

MBAC reports positive prefeasibility study results for its Santana Phosphate Project in Brazil

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TORONTO, April 23, 2012 - [MBAC Fertilizer Corp.](#) ('MBAC' or the 'Company') (OTCQX:MBCFF) is very pleased to announce the results of the Prefeasibility Study ('PFS') for the Company's 100% owned Santana Phosphate Project ('Santana' or the 'Project') located in the southeast of Para State, Brazil. The PFS is based on an updated mineral resource estimate that includes drilling completed up to January 2012 (see press release dated March 5, 2012). A technical report, prepared in accordance with National Instrument 43-101, will be posted on SEDAR by no later than June 7, 2012. The PFS was completed by PegasusTSI Inc. in Tampa, Florida, Andes Mining Services, in Lima, Peru and NCL Brasil Ltda., in Minas Gerais, Brazil.

Highlights of the PFS:

- A robust Net Present Value ('NPV') of US\$407 million (at a discount rate of 10%)
- Mine life of 30 years with reserves at an average grade of 12.1% P₂O₅ (based on the current indicated resource estimate)
- Estimated production of 500,000 tonnes per annum of single superphosphate ('SSP') with production expected to start in Q1 2015, using 300,000 tonnes of P₂O₅ concentrate grading 34%
- Estimated capital costs of US\$393 million (includes US\$61 million in contingencies)
- Estimated initial selling price of SSP in 2015 estimated at US\$349 per tonne (in 2012 dollars)
- Operating cash costs of US\$131 per tonne SSP (includes a 10% contingency) over the life of the mine (in 2012 dollars)
- Significant resource expansion potential
- Opportunities to increase value by producing other higher-content phosphate fertilizers and animal nutrient products or by doubling capacity of the SSP production. A review of these alternatives will be finalized before completion of the definitive feasibility study (the 'DFS') expected to be completed by Q1 2013
- The lab tests using the concentrates from Santana resulted in high quality SSP and phosphoric acid suitable for triple superphosphate ('TSP') and di-calcium phosphate ('DCP') production

Antenor Silva, Vice Chairman and CEO, stated 'the Santana phosphate project is the next step in realizing our vision of becoming a significant integrated fertilizer producer in Brazil. Santana has many competitive advantages including the high grade phosphate which could potentially make it one of the lower cost phosphate mines in Brazil. We believe that there are a number of opportunities to increase the value of the Project including increasing the size of the operations. As well, the high grade deposit will permit the Company to consider higher concentrate phosphate fertilizer products such as triple superphosphate and di-calcium phosphate which is used as an animal supplement'.

Project Background

MBAC, through one of its subsidiaries, is the sole registered and beneficial holder of eight exploration properties with an additional three exploration permits under application, totaling of 97,949 hectares. The Project is located in the southeast of Pará State, Brazil (see map below). The target phosphate fertilizer markets for the Project are the northern and eastern regions of Mato Grosso State and the southern region of Pará State. Mato Grosso State is known as the largest soybean producer in Brazil and the largest consumer of fertilizer, while Pará State is a large beef producer in Brazil representing a market for the animal supplement di-calcium phosphate ('DCP'). SSP demand in Mato Grosso State alone is approximately 1.5

million tonnes per annum. This demand is expected to grow at least 20% by 2015, with an estimated demand of SSP in 2015/16 in the range of 1.8 and 1.9 million tonnes of SSP per year according to Agroconsult Consultoria and Marketing ('Agroconsult'), an independent consultant.

Competitive Advantage

The Project will have significant competitive advantage as its target market is located a considerable distance from the main integrated phosphate fertilizer producers in Brazil. A significant amount of the fertilizer brought into the region is imported and comes through Paranaguá Port which is located approximately 2,150 km from MBAC's target region. Integrated phosphate fertilizer producers are located in southwest Minas Gerais and south Goiás States which is approximately 1,000 km from the Project. Phosphate products can also be imported from the Itaqui Port in the northern part of Brazil which is approximately 1,400 km from the Project, but the inland logistics to reach the region are poor.

Summary of the Mineral Resource Estimate

The current mineral resource estimate for Santana is based on 114 diamond holes (5,895m) and 274 reverse circulation ('RC') holes (12,936m) drilled at a spacing of approximately 100m by 100m. Data received as of February 8, 2012 has been used for the mineral resource estimate. RC and Diamond Core ('DC') samples were taken at one metre intervals by MBAC technical staff, utilizing internationally accepted drilling and sampling techniques. All RC drill samples are weighed on site to ensure adequate recovery although wet RC samples were noted by Andes Mining Services that will need sample quality to be quantified with twin DC holes. DC drill holes consist predominantly of HQ core. DC is logged and sawn on site with half core samples sent to the laboratory. All samples are analyzed for P₂O₅ using standard Whole Rock XRF by ALS laboratories. QA/QC programs show industry acceptable precision and accuracy limits on both certified standards and field duplicate samples. No umpire samples have been taken at this stage. Bulk Density samples are routinely measured in all DC drilling. Andes Mining Services has validated the database and QA/QC programs, managed geological and grade wireframing along with block modeling and resource estimation. MBAC has an ongoing infill drill program as well as an extensional drill program underway.

