

# SMPP Will Bring a New Industry and Create Jobs

By Troy Nazarewicz, Fortune Minerals Limited

**F**ortune Minerals' plans to develop a metals refinery outside Saskatoon that will bring a new industry to the province. The Saskatchewan Metals Processing Plant (SMPP) will initially process metals sourced from the company's proposed NICO mine in the Northwest Territories into value-added products. Along with the NICO mine, Fortune's SMPP is positioned to become a reliable, fully integrated source of gold, bismuth and cobalt chemicals needed to manufacture rechargeable batteries.

As a North American facility dedicated to the production of cobalt chemicals, the recent announcement by Tesla Motors to establish a \$5 billion rechargeable battery gigafactory in the southwest U.S. is a noteworthy development for the SMPP. Cobalt's use in rechargeable batteries represents its single largest use (42 per cent) and is the primary driver of the cobalt market due to the continued proliferation of portable electronic devices and electric vehicles. The batteries used to power Tesla's Model S contain nine per cent cobalt by weight.

By 2020, Tesla's gigafactory is anticipated to produce more lithium-ion batteries than were produced globally in 2013. Not only will the scale of Tesla's plant have a profound impact on the cobalt market, but the company's intent to source its critical raw material locally highlights the new era of supply-chain transparency, where manufacturers wish to demonstrate association with sustainable sources of raw materials and a reduced environmental footprint. The SMPP is uniquely positioned to benefit from these trends.

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Fortune's refinery will also produce gold, bismuth metals and chemicals, and byproduct copper. Notably, the bismuth market is experiencing significant demand growth as a non-toxic, environmentally safe replacement for lead in a number of products, resulting from lead free legislation in the U.S. and European Union. The project is well positioned to be a reliable North American source of cobalt and bismuth products in a market where the dominant producers are in countries with political instability for cobalt (Congo has 60 per cent of cobalt mine production) and in countries where policy risks exist for bismuth and cobalt supply (China has 80 per cent of bismuth mine supply and 43 per cent of cobalt refinery production). Fortune envisions great opportunity for the future expansion of the SMPP for custom processing of materials from other mines and to enter the battery and metal recycling business.

The company is designing the SMPP with the community's needs in mind and will provide jobs and business opportunities



A 3D rendering of Fortune Minerals' proposed Saskatchewan Metals Processing Plant.

for the area. This includes the establishment of an independent community based monitoring group to oversee all aspects of operations and environmental performance. This group will consist of individuals from the local communities who will be provided resources to hire independent experts to assist them with monitoring the SMPP. The monitoring group will have a direct reporting line to Saskatchewan's Environmental Protection Branch and Ministry of the Environment.

Direct capital costs of the project are more than \$200 million, providing contracting opportunities during the 18 month construction phase for items such as transportation, construction materials and supplies. Approximately \$30 million will be paid to 200 labour and skilled trades during construction.

When its doors open, nearly 100 permanent positions will be created to run the SMPP. Permanent job opportunities are diverse and include engineers, operators and administrative positions resulting in an average annual wage of \$90,000. The direct employment benefit is estimated to be \$9 million paid in salaries and benefits to SMPP employees each year. These high paying jobs will translate into immediate economic development, from housing starts to support for local services.

Spinoff benefits are expected to create two indirect jobs for each permanent position and taxes collected as a result of the refinery will contribute to provincial and municipal initiatives in the community.

With construction activities on the horizon, Fortune is focused on completing permitting and financing requirements for the development. The company has received environmental assessment approvals for both the mine and refinery, has secured an initial strategic investment and is in negotiations for the arrangement of project financing.

Fortune Minerals other assets include an operating silver mine in Colorado and one of the world's premier metallurgical coal projects in British Columbia.