

Fortune Minerals Secures Option to Purchase Brownfield Site in Alberta's Industrial Heartland for NICO Refinery

24.01.2022 | [Business Wire](#)

Former steel fabrication plant with buildings and facilities to materially reduce capital costs

[Fortune Minerals Ltd.](#) (TSX: FT) (OTCQB: FTMDF) ("Fortune" or the "Company") (www.fortuneminerals.com) is pleased to announce that it has entered into an option agreement with JFSL Field Services ULC ("JFSL"), a wholly-owned subsidiary of a large international engineering company, to purchase its former steel fabrication plant, located in Lamont County within Alberta's Industrial Heartland northeast of Edmonton. Pursuant to the agreement, Fortune will have six months to carry out additional due-diligence and complete the purchase of the JFSL facility for C\$5.5 million. Fortune intends to acquire this brownfield site in order to construct the hydrometallurgical refinery for the planned NICO Cobalt-Gold-Bismuth-Copper mine in the Northwest Territories ("NWT"). The proposed refinery would process concentrates from the mine and produce cobalt sulphate for the rapidly expanding lithium-ion rechargeable battery industry and their use in electric vehicles ("EV's"), portable electronic devices, and stationary storage cells to make electricity use more efficient. In addition to cobalt, the unique mineral assemblage of the NICO deposit includes a highly liquid 1.1 million ounce in-situ gold co-product, 12% of global bismuth reserves, and copper. The vertically integrated NICO development ("NICO Project") would provide a reliable North American source of three Critical Minerals produced responsibly with Canadian environmental-social governance ("ESG") values that are essential to support the transformation to new technologies and the growing green economy.

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"Cobalt, lithium and nickel are all minerals with huge demand in the modern world. Fortune's new refinery is exactly the type of job creating, diversifying investment we envisioned with our mineral strategy and action plan."

Jason Kenney, Premier of Alberta

"Fortune Minerals' new facility will add to Alberta's mineral refining capacity and will bring exciting economic opportunities to the province. Alberta's mineral strategy and action plan capitalizes on our untapped potential and helps meet demand for the critical and rare earth minerals which are essential to supporting a low-carbon economy. Fortune Minerals' investment announcement demonstrates that our strategy is working. Our province has the experienced workforce, and the necessary infrastructure to support continued growth in the minerals sector, and there is no better place for a new Critical Minerals refinery than Alberta's Industrial Heartland."

Sonya Savage, Minister of Energy, Government of Alberta

"I am pleased to see continued investment and diversification in the Industrial Heartland with Fortune Minerals' plan to establish a new cobalt refinery which will also have the future potential to recycle metals from post-consumer batteries from across Alberta. This project will create well-paid jobs for Albertans and continued prosperity for my constituency."

Jackie Armstrong-Homeniuk, MLA for Fort Saskatchewan-Vegreville

"The planned NICO Project in Alberta's Industrial Heartland supports our region's robust diversification efforts and highlights our value proposition for companies looking to execute their capital growth strategies, develop new technologies and advance their ESG priorities. Fortune Minerals' innovative vision and metallurgical process technology for the NICO Refinery will promote further energy supply chain integration within North America, solidifying Alberta and Alberta's Industrial Heartland as a critical jurisdiction for Canada's energy future."

Mark Plamondon, Executive Director of Alberta's Industrial Heartland Association

"More economic growth and diversification in Alberta's energy and tech sectors shows our competitive edge in action. This includes access to highly skilled labour, resources, and transportation links from Alberta's globally recognized Industrial Heartland and combined with our business-friendly environment thanks to the Alberta tax advantage and a streamlined regulatory framework."

Rick Christiaan, CEO of Invest Alberta Corporation

Refinery Site

The JFSL facility is situated on 76.78 acres of land adjacent to the Canadian National Railway ("CN Rail") in Alberta's Industrial Heartland, an association of five municipalities northeast of Edmonton with planning approvals and tax incentives designed to attract heavy industry. This former steel fabrication plant includes site improvements and more than 40,000 square feet of serviced shops and buildings that are anticipated to materially reduce capital costs for the planned NICO Project development.

