

# GrowMax Resources Provides Corporate Update and Go-Forward Strategy

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TORONTO, Dec. 20, 2017 (GLOBE NEWSWIRE) -- [GrowMax Resources Corp.](#), (the "Company" or "GrowMax Resources") (TSX-V:GRO) is pleased to provide the following corporate update of its activities over the past quarter and outline its opportunities and focus for the 18 months ahead.

The key focus areas for 2018 and 2019 include optimizing the Company's existing projects, entering the high growth Peruvian fertilizer market, and working to add additional assets to its portfolio in high growth, high demand jurisdictions in Latin America. GrowMax Resources' overall mission is to become a leading producer of fertilizer products, starting in Peru and growing internationally. To accomplish this, GrowMax Resources has set five key drivers:

1. Commence with small production of specialty fertilizers, targeting high margin products in Peru from the Company's existing projects;
2. Organically grow the Company's current assets as product quality is proven and sales force grows;
3. Preserve GrowMax Resources' world-class, strategically located phosphate and brine assets in the Bayovar basin, Peru;
4. Leverage the Company's existing cash position and experienced Board of Directors and Management team to consolidate junior fertilizer assets in Latin America, targeting projects with favourable margins and generating cash flow more quickly than from its existing assets; and
5. Invest in the future of agriculture.

## The Opportunity: International Fertilizer Market and Peruvian Fertilizer Market Statistics

GrowMax Resources' strategic location in Peru provides the Company access to favourable market dynamics that are not present internationally. As such, the Company is looking to focus on nearer-term opportunities to generate cash in this high-growth, high-margin, stable jurisdiction.

International phosphate prices have been in decline in recent years, which is generally attributed to the oversupply of phosphate fertilizer from China, as well as capacity growth in Saudi Arabia and Morocco. Although the drivers are different in the potash market, the dynamics are similar. As a result, fertilizer companies have been significantly underperforming in the market, and junior development companies' ability to raise capital is significantly limited.

However, prices for common fertilizers in Peru are often materially higher than prices for comparable products in global markets. The majority of these fertilizers are imported, and incur transportation, import, distribution, marketing, and other costs in order to reach Peruvian farms. For example, the benchmark price of the most commonly used form of potash, Muriate of Potash, averaged approximately US\$215/tonne in the first half of 2017 in Vancouver. Comparatively, the Peruvian Tax and Customs Authority, Superintendencia Nacional de Aduanas y de Administración Tributaria ("SUNAT"), listed an average landed price in Peru of US\$243/tonne. Additionally, the Peruvian Ministry of Agriculture lists retail prices in the Piura region, the area adjacent to the Company's projects, at an estimated US\$524/tonne for the same product and time period. Similar high demand and premium pricing can be seen with soluble chloride-free sulfate of potash ("SOP"), and direct application phosphate rock. As a result of the increasing demand for these products in Peru, further discussed below, the Company expects these pricing premiums to be maintained and potentially increased going forward.

Furthermore, Peru is experiencing significant agricultural export growth, while importing the great majority of its fertilizers. Key growth indicators for the Peruvian fertilizer market include:

- *A material increase in Peruvian agriculture exports.* According to the Peruvian Ministry of Agriculture, an increase of over 9% in Peruvian agriculture exports was seen from 2015 (US\$5.3 billion) to 2016 (US\$5.8 billion), with a further 7% increase projected for 2017. Furthermore, due to recent investments in irrigation projects and developments in free trade agreements, Peru is projecting approximately US\$10 billion in agriculture exports by 2021, representing a potential increase of more than 70% over the next five years. Due to this significant increase, agriculture exports have become the second largest revenue generation stream in Peru. (Sources: *Ministerio de Agricultura del Peru, Boletín Estadístico de Comercio Exterior Agrario Diciembre 2016*; *Ministerio de Agricultura del Peru, Press Release October 24, 2017*; *Ministerio de Agricultura del Peru, Press Release June 20, 2016*)
- *A constant average increase in the demand for fertilizer in Peru over the last five years.* According to SUNAT, fertilizer imports totaled 987,000 tonnes in 2012. In 2016 this figure rose to 1.15 million tonnes, representing an increase of over 16.7% over the last 5 years. The increase in demand is even larger when looking at SOP. In 2012, SOP imports totaled 36,350 tonnes, growing to 46,110 tonnes in 2016, a 26.9% increase. At the end of October 2017, SOP imports had already reached 46,800 tonnes. (Source: Veritrade, <https://www.veritrade.com/>)
- *Growing opportunities in the organic Peruvian fertilizer market.* According to the Research Institute of Organic Agriculture FiBL, Peru has approximately 330,000 hectares of organic crops, and is one of the largest producers in the world of organic cacao, organic coffee and organic bananas. These crops require specialized fertilizers, such as direct application phosphoric rock, enriched phosphoric rock, organic SOP, and organic potassic salts, which represent potential niche markets with premium pricing in the Peruvian market. (Source: *The World of Organic Agriculture Statistics and Emerging Trends 2017*, <https://shop.fibl.org/chen/mwdownloads/download/link/id/785/>)

#### Addressing the Opportunity: Corporate Strategy Update

Considering the downward pressure on international phosphate and potassium fertilizer prices, the economics for building a 1 Mt per year mine for an export-driven phosphate project are not optimal today. In response, GrowMax Resources, through its pre-sales and pre-marketing focus over the past six months, has identified a nearer-term, more attractive market within Peru. The Company plans to take advantage of this niche market by commencing with small scale production of specialty fertilizers that can be sold to local and regional markets. This strategy will allow GrowMax Resources to organically grow its assets as product quality is proven and a sales base is firmly secured. Additionally, advancing work on the Bayovar asset will ensure that the Company's world-class assets, located in the Bayovar Basin, are secured and construction-ready for when global markets are expected to rebound post 2021.

