



McIlvenna Bay deposit spurring optimism, chamber hears – Page 3



Upcoming sale promises good deals to Boot – Page 5



Defeating diabetes is family's goal – Page 7

From fan to front office for Bombers' administrator – Page 9

**INSIDE TODAY:**

- Editorial .....4
- MLA statement .....8
- Sports .....9
- Slow down: RCMP .....10



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## 'We think it will make production': CEO

*Foran optimistic McIlvenna Bay can be a mine as early as 2019*

**Jonathon Naylor**  
Editor

More than a decade of ore with room to expand? Check.

Within driving distance of established communities? Check.

Motivated management and investors? Check.

Though he makes no guarantees, Patrick Soares views the McIlvenna Bay copper-zinc mineral resource outside Flin Flon as the region's next major mine.

"We think it will make production, we think the numbers are compelling and we're not alone," Soares, president and chief executive officer of Foran Mining Corp., told the Flin Flon and District Chamber of Commerce on Tuesday.

For the better part of an hour, Soares (pronounced Soar-eh) outlined the rationale for a McIlvenna Bay mine, a case built on years of exploration and millions of dollars worth of study.

He said the best-case scenario would see a mine enter production in late 2019 following an 18-month feasibility study



The McIlvenna Bay mineral property is carved out of the Saskatchewan wilderness about an hour's drive west of Flin Flon.

and two years of permitting and construction.

Soares believes the mine would create about 240 jobs, excluding construction. Hiring preference would be given to area First Nations and the Flin Flon area.

Wholly owned by Foran, McIlvenna is about an hour's drive west of

Flin Flon—90 km by road and 65 km as the crow flies—in the Saskatchewan wilderness.

### Proximity

Soares said the proximity to Flin Flon is crucial to McIlvenna's viability.

"There's a rail head here, so we can use a rail head," he told 20 chamber guests gathered at the Flin Flon Aboriginal Friendship Centre restaurant. "There is an active workforce here that we could bus to the site so we don't have to build a remote camp."

Based on current resources, Soares said McIlvenna is among the five largest mineral deposits in the Flin Flon region, though that estimate is based on tonnage, not ore grades.

"The grades in Flin Flon tended to be better, not so much in the copper and the zinc but in the gold values," he said. "Precious metal values are quite a bit higher [in Flin Flon]. If this thing ran over a gram per tonne gold, it would be open right now. Hudbay would own it, absolutely."

Soares further pointed to a preliminary economic assessment (PEA), completed last year, which showed a McIlvenna mine would be economically viable, pay back its investment in a little over four years and last about 14 years—with the potential for a longer life.

"We thought that the potential for our property wasn't just McIlvenna

Bay, but the potential to add more smaller deposits around it, and that this could be a long-lived mining camp," he said.

Of course those factors will be meaningless unless Soares and his management team can persuade investors to part with an estimated \$250 million to build the mine. Another \$150 million will be needed for sustaining capital expenditures over the 14-year life.

Those amounts are far above the \$21.8 million market cap of Foran, a penny-stock company out of Vancouver that lost \$1.5 million last year.

But Soares seems undeterred, saying a number of groups are looking to partner with Foran.

"There are definitely people who have cheque books much larger than mine that can write the cheques and push this project forward," said Soares, who has personally



Patrick Soares, head of Foran Mining Corp., outlined the McIlvenna Bay project to the Flin Flon and District Chamber of Commerce on Tuesday.

invested about \$1.5 million into Foran.

Soares said Foran would like to involve a mining partner and is looking to put up a yet-to-be-determined percentage of McIlvenna rather than a large number of shares.

He said Foran would be interested in partnering with Hudbay if the opportunity arose. Hudbay has shown no public interest in McIlvenna.

### Next steps

While a mine remains the long-term goal, Soares said the next steps for Foran include a multimillion-dollar feasibility study on McIlvenna and a PEA on the nearby Bigstone deposit.

As Soares works to sell investors on McIlvenna's promise, he must also overcome a healthy public skepticism in Flin Flon and area.

That cynicism is borne

out of fizzled "This is the next mine!" proclamations from numerous other junior miners.

Will the McIlvenna story end the same way?

During his address to the chamber, Soares several times referenced a statement from David Garofalo, head of Hudbay, suggesting that if McIlvenna were viable, it would already be a mine.

Soares agreed that McIlvenna would make no sense if construction costs were to total \$800 million like they did at Hudbay's Lalor mine near Snow Lake.

"But we think we're smaller, nimbler, we don't have the big infrastructure, we're a small company," he said. "And the numbers that we look at, even if we're off by 25 per cent, which is not unusual...this project is still viable."

### The McIlvenna story

While McIlvenna Bay has made headlines over the past four years, the mineral resource actually dates back nearly three decades.

Saskatchewan Mining Development Corp., a now-defunct Crown corporation, discovered the zinc resource during a drilling program in early 1988.

Cameco Corp. and Esso Minerals subsequently formed a joint venture to conduct further exploration. Cameco suspended work at the site in 1991. Drilling resumed between 1998, when Foran optioned the project, and 2000.

When current president and chief executive officer Patrick Soares joined Foran in late 2010, he shifted the focus back to McIlvenna.

Drilling restarted in 2011 with the goal of proving McIlvenna was not only a zinc resource, but also a copper resource.

"Lo and behold, we doubled the size of the resource by adding a copper resource to it," said Soares.

In November 2014, a preliminary economic assessment (PEA) commissioned by Foran found that a McIlvenna mine would be viable.

But if a mine were to open, how would Foran get the zinc and copper to a smelter?

Hudbay's smelter in Flin Flon is a theoretical possibility for the zinc, but that would require an agreement between the two companies.

Soares said the Teck Cominco smelter in Trail, BC, has already indicated it would accept the zinc.

As for copper, even if a North American smelter is unavailable, Soares said shipping to Japan has been proven economical.

Soares said McIlvenna has also undergone studies to measure its environmental impacts and whether it would conflict with First Nations land use. No problems have been identified.



Drill samples are reviewed at the McIlvenna Bay site.

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