

# DuSolo Fertilizers Awarded New GUIA Permit for Santiago Project - Doubles Permitted Extraction to 200,000 tpa

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VANCOUVER, Jul 25, 2017 - [DuSolo Fertilizers Inc.](#) (TSX VENTURE:DSF) ("DuSolo" or "the Company") is very pleased to announce that it has received final approval of its new Guia de Utilização ("GUIA") issued by the National Department for Mineral Production ("DNPM"), and has re-started extraction of phosphate rock from its Direct Application Natural Fertilizer ("DANF") Santiago Project in Tocantins State, Brazil ("Santiago Project"). The Company has also received approval of its Final Exploration Report for the Santiago Project, allowing it to complete its application for various permanent production licences.

The new GUIA has the following terms:

- Permission to extract up to 200,000 tonnes of phosphate mineralization by 30 May, 2018 (previously 100,000 tonnes per annum ("tpa")).
- Final Exploration Report approved - paving the way for the Company to complete the application for its permanent mining and environmental licences.
- GUIA application can be renewed annually until the permanent licences are received.

The new GUIA allows the Company to continue extraction of phosphate mineralization from the Santiago Project throughout 2017 and into 2018. The Company expects to mine between 50,000 to 60,000 tonnes from Santiago by October 2017, which will also provide stockpiles for deliveries in the first half of 2018. Please note the disclosure included under "Forward Looking Statements" below regarding the Company's decision to operate the Santiago Project.

## Sales Update

The seasonality of the crop cycles in Brazil is such that the Company expects to deliver 70-80% of its annual sales during the period July to December each year and this new GUIA means that mining / production activities and customer deliveries can now be more closely matched, reducing working capital requirements.

As at the end of June, 2017, the Company has delivered approximately 13,500 tonnes of DANF against a budget of 12,300 tonnes. The Company has commitments to deliver an additional 24,000 tonnes of DANF by December 2017 and is currently negotiating contracts to deliver another 18,000 tonnes during the second half of 2017. The Company is well on the way to meeting its 60,000t DANF production and sales target for 2017. Further information regarding sales will be provided in the next Management Discussion & Analysis.

The new GUIA allows the Company to continue its business plan to produce and sell DANF to existing customers as detailed in the Preliminary Economic Assessment ("DANF PEA") released March 23, 2017 (see highlights below); to expand its market share and to produce more than 100,000 tonnes of DANF in 2018. In parallel, the development of new products is being assessed to add value through increased pricing and the opening up of new markets in crop segments such as soya bean.

Giles Baynham, CEO of DuSolo, noted *"We are very pleased to receive the GUIA, as it allows the Company to continue adding value for our stakeholders. Combined with the positive DANF PEA results earlier this year, we can now continue to expand our market and lift production beyond our 2018 target of 100,000 tonnes of DANF. At the same time we will now push forward with the permanent licence applications. In 2017 we have continued producing and selling our DANF products; completed the restructuring of the Company's operations with a strong focus on cost reduction; whilst developing higher value products."*

## DANF PEA Highlights

On March 23, 2017, the Company released the results of its DANF PEA, and subsequently the NI43-101 report was filed on SEDAR ([www.sedar.com](http://www.sedar.com), May 8, 2017) and posted on DuSolo's website ([www.dusolo.com](http://www.dusolo.com)). Highlights of the PEA include:

- Indicated Resources of 1.16Mt at 8.23% P<sub>2</sub>O<sub>5</sub>, including 0.29Mt at 14.78% P<sub>2</sub>O<sub>5</sub>
- Inferred Resources of 2.70Mt at 8.58% P<sub>2</sub>O<sub>5</sub>, including 0.82Mt at 14.72% P<sub>2</sub>O<sub>5</sub>
- Life of Mine ("LOM") 12.5 years
- LOM Production of 543Kt of 12% DANF and 635Kt of 15% DANF
- Post-tax NPV (10%) of US\$13.0m
- Zero Initial Capital (already operating)
- Operating Costs (Mine, Plant, G&A) of US\$18.47/t
- Upside Case NPV(10%) of US\$30.3m based on Agroconsult Consultoria e Projetos ("Agroconsult") DANF Prices

The Company's decision to produce DANF, its DANF production targets and cash flow projections were not based on a feasibility study of mineral reserves demonstrating economic and technical viability. Without a technical report demonstrating economic and technical viability, there is uncertainty as to whether the Company will be able to economically produce DANF in the long run and as to whether the Company will be confronted with any unforeseen technical impediments. The Company has now completed a PEA. Note that the DANF PEA is preliminary in nature as it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability, and as such there is no certainty that the preliminary assessment and economics will be realized.