Key Site Attributes

- Brownfield location in the Edmonton area with geographic synergies to the NICO mine in the NWT and existing facilities that can be integrated into the planned refinery
- Aligns with key Canadian and Alberta government policy objectives for western economic diversification, value-added processing in Canada, and greater domestic participation in the North American Critical Minerals supply chain for battery materials and EV's
- Complements the Alberta Government Mineral Resource Development Act and the objectives identified in the new minerals strategy and action plan
- Supports the Canada-U.S. Joint Action Plan on Critical Minerals Collaboration
- Lowest combined federal and provincial tax rate in Canada
- Indicative interest from federal and provincial governments for financial support
- Industrial Heartland planning approvals to attract heavy industry and municipal tax incentives keyed to capital investment
- Access to CN Rail and intermodal transportation hubs to receive concentrate, reagents and other plant feeds, to ship products, and facilitate future diversification into the recycling business
- Local services and utilities including power, natural gas, process and potable water, and a third party-owned site to dispose of the process residue
- Proximity to primary reagent suppliers including lime and acid
- Commutable pool of engineers, trades and skilled labour to construct and operate the refinery
- Proximity to other Critical Minerals sources and process facilities to enable geographic vertical integration of the Canadian battery materials supply chain and attract investment in downstream industries

NICO Project

The NICO Project is comprised of a planned open pit and underground mine and mill in Canada's NWT and a related hydrometallurgical refinery in Alberta. Fortune has expended more than C\$135 million to advance the NICO Project from an in-house discovery to a near-term Critical Minerals producer. The Company has received environmental assessment approval and the Type "A" Water License to construct and operate the NICO mine and concentrator. The recent completion of the Tlicho highway to the community of Whati is a key enabler for the NICO development. This C\$213 million, 97-kilometre, public, all-season road, together with the spur road Fortune plans to construct, will allow metal concentrates to be trucked from the mine to the rail head at Hay River or Enterprise, NWT for railway delivery to the Company's planned refinery in Alberta. An important economic attribute of NICO ores is a high concentration ratio from simple flotation, which allows the mill feed to be reduced to ~4% of the original mass for lower cost transportation and downstream processing of a homogeneous sulphide concentrate at the refinery.

The NICO Project was assessed in a positive Feasibility Study in 2014 by Micon International Limited that demonstrated an attractive rate of return for the development. Key economic metrics at that time were capital costs of ~C\$600 million, including ~C\$250 million for the refinery, annual revenues of ~C\$200 million, C\$100 million in EBITDA, 50% margins, and a negative cash cost for cobalt net of by-product credits. These estimates will be updated to reflect current costs, escalation, and revised commodity prices after completion of the refinery site purchase and incorporation of other project optimizations that Fortune has recognized to produce a more financially robust project.

The NICO development is anticipated to have direct employment for 250 workers at the mine and an additional 100 jobs at the refinery. Indirect jobs are expected to be double the direct jobs using a standard 2:1 industry employment multiplier. The economic spinoffs for the refinery would be greater if the refinery processes additional feed sources and recycled materials and/or the region attracts investment from the battery and automotive industries.

For more detailed information about the NICO Mineral Reserves and certain technical information in this news release, please refer to the Technical Report on the NICO Project, 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 International Limited which has been filed on SEDAR and is available under the Company's profile at www.sedar.com.

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.

Critical Minerals

The Canadian and United States governments have signed a Joint Action Plan on Critical Mineral Collaboration to enable greater North American production of minerals identified as critical to economic and national security. Minerals considered critical for this purpose have essential use in important industrial and defense applications, cannot be easily substituted, and their supply chains are threatened by geographic concentration of production and/or geopolitical risks. Cobalt is an 'Energy Metal' and particularly important Critical Mineral due to its consumption in lithium-ion batteries. It is also consumed in aerospace, magnet and cutting tool alloys, and pigments and catalysts needed in chemical processes. The cobalt market is currently more than 150,000 tonnes of refined metal, although analysts project that consumption will grow to between 300,000 and 400,000 tonnes by the end of this decade, primarily due to demand from EV's. More than 70% of cobalt mine production is currently sourced from the Democratic Republic of the Congo, more than half of which is controlled by Chinese state-owned corporations. China also controls 68% of refinery production and 80% of cobalt chemical supply.

