary producer of cobalt with supply chain transparency and uninterrupted custody of metal from ore through to the production of battery chemicals, gold, and bismuth metal and oxide. The NICO deposit will be mined primarily by conventional truck and shovel open pit methods. Approximately one third of the mill feed during the first two years of operations are planned to be mined using underground blasthole open stoping to process higher margin, gold-rich ores from deeper in the deposit in early years of the mine life and improve project economics. Most of the preproduction development for the underground portion of the mine has already been established from previous test mining operations.

Ores will be processed in the mill using simple flotation to produce approximately 180 tonnes per day of concentrate containing the recoverable metals. The concentrate will be filtered, bagged and trucked to the rail head at Hay River for delivery by train to the Company's planned refinery straddling the Canadian National Railway near Saskatoon. The refinery will recover metals from the concentrate using a combination of secondary flotation, followed by pressure and atmospheric acid leaching, electro-winning and precipitation of value-add metals and chemicals. Life of mine average annual production in the 2014 Feasibility Study was projected to be 1,615 tonnes of cobalt, 41,300 ounces of gold, 1,750 tonnes of bismuth, and copper cement.

The disclosure of scientific and technical information contained in this news release has been approved by Robin Goad, M.Sc., P.Geo., President and Chief Executive Officer of Fortune, who is a "Qualified Person" under National Instrument 43-101. The technical report on the feasibility study referred to above, entitled "Technical Report on the Feasibility Study for the NICO-Gold-Cobalt-Bismuth-Copper Project, Northwest Territories, Canada", dated April 2, 2014 and prepared by Micon, from which certain information in this press release has been extracted, has been filed on SEDAR and is available under the Company's profile at www.sedar.com.

About Hatch

Hatch has over six decades of business and technical experience in the mining, energy, and infrastructure sectors. The firm has 9,000 staff with experience in over 150 countries and is well known for the design and construction of mineral beneficiation process plants and supporting infrastructure, including projects in remote and cold climate regions and Arctic regions of Canada.

About Micon

Micon is a mining consultancy providing independent professional advice to mining companies and their providers of capital, law firms and government agencies. Staffed by senior mineral industry consultants with extensive international experience in the fields of geology, mining engineering, metallurgy, processing, environmental management, market analysis and mineral economics.

About Fortune Minerals

Fortune is a Canadian mining company focused on developing the vertically integrated NICO cobalt-gold-bismuth-copper project in the Northwest Territories and a related refinery the Company plans to construct in Saskatchewan. Fortune also owns the Sue-Dianne copper-silver-gold deposit located 25 km north of NICO and a potential future source of incremental mill feed to extend the life of the NICO mill. The Company also maintains the right to repurchase the Arctos anthracite coal deposits in northwest British Columbia that were purchased by a provincial Crown corporation.

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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 Company's plans to develop the NICO Project (including the Company's plans to secure project financing to start construction), the anticipated timing for the updated feasibility study for the NICO Project, the estimated capital costs for the construction of the NICO Project estimated future production, anticipated growth in the demand for cobalt, anticipated constraints on the supply of cobalt and plans for the construction of an all-season road needed for operations at the NICO Project. 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 arrange the necessary financing to continue operations and develop the NICO Project, growth in the demand for cobalt, restrictions on the supply of cobalt and the proposed construction of the all-season road, the economic environment in which the Company will operate in the future, including the price of gold, cobalt and other by-product metals, anticipated costs and the volumes of metals to be produced at the NICO Project). 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 risks that the Company may not be able to finance and develop NICO on favourable terms or at all, the updated feasibility study may take longer than anticipated, the capital costs for the construction of the NICO Project may be greater than anticipated, the all-season road may not be built within the anticipated time frame, the market for rechargeable batteries and the use of stationary storage cells may not grow to the extent anticipated, the future supply of cobalt may not be as limited as anticipated, the Company's production of cobalt and other metals may be less than anticipated and other operational and development risks, market risks and regulatory risks. 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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