## NEW PRODUCT DEVELOPMENT

Brazil remains a substantial agricultural market and imports significant quantities of fertilizer including phosphate-based products. Estimates for 2017 are a total phosphate product market of 13.5 million tonnes, with approximately 60% being imported<sup>(1)</sup>. Domestic phosphate production is a priority for the Brazilian government, and phosphate is considered a 'Strategic Mineral' by DNPM because of the Brazilian Government policies to increase domestic production of fertilizers<sup>(2)</sup>. In addition, the Company is working with EMBRAPA, the state-owned agricultural research organization, to enhance the DANF products and complete agronomic tests to expand the range of crops utilizing DANF. Assessment of new coarse grain and granulated DANF products continues with various engineering consultants to develop the process design, operating and capital costs for products utilizing various additives to improve the overall physical and agronomic characteristics of DANF. The Company continues to work with Agroconsult, the leading Brazilian consultancy for agriculture and fertilizers, to determine market potential, pricing and Brazilian fertilizer market intelligence for the various product options.

<sup>(1)</sup>Agroconsult, March 2016

<sup>(2)</sup>Brazilian Govt. Plano Nacional de Mineração 2030

## PERMITTING

The Company is now permitted to extract up to 200,000tpa of phosphate mineralization from the Santiago Project by a GUIA issued by the DNPM, and an Environmental Licence issued by Naturatins, the Tocantins State Environmental Agency, and valid until August 2018. GUIA's are issued under the terms of the exploration concessions, and are replaced by the life of mine licence known as a Portaria de Lavra, issued by the DNPM.

Approval of the Final Exploration Report allows the Company to finalize its application to DNPM for its Portaria de Lavra, based on the DANF Preliminary Economic Assessment published in March 2017. In a parallel process, the Company will apply for its permanent Environmental Licence from Naturatins. The Company and its consultants meet regularly with both DNPM and Naturatins and do not anticipate any issues in obtaining the permanent licences for the Santiago DANF operation.

As with any such permitting process it is subject to interaction with State and Federal authorities and there

can be no guarantee that the Company will be able to acquire such licences.

## QUALIFIED PERSONS

The technical content of this news release has been reviewed and approved by Mr. Porfirio Cabaleiro Rodriguez and Mr. Bernardo Horta de Cerqueira Viana, both Managing Partners of GE21 Consultoria Mineral, in compliance with the standards of disclosure as set out in NI43-101. Mr. Rodriguez and Mr. Viana are "independent qualified persons" for the purposes of NI43-101 Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators.

On behalf of DuSolo Fertilizers Inc.

Giles Baynham, Chief Executive Officer and Director

## FORWARD LOOKING STATEMENTS

*Certain information contained in this press release constitutes "forward-looking information", within the meaning of Canadian legislation. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur", "be achieved" or "has the potential to". Forward looking statements contained in this press release may include statements regarding the future operating or financial performance of DuSolo which involve known and unknown risks and uncertainties which may not prove to be accurate. Actual results and outcomes may differ materially from what is expressed or forecasted in these forward-looking statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Among those factors which could cause actual results to differ materially are the following: market conditions and other risk factors listed from time to time in our reports filed with Canadian securities regulators on SEDAR at [www.sedar.com](http://www.sedar.com). The forward-looking statements included in this press release are made as of the date of this press release and DuSolo disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities legislation.*

*For more information please refer to the technical reports filed on SEDAR and titled "Bomfim Agro-Mineral Phosphate Project, Technical Report and Initial Resource Estimate Tocantins and Goiás States, Brazil," filed on March 5, 2014, effective December 31, 2013, and amended on February 6, 2015, and the "DANF Santiago Project, Tocantins, Brazil, Independent Technical Report - Preliminary Economic Assessment", effective date September 1, 2016, and filed on May 8, 2017. The resource estimate was signed off by Mr. Porfirio Cabaleiro Rodriguez an Associate Consultant of Coffey Consultoria e Serviços Ltda., and was prepared in compliance with the standards of disclosure as set out in NI43-101. The PEA was prepared in compliance with the standards of disclosure as set out in NI43-101 and was signed off by Mr. Porfirio Cabaleiro Rodriguez - BSc (Min Eng), MAIG Mário Conrado Reinhardt - BSc (Geology), MAIG Bernardo Cerqueira Viana - BSc (Geology), and MBA, MAIG Fábio Valério Xavier - BSc (Geology), MAIG of GE21 Consultoria Mineral Ltda. Mr. Rodriguez, Mr. Reinhardt, Mr. Viana and Mr. Xavier are each an "independent qualified person" for the purposes of NI43-101 Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators.*

*Disclosure - The Company's decision to produce DANF, its DANF production targets and cash flow projections were not based on a feasibility study of mineral reserves demonstrating economic and technical viability. Without a technical report demonstrating economic and technical viability, there is uncertainty as to whether the Company will be able to economically produce DANF in the long run and as to whether the Company will be confronted with any unforeseen technical impediments. The Company has now completed a preliminary economic assessment.*

*Disclosure - Note that the DANF PEA is preliminary in nature as it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability, and as such there is no certainty that the preliminary assessment and economics will be realized.*

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