

# Focus Graphite Files Lac Knife Graphite Project Feasibility Study Technical Report

08.08.2014 | [Marketwired](#)

## Weights lower-cost options for tandem financing of mine/plant and purification facilities for high value &quot;battery grade&quot; graphite production

OTTAWA, ONTARIO--(Marketwired - Aug 8, 2014) - [Focus Graphite Inc.](#) ("Focus" or the "Company") (TSX VENTURE:FMS)(OTCQX:FCSMF)(FRANKFURT:FKC) sole owner of the Lac Knife, Quebec high purity graphite deposit announced today that the Feasibility Report prepared in accordance with National Instrument 43-101 and with form 43-101F1 will be filed under the Company's SEDAR profile on Friday August 8<sup>th</sup>, 2014 at [www.sedar.com](http://www.sedar.com) and on Focus' website ([www.focusgraphite.com](http://www.focusgraphite.com)).

The Feasibility Study was prepared by Met-Chem Canada Inc. with contributions from AGP Mining Consultants, Journeaux Associates and Golder Associates.

Don Baxter, Focus' President and Chief Operating Officer said: "With the Feasibility Study now completed, we continue to de-risk the project by focusing on key, near to mid-term milestones, including: detailed engineering, project financing, and the permitting process.

"In particular," he added, "the Feasibility Study opens the door to another level of available financing.

"We are evaluating options to secure project financing that will enable us to advance the Lac Knife mine and plant construction."

Mr. Baxter said discussions with potential offtake partners are ongoing and will complement the existing 10-year offtake signed in December, 2013.

The highlights of the Feasibility Study, as reported June 25, 2014:

Table 1			
Lac Knife Feasibility Results (Pre-Tax)	Base Case	2016 Forecast	Units
Average Price / Tonne of Concentrate:	\$1,713	\$2,256	US\$
Internal Rate of Return (IRR)	30.1	41.8	%
Net Present Value @ 6% Discounted Cash Flow	510	809	\$ million
Net Present Value @ 8% Discounted Cash Flow	383	624	\$ million
Net Present Value @ 10% Discounted Cash Flow	291	488	\$ million
Payback Period	3.0	2.1	Years
Lac Knife Feasibility Results (After-Tax)	Base Case	2016 Forecast	Units
Internal Rate of Return (IRR)	24.1	32.8	%
Net Present Value @ 6% Discounted Cash Flow	304	476	\$ million
Net Present Value @ 8% Discounted Cash Flow	224	364	\$ million
Net Present Value @ 10% Discounted Cash Flow	165	280	\$ million
Payback Period	3.2	2.4	Years

All monetary values are in Canadian Dollars ("CDN") except where specified otherwise

**Of note is that average prices used in the financial model do not include value added products produced using the typically lower valued finer natural flake graphite.**

### Background:

The Feasibility Study was conducted with engineering and estimation methods appropriate to target an accuracy of 15% that is standard and realistic for capital and operating cost estimates for this level of study, that is required prior to detailed engineering, and well beyond the +/- 30% accuracy of a Preliminary Economic Assessment (PEA). Based on an extensive risk review exercise the contingency is 11.5%. Capital Expenditures in Table 2 itemize cost requirements for mine construction, processing plant, power line and all associated infrastructure estimated at \$165.55 million.

Table 2	
Lac Knife Capital Expenditure - Cost Centers	CDN\$ millions
Mine equipment, infrastructure, and pre-stripping	4.21
Infrastructure	11.62
Primary Crushing	7.02
Concentrator	62.24
Environmental and Tailings Management	8.22
Additional Infrastructure	15.4
Indirect Costs	39.77
Contingency (11.5%)	17.07
Sub Total	165.55

The company is continuing discussions with vendors to define financing packages for equipment. The company's aim is to reduce up front capital and add to the basket of financing options currently being investigated. Discussions and due diligence continue regarding Supply Chain Financing ("SCF") based on the offtake agreement signed in December, 2013 for a minimum of 50% of Lac Knife's production over the life of a 10-year agreement. SCF is a non-dilutive alternative to equity financing and is less encumbering than traditional debt, or royalty financing.

Future off-take agreements will contain a financial component. This project-financing alternative could include equity and low interest debt as well as a signing bonus to execute an offtake agreement. The various options discussed above have the potential to enhance future project economic evaluation metrics, and the company continues these discussions with several interested parties.

