

BUSINESS

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Victory Nickel mine gets go-ahead

By: Martin Cash

Victory Nickel has the go-ahead from its board of directors to start the financing process for a new mine development that could be larger than HudBay's project in Snow Lake.

Last month, the Toronto-based company received a key environmental licence for the Minago sulphide nickel mine, located about 90 kilometres north of Grand Rapids.

The junior mining company has been working the property for several years and has spent several million dollars drilling and developing the site.

But that's peanuts compared to the \$500 million to \$600 million to fully develop the property, which company officials say contains one of the largest undeveloped nickel deposits in the country.

In addition to what it says will be a low-cost production operation, the property also contains significant deposits of frac sand, a valuable input necessary for use in some of the more complicated new oil and gas drilling technologies.

That sand would have to be removed to get at the ore, so its extraction would not add costs but would greatly improve the economics for Victory Nickel in the development model for Minago.

The company says it will need \$75 million to begin development of the project this winter and sustain it until the end of 2012.

That money would be used to remove water from the property, do early site work, construct an electrical supply and distribution system and remove the top 10 metres of overburden.

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