

Horizonte Minerals Plc: Q1 2018 Operational Update

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LONDON, March 07, 2018 (GLOBE NEWSWIRE) -- [Horizonte Minerals Plc](#), (AIM:HZM) (TSX:HZM) (‘Horizonte’ or ‘the Company’) the nickel development company focused in Brazil, is pleased to provide an update on its operations covering its 100% owned flagship Araguaia nickel project (‘Araguaia’) and the recently acquired Vermelho nickel cobalt project (‘Vermelho’). Horizonte is a multi-asset company focused on its objective of becoming a nickel producer with targeted production at Araguaia in early 2021. The Araguaia Feasibility Study (‘FS’) is scheduled for completion mid-year 2018.

Highlights

- Completion of the Vermelho acquisition from Vale SA;
- Successful fundraise for £9.2m ensuring the Company is fully funded for 24 months to deliver the Araguaia and Vermelho 2018/19 work programmes;
- Araguaia Feasibility Study at an advanced stage with delivery planned for mid-year 2018; and,
- Vermelho work programmes to include a 43-101 Mineral Resource Estimate for the high-grade nickel-cobalt portions of the deposit followed by a Preliminary Economic Assessment (‘PEA’).

Horizonte CEO, Jeremy Martin, commented:

‘Having completed a successful fundraise in early January where we saw continued support from our Institutional shareholders in the UK and North America, 2018 is shaping up to be a very exciting year for the Company. We are now fully funded for the planned work programmes at both Araguaia and Vermelho over the next 24 months. The recently acquired Vermelho nickel-cobalt project is one of the largest nickel–cobalt deposits globally and has a high-grade scalable resource that has undergone a full feasibility study and a subsequent development decision by Vale. Vermelho is a high quality asset with the potential to be a significant value driver for the Company.

The core focus is advancing the Araguaia Feasibility Study to completion in the near-term. A significant proportion of the FS has now been completed, and we are currently focused upon optimising the process flow sheet and plant site layout to ensure an optimal outcome both operationally and from a capital cost perspective. In addition, we are also looking at the mining schedule based on the current higher nickel price environment together with a trade off to transport high-grade saprolite ore from Vermelho to the proposed RKEF plant at Araguaia with the objective of optimising the project economics. The Company believe that this increase in scope will add value to the project, additionally we want to deliver a high-quality study that can go directly into the detailed design and implementation phase. Based on this additional work the FS is now scheduled for completion mid-year 2018.

Elsewhere on the Araguaia project there has been positive progress working towards the award of the construction licences and on the data collection and preparation of the documentation for the power line into site.

Horizonte is now a multi-asset nickel and cobalt company, the new Vermelho project adds a second development opportunity and large-scale growth option with the resource flexibility to either produce high grade ferronickel or nickel and cobalt into the EV battery market depending on the selected process route. All of this is against a backdrop of strengthening commodities markets with a limited number of new nickel mines with the ability to come online in the short term. I am confident that during 2018, as the Company’s projects are advanced and de-risked there will be significant value created for shareholders and I look forward to updating the market throughout the year on progress.’

Araguaia Nickel Project Feasibility Study Update

The FS for Araguaia is designed around an open pit mining operation targeting 900,000 tonnes per annum of ore feeding a central processing Rotary Kiln Electric Furnace (‘RKEF’) smelting facility, and designed to produce 14,500 tonnes of nickel per annum contained in 52,000 tonnes of ferronickel. The current mineral reserve supports a 28-year mine life with a 2 year construction period. Work on the ground is nearing completion, with the following work streams either in near final form or complete:

Geology and Mining

The geology and mining sections of the study being undertaken by Snowden Mining Industry Consultants (‘Snowden’) include, the successful trial excavation programme where approximately 27,000 tonnes of overburden and ore was extracted. The programme confirmed good reconciliation between the estimated grades/tonnes and the actual mined material. It also allowed the collection of data related to slope stability, hydrogeological conditions and material trafficability. Based on the positive results from the trial excavation programme, the 43-101 Mineral Reserve Estimate is being updated with the objective of converting a portion of the current reserve from the Probable Category to Proven. Snowden have also completed the 28-year, detailed mine schedule with an integrated mine to mill strategy to cover ore blending and homogenisation to ensure uniform ore feed to the RKEF plant. Snowden have also gone to the market to obtain pricing and select suitably qualified contract miners to undertake the open pit mining operations.