### Qualified Persons

The technical information within this news release was approved by Project Leader Mary-Jean Buchanan Eng., and Jeffrey Cassoff Eng., Lead Mining Engineer, and Ewald Pengel P. Eng., Senior Metallurgist, who was responsible for concentrator design, of Met-Chem Canada Inc. all Qualified Persons under NI 43-101 guidelines and independent of the issuer. Pierre Desautels, P.Geo., of AGP Inc. completed the NI- 43-101 Mineral Resource Estimate and is independent of the issuer.

The technical information in this news release was prepared by Mr. Don Baxter, P. Eng., Focus President & Chief Operating Officer, a Qualified Person as defined by NI 43-101 guidelines, who has reviewed and approved the technical content of this news release.

### About Focus Graphite

[Focus Graphite Inc.](#) is an emerging mining development company with an objective to produce value added products initially for the lithium ion battery market from the Lac Knife graphite deposit located south west of Fermont, Québec. The Lac Knife project hosts a NI 43-101 compliant Measured and Indicated Mineral Resource Estimate\* of 9.6 million tonnes grading 14.77% graphitic carbon (Cg) as natural flake graphite with an additional Inferred Mineral Resource Estimate\* of 3.1 million tonnes grading 13.25% Cg. Focus' goal is to assume an industry leadership position by becoming a low-cost producer of technology-grade graphite. The

Feasibility Study filed with SEDAR on August 8, 2014 for the Lac Knife Project indicates the project is economically viable and has the potential to become a low cost graphite producer based on 7.86 million tonnes (429,000 tonnes Proven and 7,428,000 tonnes Probable) of Proven and Probable Reserves grading 15.13 Cg. On May 27, 2014 the Company announced the Potential for High Value Added Sales in the Li-Ion Battery Sector following battery coin cell tests performed on Lac Knife Spherical Graphite ("SPG"). Testing measured the performance metrics and confirmed Focus' capability to tailor lithium ion battery anode grade graphite and value added products to meet the most stringent customer specifications. Focus Graphite is a technology-oriented enterprise with a vision for building long-term, sustainable shareholder value. Focus also holds a significant equity position in graphene applications developer Grafoid Inc.

*\* Mineral resources are not mineral reserves and do not have demonstrated economic viability*

## **Forward Looking Statement**

This news release contains "forward-looking information" within the meaning of Canadian securities legislation. All information contained herein that is not clearly historical in nature may constitute forward-looking information. Generally, such 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 state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is 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: (i) volatile stock price; (ii) the general global markets and economic conditions; (iii) the possibility of write-downs and impairments; (iv) the risk associated with exploration, development and operation of mineral deposits; (v) the risk associated with establishing title to mineral properties and assets; (vi) the risks associated with entering into joint ventures; (vii) fluctuations in commodity prices; (viii) the risks associated with uninsurable risks arising during the course of exploration, development and production; (ix) competition faced by the resulting issuer in securing experienced personnel and financing; (x) access to adequate infrastructure to support mining, processing, development and exploration activities; (xi) the risks associated with changes in the mining regulatory regime governing the resulting issuer; (xii) the risks associated with the various environmental regulations the resulting issuer is subject to; (xiii) risks related to regulatory and permitting delays; (xiv) risks related to potential conflicts of interest; (xv) the reliance on key personnel; (xvi) liquidity risks; (xvii) the risk of potential dilution through the issue of common shares; (xviii) the Company does not anticipate declaring dividends in the near term; (xix) the risk of litigation; and (xx) risk management. Forward-looking information is based on assumptions management believes to be reasonable at the time such statements are made, including but not limited to, continued exploration activities, no material adverse change in metal prices, exploration and development plans proceeding in accordance with plans and such plans achieving their stated expected outcomes, receipt of required regulatory approvals, and such other assumptions and factors as set out herein. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in the 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 forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward-looking information. Such forward-looking information has been provided for the purpose of assisting investors in understanding the Company's business, operations and exploration plans and may not be appropriate for other purposes. Accordingly, readers should not place undue reliance on forward-looking information. Forward-looking information is made as of the date of this news release, and the Company does not undertake to update such forward-looking information except in accordance with applicable securities laws.

## **Contact**

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Die URL für diesen Artikel lautet:

<https://www.goldseiten.de/artikel/215839--Focus-Graphite-Files-Lac-Knife-Graphite-Project-Feasibility-Study-Technical-Report.html>

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