



# BUSINESS

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## Massive nickel mine clears final hurdle

By Martin Cash

THE final regulatory hurdle has been cleared for the development of a massive new \$500-million open-pit nickel mine north of Grand Rapids.

Victory Nickel Inc., the company that has been developing the site for close to 10 years, has only one thing left to do — raise the money required to build the mine. That is a major challenge for the Toronto-based junior miner, but one it is fully prepared to meet.

“We have an outline of a (financing) plan in place and we will be addressing it in the fall,” said Sean Stokes, a spokesman for the company. “It’s not going to be a one-stop-shop financing, but we do think it is doable.”

On Wednesday, the company announced it has received an environmental licence for the project. That means the company is free and clear to start developing the mine.

Chris Beaumont-Smith, acting manager of the province’s Mineral Resources division, said the licence includes conditions that require the company to conduct ongoing monitoring.

“But it removes the last regulatory barrier to moving forward,” he said. “There are no question marks over the project as to how it would be viewed. There is nothing pending.”

The deposit, called the Minago Sulphide Nickel Project, is about 90 kilometres north of Grand Rapids and a little over three kilometres into the bush off the west side of Highway 6.

An economic feasibility study done in late 2009 produced middling results, but since then the company has continued to drill on the site, identifying greater potential nickel resources and extending the lifespan of the mine to nine years from seven.

Another attractive feature of the project is the presence of as much as 11 million tonnes of frac sand, an industrial mineral used in the oil and gas industry.

### Minago Sulphide Nickel Project features:

- Located about 485 kilometres north of Winnipeg, close to both Highway 6 and hydro lines;
- Has the potential to produce some of the world’s highest-grade nickel concentrate;
- Projected average annual ore production of 3.6 million tonnes;
- Projected average annual nickel production in concentrate of approximately 11,000 tonnes;
- 11.2 million tonnes of frac sand byproduct; could generate average annual revenue of \$70 million.

Without incurring any additional cost in extracting it because it has to be removed to access the nickel-rich ore, it has the potential to generate average annual revenue of about \$70 million.

In 2009, the projected cash flow of the mine was just over \$900 million. Now, the company is projecting more than \$1.5 billion.

The internal rate of return, a key metric for potential lenders and investors, has also increased significantly.

Provincial and local First Nations officials are interested in the potential economic development impact it could have on the region where there are few other employment opportunities.

Construction will require a workforce of about 600 people and the mine will need about 400 workers to operate. That’s a larger workforce than the one required to build and operate HudBay Minerals’ Lalor gold/zinc/copper mine under construction in Snow Lake.

Ron Evans, chief of Norway House Cree Nation, said there is great deal of anticipation among the communities in the region surrounding the project.

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