Infrastructure and Process

Elsewhere on the ground, Prime Resources (‘Prime’) have completed the geotechnical drilling programme over the process plant site to allow the design of foundations and heavy load structures. Additionally, Prime have completed the design for the cooling water dam, slag depository and the water pipeline to serve the RKEF facility.

The work around the process design and engineering sections of the FS which are being undertaken by Worley Parsons Canada Services Ltd. (‘Worley Parsons’) are at an advanced stage. Recent work has focused on the power line to ensure the best route into the project is selected and once frozen the capital costs can be calculated. The team is currently undertaking final plant layout, capital equipment tenders and flow sheet optimisation work to ensure that the RKEF plant delivers from an operational and capital cost perspective.

Financial

Operating (‘OPEX’) and capital cost (‘CAPEX’) work for the FS is ongoing. The OPEX and CAPEX are being updated from the Araguaia Pre-Feasibility Study (‘PFS’) announced in Q4 2016. Horizonte remains focused on its objective of becoming a low-cost nickel producer. Due to the recovery in a broad range of commodity prices over the past 18 months, the Araguaia project economics will need to factor in some higher OPEX inputs, such as thermal coal and oil – both key inputs to the RKEF process. This theme is common across the entire mining industry. Local infrastructure, plant layout and design continue to be a focus as we look to optimise the CAPEX element of the project. Simultaneously, the nickel price environment has changed significantly over the period since the PFS from around \$9,000/t to \$13,000/t today and the positive effects of this will be factored into the economic model.

Social & Environmental Status

The FS Sustainability focus has been on creating one integrated Social and Environmental Impact Assessment based on International Finance Corporation (‘IFC’)/ World Bank standards. IFC studies being undertaken in partnership with Environmental Resources Management (‘ERM’) consultants include, but are not limited to: Critical Habitat, Resettlement Action Plan, Air Dispersion Modelling and Stakeholder Engagement processes.

Strong integration across all disciplines within the FS team ensured definition of optimal infrastructure layouts in terms of combined economic, technical, social and environmental viabilities. During the last 6 months baseline data collection has been on-going, including new fauna and flora inventories, air baseline data, meteorology data, hydrology and hydro geology data as well as new consultations with individual landowners and key stakeholder groups.

The Company has made significant progress in de-risking Araguaia through licence approvals and construction permit requests. Highlights include:

- Approval by the Federal Mining Agency (‘ANM’) of the Final Exploration Report for Araguaia and the subsequent submission of the Economic Mine Plan and Mining Servitude to ANM; and,
- Submission of the Construction Licence (Licença de Instalação) for the mine, plant and water pipeline to the State Environmental Agency (‘SEMAS’) as well as water-use permit requests to SEMAS.

The sustainability team is currently focused on working to obtain the Araguaia construction licences and will also advance environmental studies and baseline data for the energy Transmission Line.

Vermelho Nickel Cobalt Project Update

The recently acquired project, purchased from Vale SA, and now 100% owned by the Company, is located in the Carajás Mining district in northern Brazil and within trucking distance from Araguaia north. The project was advanced to full feasibility by Vale with development approved in 2005, with the objective of becoming Vale’s principal nickel operation. However, with the US\$17 billion acquisition of Inco in 2006 and the subsequent integration of that company’s nickel division into Vale, the Vermelho project was placed on hold.

Vale completed a full-scale pilot campaign that achieved leaching recovery of 96% nickel and 95% cobalt and went on to produce LME-grade nickel cathode.

Vermelho with a high-grade scalable mineral resource with over 1Mt contained nickel and 43,000t of cobalt, is one of the largest nickel–cobalt resources globally. The Vermelho mineral resource is historic in nature and based on the report titled Niquel do Vermelho Project - Supplementary Mining and Resource Work report prepared for CVRD with respect to the Vermelho nickel project in 2005 by Snowden.

