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First Cobalt formalises transformative acquisitions to fuse Cobalt, Ontario mining camp

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First Cobalt formalises transformative acquisitions to fuse Cobalt, Ontario mining camp

Photo by Bloomberg

A worker displays a handful of cobalt metal nuggets at the Nchanga copper mine, operated by Konkola Copper Mines, in Chingola, Zambia

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ANCOUVER (miningweekly.com) – Explorer First Cobalt (FCC) has formalised binding letters of

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The two deals will consolidate the Cobalt, Ontario mining camp under FCC and give the company control of about 10 000 ha for cobalt exploration and mining.

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“From an investment perspective, there are very few ways to play cobalt, except to invest in a major such as Glencore. In the junior space, there are some 54 or so junior cobalt focused companies around the planet, all with market caps of about \$30-million or less,” FCC president and CEO Trent Mell tells Mining Weekly Online.

“By bringing these three companies together, it would give investors good opportunity to leverage the cobalt exploration space.”

Based on FCC's C\$30-million market cap, plus the market caps of Cobalt One (C\$54.6-million) and CobalTech (C\$11.56-million), FCC's market cap would be nearly C\$100-million when the deals are completed, positioning it to become the world's largest cobalt exploration company.

According to Mell, the only real cobalt opportunities out in the market today are two development stories comprising eCobalt Solutions, with its 100%-owned Idaho cobalt project, in the US, and Clean Teq, operating out of Australia.

The exploration side of the story often provides investors with more optionality when compared with development stories, where one often sees a pullback of the share price until one has executed and reduced the risk. Being the largest explorer

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This, in turn, provides greater exposure to retail investors, provides its equity stock with increased liquidity and could provide the company with increased access to capital down the line.

MINING CAMP REVIVAL

The Cobalt mining camp is unique in the cobalt space today, in that it hosts cobalt associated with silver, as opposed to the base metals found in other projects around the world.



Because all FCC's properties are contiguous in what was once the biggest silver camp in the world, there is an opportunity to rationalise FCC's effort and, given the exploration focus it is going to bring to the larger land package, it will be helpful. Historically, the area hosted smaller high-grade silver mines, and Mell expects the company's strategy to entail a broader, high tonnage, lower-grade operation.

"We are going to control 50% of the prospective land in the Cobalt mining camp, while Agnico Eagle controls about 21% of legacy properties. Our goal is to be the first to understand this mining camp from a modern exploration point of view," Mell says, adding that the heyday for this camp was from 1921 to about 1935, and there were about 70 different mines active between 1904 and 1960, all chasing high-grade silver veins.

"One often comes to different conclusions when entering a historic mine with modern exploration techniques. Our cornerstone asset [the Keeley-Frontier mine] has not seen modern exploration for some 75 years and, much like the other historic Canadian gold camps, we understand that the high-grade shoots are gone now and that we are looking at a high tonnage, lower-grade operation that is going to benefit from a much stronger contribution from cobalt," he says.

Aside from securing the land package ahead of time, the real catalyst for FCC will come in September, when it expects to receive the results from the first assays on the property.

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over 20 m to 100 m and see if I can get a 0.3%, 0.4% or 0.5% cobalt grade, because then it's game on. Then all of a sudden one has a modern mine, backed by modern science and the potential to deploy bulk mining techniques, combined with modern metallurgical processes that did not exist in 1921 to 1935.



“If we can get one, or two to three openpits going, it will signify the rebirth of a mining camp. Because it's a brownfield mining camp, the pathway to production will also be fairly easier when compared with greenfield projects,” Mell believes.

He expects to find five-element style mineralisation on the properties. Historically, the miners got a lot of cobalt credit, about 50-million pounds of cobalt over its history. FCC also expects to find nickel, copper and arsenic, with four of the basket minerals being attractive and arsenic requiring purification and removal before concentrate shipments.

The company is currently making three-dimensional models of the old mines, compiling data to try to reconcile that with the current mapping and trenches. It expects to start drilling on the Keeley-Frontier mine on August 1.

LESS DILUTION

Under the terms of the acquisition deal with CobalTech, FCC will acquire a 100 t/d mill in the town of Cobalt, which was used to gather historic stockpiled material and process it for silver.

“The reality is that there are millions of tonnes of low-grade material spread across the properties, and by starting up the mill, we'd be able to either produce a concentrate to ship to a refinery, or we could make the concentrate and run it through our Yukon refinery, over which we have a joint venture option for a 50% interest,” Mell states.

throughout the next 12 months and also minimise dilution, while simultaneously cleaning up the environment.

Mell expects the refinery would be too small to support a mine, but could be helpful for metallurgical testing in the mine development stage. It comes with 16 ha of property, including an autoclave, a settling pond and two tailings ponds and it has all the permits for the treatment of arsenic tails.



“My guess is that we could possibly take two to four years off our permitting timeline by virtue of the existing infrastructure and permitting being in place, on a longer-term strategic site,” he says.

FCC is now focused on getting drills on site by August and, depending on whether they hit mineralisation of 0.3% cobalt or higher, he can see the company quickly expanding the campaign beyond the current C\$1-million, 7 000-m programme, and possibly triple it by the fall.

“The cobalt market is so hot right now, that I believe the market will reward us to get to an answer faster, more so than focusing on cash preservation or being conservative about it,” Mell says.

FCC also has a letter of intent to form a strategic alliance and earn a controlling interest over seven prospective copper/cobalt exploration properties close to several major copper/cobalt operations and projects. The interest represents a substantial land package totalling 190 km² (19 000 ha) on the Central African Copperbelt in Katanga, in the Democratic Republic of the Congo. 🇷🇺

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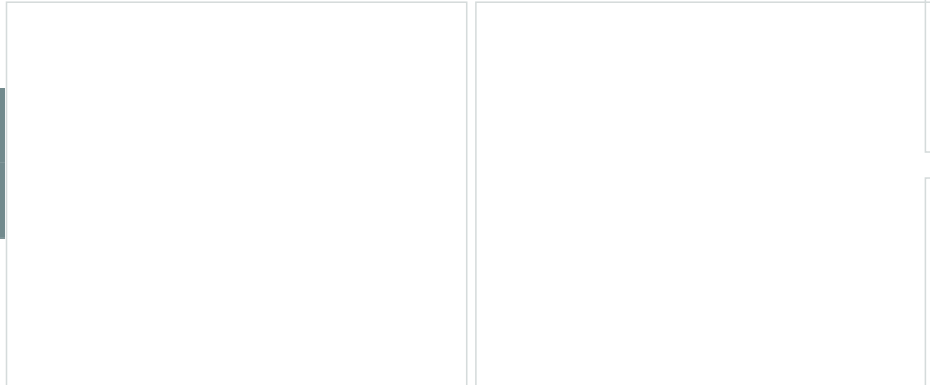
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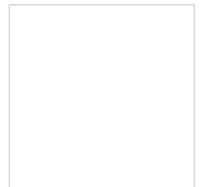
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