

# Fortune Minerals Provides NICO Project Update

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Technical improvements are continuing through Covid-19 social distancing restrictions

[Fortune Minerals Ltd.](#) (TSX: FT) (OTCQB: FTMDF) (Fortune or the Company) (www.fortuneminerals.com) is providing an update of current work to advance the NICO Cobalt-Gold-Bismuth-Copper Project (NICO Project) in Canada during the Coronavirus pandemic. Fortune is complying with government protocols, including temporary closure of the Company's head office, prohibiting non-essential travel, and employees are social distancing and working remotely from their homes. Technical work has advanced on the NICO Project during this period, primarily by employees with some assistance from engineering consultants. Fortune has also received financial assistance through government programs available to it, and has outstanding applications pending for additional support. The Company is also reducing costs where it can to preserve cash until confidence returns to the capital markets, which it normally depends upon for its source of working capital.

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The NICO Project was assessed in a Feasibility Study prepared by Micon International Limited (Micon) in 2014, based primarily on the Company's Front-End Engineering and Design study led by Aker Solutions and a proposed project financing with Procon Group which was not completed. The Mineral Reserves for the NICO Project total 33.1 million tonnes, averaging 1.03 grams of gold per tonne, 0.11% cobalt, 0.14% bismuth and 0.04% copper (see News Release, dated April 2, 2014). Cobalt and bismuth are both metals identified on the United States (U.S.) and European Union Critical Minerals Lists. Minerals considered critical have essential use in important industrial and security applications, cannot be easily substituted by other minerals, and their supply chain is threatened by geographic concentration of production and / or geopolitical risks. The Canadian and U.S. governments have signed a Joint Action Plan on Critical Mineral Collaboration to enable more North American production of minerals identified as critical to economic and national security, The Mineral Reserves for the NICO Project also contain more than one million ounces of gold, a highly liquid and countercyclical co-product that makes this project stand out relative to other cobalt producers and development projects.

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](http://www.sedar.com).

After assessing a contemplated 30% expansion of the NICO Project in 2019, Fortune has refocused the development strategy using a plan similar to the one used in the 2014 Micon Feasibility Study. This plan was based on combined open pit and underground mining transitioning to only open pit mining, a mill throughput rate of 4,650 tonnes of ore per day, and processing of metal concentrates at a hydrometallurgical refinery in southern Canada. With development of the NICO project, Fortune would become a Canadian producer of cobalt sulphate, gold doré, bismuth ingots and copper precipitate with supply chain transparency and custody control of the metals from ore through to the production of value-added products. Before completing an updated Technical Report, Fortune is pursuing opportunities to improve project economics and this work is summarized below.

Updated Mineral Resource Model:

An Updated Mineral Resource block model was recently completed by Fortune and P&E Mining Consultants Inc. (P&E) with a number of improvements made to reduce modeling dilution and capture mineralized material that was omitted in the previous Mineral Resource model. A more constrained approach to the mineralized domain wireframes was applied, eliminating areas with little or no grade that caused

internal and external modeling dilution and smeared higher grades within the wireframes into areas that had little or no grade. The wireframes were also extended to surface where the deposit is known to outcrop and will reduce near-surface waste rock stripping during operations. The wireframes were also extended in deeper parts of the deposit where there is higher grade gold, which was previously too abruptly terminated.

#### Open Pit Optimization:

The Updated Mineral Resource model has been subjected to open pit shell optimization by P&E using Datamine NPV Scheduler™; software that determines the open pit limits and tonnages of mineralized material that would be profitable to mine using geotechnical criteria (previously determined by Golder Associates Ltd. (Golder)), factored operating costs from previous studies, and updated metal price and currency exchange rate estimates. The optimized open pit shell used a Net Smelter Return (NSR) cut-off value of C\$60.49 / tonne, derived from the operating costs, excluding mining, to develop a Net Present Value (NPV) versus pit shell size table and graph to determine the optimal pit shell for the open pit design and production schedule.

#### Underground Stope Design:

New preliminary underground stope designs have been completed from the Updated Mineral Resource model by Fortune and P&E using Deswik™; software. Potential underground stopes were identified based on geotechnical studies by Golder, information gained from the earlier underground test mining by Procon, and the mineralized material that would be profitable to mine by underground methods using an NSR cut-off of \$150 / tonne. The stope designs used in the 2014 Micon Feasibility Study were used as a guide in the new preliminary design, which was also focused on potential stopes located close to the existing ramp system that was constructed during earlier test mining in order to minimize underground pre-production development costs.