During the course of 2018 Horizonte plans to undertake the following work on the project:

- Commencing a 43-101 Mineral Resource Estimate looking at the higher-grade nickel-cobalt portions of the deposit;
- Review the historic metallurgical test work and new work to test the high grade saprolite parts of the deposit to confirm its suitability for use in the RKEF flow sheet developed for Araguaia; and,
- Confirm that the mixed hydroxide product developed by Vale can be upgraded to produce nickel and cobalt sulphate for potential use in EV battery products.

Subject to successful results from these initial work streams and identification of suitable process routes the Company will release a Preliminary Economic Assessment (’PEA’) in H2 to demonstrate the potential value of the project.

Nickel and Cobalt Market Developments

While not obviously evident from the 8% rise in the average price in 2017, the nickel market noted a record annual supply deficit, driven by increased demand which outstripped a gain in supply. This started to feed through into the metal’s market from June onwards, with the price 55% higher by the end of January 2018, breaching the US\$14,000/t mark for the first time since May 2015. Current expectations are for a third year of deficit in calendar 2018, resulting in further drawdown of above ground stocks.

Stainless steel demand remains strong, underpinned by growth in 300-series steel output, up 7% in 2017. Estimates indicate primary nickel demand in stainless will increase by almost 9% to more than 1.5Mt. Glencore quote “The nickel market’s fundamentals are the best we’ve seen since 2006/2007, as evidenced by stock draws, demand rates across all geographies and physical premiums, which are at 10-year highs.”

Comments out of Davos in January regarding the US dollar, also played a part in spurring the price of commodities, including nickel, with Wood Mackenzie recently upping its average price forecast for the year to US\$13,234/t, with a long-term incentive nickel price of over US\$20,000/t.

Meanwhile, the EV story continues to gather momentum with several more of the traditional carmakers announcing major investments in the space. A trend that is set to benefit a suite of metals, including nickel and cobalt.

The story has already had a positive effect on the cobalt market, with the metal's 2017 average price more than double that of a year earlier and showing continued strength so far in 2018.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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About Horizonte Minerals:

[Horizonte Minerals Plc](#) is an AIM and TSX-listed nickel development company focused in Brazil, which wholly owns the advanced Araguaia nickel laterite project located south of Carajás and the Vermelho nickel-cobalt project located in the Carajás mineral district of northern Brazil.

The Company is developing Araguaia as the next major nickel mine in Brazil, with targeted production by 2021. The Project has good infrastructure in place including rail, road, water and power.

Horizonte has a supportive shareholder structure including [Teck Resources Ltd.](#) 14.7%, Canaccord Genuity Group 9.6%, Richard Griffiths 8.9%, Lombard Odier Asset Management (Europe) Limited 8.6%, JP Morgan 8.3%, City Financial 7.6% and Glencore 5.2%.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

Except for statements of historical fact relating to the Company, certain information contained in this press

release constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, the ability of the Company to complete the Acquisition as described herein, statements with respect to the potential of the Company's current or future property mineral projects; the success of exploration and mining activities; cost and timing of future exploration, production and development; the estimation of mineral resources and reserves and the ability of the Company to achieve its goals in respect of growing its mineral resources; the ability of the Company to complete the Placing as described herein, and the realization of mineral resource and reserve estimates. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: the inability of the Company to complete the Acquisition as described herein, exploration and mining risks, competition from competitors with greater capital; the Company's lack of experience with respect to development-stage mining operations; fluctuations in metal prices; uninsured risks; environmental and other regulatory requirements; exploration, mining and other licences; the Company's future payment obligations; potential disputes with respect to the Company's title to, and the area of, its mining concessions; the Company's dependence on its ability to obtain sufficient financing in the future; the Company's dependence on its relationships with third parties; the Company's joint ventures; the potential of currency fluctuations and political or economic instability in countries in which the Company operates; currency exchange fluctuations; the Company's ability to manage its growth effectively; the trading market for the ordinary shares of the Company; uncertainty with respect to the Company's plans to continue to develop its operations and new projects; the Company's dependence on key personnel; possible conflicts of interest of directors and officers of the Company, the inability of the Company to complete the Placing on the terms as described herein, and various risks associated with the legal and regulatory framework within which the Company operates. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

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