Bismuth is also identified as a Critical Mineral with unique properties, including a low melting temperature, high density and it expands when cooled, properties that are leveraged by the automotive industry for glass frits, anti-corrosion coatings and metallic paints and pigments. Bismuth is also non-toxic and has anti-bacterial properties making it ideal for use in pharmaceuticals such as Pepto-Bismol® and some medical devices. The bismuth market is approximately 20,000 tonnes per annum, but has growing demand as an 'Eco-Metal' and environmentally safe replacement for lead - in solder, galvanizing and brass alloys, free-machining steel and aluminum, paint, glass, ceramic glazes, cosmetics, solar voltaics, ammunition and fishing sinkers. Many of these applications have been developed because of legislation banning or restricting the use of toxic metals including lead. China controls approximately 75% of current bismuth mine and refinery production although the NICO deposit contains the World's largest known Mineral Reserve.

Additional North American production is needed to diversify the supply chains for both cobalt and bismuth. Governments are therefore supporting potential near-term producers and processors to ensure availability of the key raw materials needed to sustain domestic industries. Identification of the new refinery site was one of the few remaining milestones needed to complete the NICO Project development and solidify Fortune's participation in the geographic vertical integration of the North American battery materials supply chain.

About Fortune Minerals:

Fortune is a Canadian mining company focused on developing the NICO Cobalt-Gold-Bismuth-Copper Project in the NWT and Alberta. Fortune also owns the satellite Sue-Dianne Copper-Silver-Gold Deposit located 25 km north of the NICO Deposit and is a potential future source of incremental mill feed to extend the life of the NICO mill and concentrator.

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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 exercise of the option by the Company and the purchase of the JSFL site, the construction of the proposed hydrometallurgical refinery at the JSFL site, the potential for expansion of the NICO Deposit and the Company's plans to develop 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 successful completion of the Company's due diligence investigations on the JSFL site, the Company's ability to secure the necessary financing to fund the exercise of the option and complete the purchase of the JSFL site, the Company's ability to complete construction of a NICO Project refinery; the Company's ability to arrange the necessary financing to continue operations and develop the NICO Project; the receipt of all necessary regulatory approvals for the construction and operation of the NICO Project and the related hydrometallurgical refinery and the timing thereof; growth in the demand for cobalt; the time required to construct the NICO Project; and 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 2021 drill program may not result in a meaningful expansion of the NICO Deposit, the COVID-19 pandemic may interfere with the Company's ability to conduct the drill program, the Company may not be able to complete the purchase of the JSFL site and secure a site for the construction of a refinery, the Company may not be able to finance and develop NICO on favourable terms or at all, uncertainties with respect to the receipt or timing of required permits, approvals and agreements for the development of the NICO Project, including the related hydrometallurgical refinery, the construction of the NICO Project may take longer than anticipated, the Company may not be able to secure offtake agreements for the metals to be produced at the NICO Project, the Sue-Dianne Property may not be developed to the point where it can provide mill feed to the NICO Project, the inherent risks involved in the exploration and development of mineral properties and in the mining industry in general, the market for products that use cobalt or bismuth may not grow to the extent anticipated, the future supply of cobalt and bismuth may not be as limited as anticipated, the risk of decreases in the market prices of cobalt, bismuth and other metals to be produced by the NICO Project, discrepancies between actual and estimated Mineral Resources or between actual and estimated metallurgical recoveries, uncertainties associated with estimating Mineral Resources and Reserves and the risk that even if such Mineral Resources prove accurate the risk that such Mineral Resources may not be converted into Mineral Reserves once economic conditions are applied, the Company's production of cobalt, bismuth 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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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/405108--Fortune-Minerals-Secures-Option-to-Purchase-Brownfield-Site-in-Albertas-Industrial-Heartland-for-NICO-Refinery/>

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