The Santana deposit is defined by flat lying phosphate rich metavolcaniclastic and carbonate rocks intruded in the Iriri group of Precambrian age. The main mineralization is located within a supergene enriched saprolite zone and is between 10m and 80 m thick. Additional large widths of fresh hydrothermally altered carbonate rocks have been intercepted in deeper drill holes down to 200m depth, but this has not been comprehensively drilled. The deposit has an average depth of around 40 metres (with a maximum 100 metres) and the phosphate mineralization is present starting typically 10 to 20 metres from surface which will allow open pit mining of the deposit with a low strip ratio (around 2.2 waste to ore ratio).

The mineral resource estimate has focused on this main oxide mineralization with two flat lying mineralized domains defined using the saprolite and fresh geological boundary along with a 3% P₂O₅ cut-off grade to guide the wire-framing process. The mineral resource has been independently estimated by Ian Dreyer (MAusIMM (CP)), principal consulting geologist of Andes Mining Services Limited and is comprised of indicated mineral resources of 66.1Mt at 10.5% P₂O₅ and inferred mineral resources of 21.8Mt at 7.9% P₂O₅ (using a 3% P₂O₅ cut-off). The mineral resource has negligible traces of contaminants such as Cadmium, Mercury, Uranium and Thorium.

Table 1 - Grade Tonnage Report Santana Phosphate Project Ordinary Kriging (OK) Mineral Resource Estimate - 29 February 2012 (Block Model - 25mE X 25mN X 4mRL - Cut off 3% P ₂ O ₅ utilised)				
Material Type	Indicated		Inferred	
	Tonnes Mt	P ₂ O ₅ %	Tonnes Mt	P ₂ O ₅ %
Saprolite	47.4	11.6	8.8	9.8
Fresh Rock	18.6	7.7	13.0	6.7
Total	66.1	10.5	21.8	7.9

Notes: Appropriate rounding has been applied

*Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Additional work in the region is currently being carried out. The geology setting found at the current drilling targets are present in other areas of the MBAC claims and the aim of the regional investigation is to define new drilling targets.

Summary of the Project Economics

The PFS updates the analysis performed for the PEA filed in September 2011 and continues to demonstrate with a high degree of confidence that the project development model as presently conceived is technically feasible and is expected to generate robust returns on capital with acceptable risk. The assumptions for the economic analysis are as follows:

Exchange Rate	BRL/USD	1.75
NPV	USD Million	407
IRR	%	22%
Total Capex	USD Million	393
	BRL Million	688
At Project Site		
Selling Price		
SSP Price	USD/Tonne	349 (1)
Cost		
SSP	USD/Tonne	131 (2)
Concentrate	USD/Tonne	86 (2)
WACC		10%

Note:(1) See heading 'Price' below for a detailed explanation.

(2) In 2012 dollars.

Products

For the purposes of the PFS, MBAC has forecasted production of 500,000 tonnes of SSP. This production will require 300,000 tonnes of phosphate concentrate (averaging 34% P(2)O(5)) and 200,000 tonnes of sulphuric acid. Lab tests have shown that the ore can be concentrated to 34% P(2)O(5) (and up to 38% P(2)O(5)) with good metallurgical recoveries. A recovery of 55% was used in this assessment which the Company believes to be conservative. The solubilization tests showed very positive results with the SSP produced having an average 20% P(2)O(5) soluble in citrate plus water, and 19% P(2)O(5) soluble in water, on a dry basis.

Initial lab tests for phosphoric acid production showed promising results producing an acid with very low level of impurities. The phosphoric acid produced is suitable for production of high grade phosphate products, such as TSP, MAP and DCP. The economic feasibility of the production of such high grade material will be investigated during the feasibility study process.

Price

The SSP price was based on the 2012 price provided by Agroconsult. This price forecast is FOB Rondonópolis, a fertilizer hub distribution center in the Mato Grosso state, plus adjustments for logistics from the Project to the target region. All prices were inflated at 2% per annum.

Operating Costs

Estimated operating costs for the Project were based on the engineering studies prepared by PegasusTSI as well as the capital costs for the Itafós Arraias SSP Project which were adjusted for the operational requirements specific to the Santana Project. The adjustment in cost mainly reflects variances in quantity of reagents, energy, mining costs, and freight. A 10% contingency was included in these estimates resulting in SSP cost at site of US\$131/tonne for the life of the project (based on 2012 dollars). All costs are inflated at 2% per annum.