#### New Mine Plan and Schedule:

Fortune is now developing a new mine plan and schedule based on the Updated Mineral Resource model, open pit optimization, and preliminary underground stope designs. This work will focus on gaining early access to higher grade material using a combination of open pit and underground mining methods similar to the approach used in the 2014 Micon Feasibility Study. Open pit material will be augmented with higher-grade, gold-rich material sourced from deeper parts of the deposit in stopes designed close to the existing underground access ramp system. The mine plan will also include a grade control and stockpiling strategy to defer processing of lower quality ores until later in the mine life and accelerate processing of higher margin ores. This is a strategy that was being pursued in 2019 before the Company terminated the expanded project study. The new mine plan and schedule is expected to be completed this month and will be used to determine concentrate specifications required to predict refinery feed criteria.

#### Capital Cost Optimization and Procurement Strategy

Fortune is conducting an analysis of capital costs previously estimated by Hatch Ltd. for the recent expansion study that was carried out in 2019, including a breakdown of their estimates and a comparison with quotes subsequently obtained directly from suppliers. This work is still in progress, however, the Company has identified several opportunities to reduce capital and operating costs, plus associated contingencies, given new supplier information and market trends. This work will be used as a guide to a more disciplined approach to capital cost estimation in any updated Technical Report.

Fortune has also identified opportunities to lower capital costs for the NICO Project using different approaches to the design criteria. An example is replacing the primary crusher with a lower cost mobile system, which will also reduce installation and earthworks capital. Other opportunities are also being pursued.

#### Refinery Sites

Fortune is evaluating a number of sites in southern Canada to construct the NICO Project refinery, including

a site in Saskatchewan where it already holds an option to purchase the lands. The Company is also considering other potential sites, including three serviced brownfield locations with permitted process equipment that could materially reduce the capital costs for the vertically integrated development. Fortune will provide an update of these locations when discussions are more advanced with the owners or as further information becomes available.

Some improvements for the NICO refinery were identified for the 2019 study that was terminated and will be considered in any updated Technical Report at the 4,650 tonnes per day mill throughput rate.

#### Tlicho Road

Construction of the C\$200 million Tlicho All-Season Road to the community of Whati is ahead of schedule. However, work on the road has been temporarily suspended by North Star, the P3 consortium led by Peter Kiewit Sons ULC, to mitigate the spread of the Coronavirus. Fortune will provide an update of the Tlicho Road when construction resumes. Notably, the NICO Project includes construction of a 50-kilometre spur road from Whati to the mine to enable truck haulage of metal concentrates to the railway at Hay River and delivery to the refinery for processing during operations. With greater certainty of the availability of this road, the Company is now planning to align NICO Project construction using the all-weather roads instead of winter ice roads to reduce capital costs and supply chain risks during construction.

#### Financing:

The Canadian and U.S. Government Joint Action Plan on Critical Mineral Collaboration advances both countries' interest in securing supply chains for the critical minerals needed in important manufacturing sectors, including communication technology, aerospace, defense, and clean technology. The plan guides cooperation in areas including industry engagement and efforts to secure critical mineral supply chains for strategic industries, and promotes increased support for industry. Fortune has been in discussions with both governments regarding financial support for the NICO Project, including a joint proposal with an existing refinery to the Government of Canada, and a proposal to the U.S. for support of an updated Technical Report to enable project financing.

Fortune is also continuing its discussions with various private sector sources of capital including potential strategic partners in the gold and base metals mining industry, battery materials and electric-vehicle sectors, and private equity. While interest is strong from some of these companies, discussions have not advanced materially during the current Covid-19 pandemic.

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, and Dustin Reinders, B.Sc., P.Eng., Project Engineer, who are "Qualified Persons" under National Instrument 43-101.

#### About Fortune Minerals

Fortune is a Canadian mining company focused on developing the NICO Cobalt-Gold-Bismuth-Copper Project in the Northwest Territories. The Company has an option to purchase lands in Saskatchewan where it may build the hydrometallurgical plant to process NICO metal concentrates. Fortune also owns the Sue-Dianne Copper-Silver-Gold Deposit located 25 km north of the NICO Project, which is a potential future source of incremental mill feed to extend the life of the NICO Project mill.

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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 construction of the Tlicho All-Season Road, the Company's plans to develop the NICO Project, the preparation of an updated Technical Report for the NICO Project, the Joint Action Plan on Critical Mineral Collaboration (the "Joint Action Plan") and the potential for the Sue-Dianne property to provide incremental mill feed to 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 timing of completion of the Tlicho All-Season Road; the timing of the updated Technical Report for the NICO Project and the results thereof; the Company's ability to secure a site in southern Canada for the 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 Tlicho All-Season Road may not be completed in the anticipated time frame, the updated Technical Report for the NICO Project may take longer than anticipated and the results thereof may not be as positive as anticipated, the NICO Project may not receive the benefit of any financing under the Joint Action Plan or any other benefits therefrom, the Company may not be able to 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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