Capital Costs

Estimated capital costs were based on the engineering studies prepared by PegasusTSI as well as capital costs for the Itafós Arraias SSP Project with additional costs included for project specific requirements such as (i) mill plant size; (ii) infrastructure; (iii) mine equipment; and iv) industrial site layout. Furthermore, an additional US\$61 million of contingencies were included. The contingencies are based on the Itafós Arraias SSP Project which is currently under construction. Total capital costs for the Project are estimated to be US\$393 million.

NPV

Based on these assumptions the financial model indicates robust project economics with a NPV of US\$407 million as at Q3 2013 (the estimated start of construction).

The Company will continue to explore the possibility for the production of other higher-content phosphate fertilizers and animal supplement products to generate additional returns for the Project.

Upcoming Milestones

The next steps for the Project will be to increase the mineral resource confidence to include measured mineral estimates. The Company intends to complete the DFS by the first quarter of 2013.

Qualified Persons

Ian Dreyer (MAusIMM (CP)), principal consulting geologist of Andes Mining Services Limited ('AMSL'), is the qualified person responsible for the mineral resource estimate for Santana and has read and approved the mineral resource estimation portion of this news release.

Carlos Guzmán, registered member of the Chilean Mining Commission, principal mining engineer and project director of NCL Brasil Ltda., is responsible for the reserves estimation and the mining study for the PFS. He has read and approved the technical portions of this news release.

Robert Alexander, registered Professional Engineer for the State of Florida, USA, and Manager of Engineering for PegasusTSI, Inc. is the qualified person responsible for the overall preparation of the PFS and has read and approved the relevant technical portions of this news release.

About MBAC

MBAC is focused on becoming a significant integrated producer of phosphate and potash fertilizers in the Brazilian and Latin American markets. MBAC has an experienced team with over 150 years of combined experience in the business of fertilizer operations, management, marketing and finance within Brazil. In October 2008, MBAC acquired Itafós Mineração Ltda, which consisted of a phosphate mine, a mill and plant and related infrastructure, all located in central Brazil. MBAC's exploration portfolio includes a number of additional exciting phosphate and potash projects, which are also located in Brazil. The Santana Phosphate project is a high grade phosphate deposit located in close proximity to the largest fertilizer market of Mato

Grosso State and animal feed market of Pará State. The Company continues to search for additional fertilizer opportunities in the Brazilian and other Latin-American markets, where strong agricultural fundamentals and unique opportunities are expected to provide attractive growth opportunities in the near future. Further information on MBAC can be found on the Company's website at www.mbacfert.com and on SEDAR at www.sedar.com.

Antenor Silva
Vice Chairman & Chief Executive Officer

FORWARD LOOKING STATEMENTS

This press release contains 'forward-looking statements' within the meaning of applicable Canadian securities legislation. Forward-looking statements include, but are not limited to, statements related to activities, events or developments that the Company expects or anticipates will or may occur in the future, including, without limitation, statements related to the Company's business strategy, objectives and goals; the estimated results of the PFS and the expected economic feasibility of the Santana Project; the expected completion of a DFS; and the expected competitive advantages of the project. Forward-looking statements are often identified by the use of words such as 'plans', 'planning', 'planned', 'expects' or 'looking forward', 'does not expect', 'continues', 'scheduled', 'estimates', 'forecasts', 'intends', 'potential', 'anticipates', 'does not anticipate', or 'belief', or describes a 'goal', or variation of such words and phrases or state that certain actions, events or results 'may', 'could', 'would', 'might' or 'will' be taken, occur or be achieved. Forward-looking statements are based on a number of factors and assumptions made by management and considered reasonable at the time such statements are made, and forward-looking statements involve known and unknown risks, uncertainties and other factors may cause the actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. Such factors include, among others, not obtaining all necessary financing, and licenses to explore and develop the Project; not being able to successfully increase the resource confidence based on further studies and additional exploration work; as well as those factors disclosed in the Company's current Annual Information Form and Management's Discussion and Analysis, as well as other public disclosure documents, available on SEDAR at www.sedar.com. Although MBAC has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate. The forward-looking statements contained herein are presented for the purposes of assisting investors in understanding the Company's plan, objectives and goals and may not be appropriate for other purposes. Accordingly, readers should not place undue reliance on forward-looking statements. The company does not undertake any obligation to update forward-looking statements except in accordance with applicable securities laws.

Image with caption: 'Map of Brazil (CNW Group/MBAC Fertilizer Corp.)'. Image available at: http://photos.newswire.ca/images/download/20120423_C8012_PHOTO_EN_12593.jpg

Shares Outstanding: 110,926,614
Fully Diluted: 120,019,030

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