In addition to streamlining its current activities, GrowMax Resources is actively looking at further opportunities and assets in the mining and fertilizer sector in the Americas in order to maximize shareholder value, better take advantage of its strong cash position, and leverage its strengths into new opportunities moving forward.

"The state of the international fertilizer market and Peru's high demand for fertilizers represents a confluence of opportunities for GrowMax Resources. Unlike others in the market, we already enjoy a strong cash position. As such, we likely will not need to raise further equity in the short-term under these difficult market conditions, and are able to seek out accretive acquisitions in the fertilizer sector during a period in which other companies have difficulty financing their projects. Furthermore, the location of the Company's projects in Peru represents another potential advantage - by focusing on local and regional markets, the Company can take advantage of higher domestic fertilizer prices and lower logistical costs. Refocusing the Brine and Phosphate Projects would allow sustainable growth and free up cash commitments to implement other growth strategy initiatives," stated Stephen Keith, GrowMax Resources' President & CEO.

#### Brine Project and Phosphate Project Update

GrowMax Resources has identified an opportunity to improve project economics on both the Brine Project and the Phosphate Project located in the Bayovar basin in the Province of Sechura, Department of Piura in Northwestern Peru.

For the Phosphate Project, GrowMax Resources has engaged Mining Plus Peru S.A.C. and Golder

Associates Ltd. ("Golder") to find efficiencies and reduce project costs. Additionally, the Company is working toward the submission of permit applications and completion of engineering designs in 2018 that could allow for a small-scale starter mine to generate nearer-term cash flow in the growing Peruvian fertilizer market. This small-scale starter mine could then develop into a much larger, export driven project when phosphate prices improve.

With respect to the optimization of the Brine Project, the Company is working with several consulting firms, including 1) Golder, to improve the quality of the brine resource, 2) Knight Piesold Consulting, to produce geotechnical and flood inundation studies, 3) Ad Infinitum, a South American process engineering firm led by Marcelo Bravo who has more than 15 years of experience designing and operating brine projects, including managing process operations and projects at Sociedad Química y Minera (SQM) in Chile, Salt Lake Potash in Australia, and other brine projects in Argentina, and 4) Wiracocha Mining Services, a mining consulting firm headed by Julio Rodas, a geologist with over 20 years of experience working on mining projects in Peru. As a result of evaluating these potential optimizations, the Company is now targeting completion of the final design package and project financing in mid-2018, with a view to make a final investment decision and, subject to a positive decision, move towards first production in 2019.

These initiatives will not require significant expenditures by the Company. GrowMax Resources plans to seek project financing or a development partner in order to further develop the project. As such, the Company will continue to maintain a strong cash position until a decision is made to commence construction. GrowMax Resources' Management and Board of Directors strongly believe that optimizing the Brine Project and Phosphate Project will build near and long-term value for shareholders and other stakeholders.

#### Strengthening the Peruvian Management Team

In order to develop its assets and take advantage of this unique market opportunity, GrowMax Resources has continued to build a strong team in Peru. These efforts have seen the Company make significant changes to the staffing of its Peruvian subsidiary over the last two years.

Javier Wong joined the team in August 2016 as Head of Finance in Peru. Mr. Wong is a chartered accountant with over 20 years of experience in both the mining and the oil and gas industries. He previously served as Controller of Gran Tierra Perú S.A., Planning & Cost Control Chief of Cepsa Peru S.A., Accounting Chief of Minera Teck Peru S.A. and held several positions in the accounting and finance departments in Pluspetrol Norte S.A.

In January 2017, Michael Ramirez joined the Company in the role of Head of Health, Safety, Security and Environment. Mr. Ramirez has extensive experience in health and safety in the mining sector, having previously worked at Buenaventura Mining Company S.A.A. in Peru as a member of the environmental management team on various mining projects.

In May 2017, Hugo Inga, a manager with significant natural resource and commodity sales and marketing experience, was hired. This marked the successful establishment of the commercial department in the Company's Lima office. As a result, GrowMax Resources' ability to interact with players in the local Peruvian market has been enhanced, leading to the recent commencement of tests and trials of potential fertilizer and related products in local agribusiness farms in Peru. The Company expects these efforts to increase in 2018, as it seeks to confirm demand and secure sales for the planned production of fertilizer and related products.

Furthermore, the Company has hired experienced professionals in the areas of Operations, Administration, Government Relations, Corporate Social Responsibility (including Community Relations), and Information and Records Management. These additions have formed a strong team, capable of executing on the significant regulatory and operational requirements of the Company's projects in the Lima and Piura offices. The new team members have significant relevant experience working in professionally managed and commercially successful natural resource companies in Peru, and are gradually reducing the Company's need to rely on international consultants and managers.

#### Abdel Badwi Transitions to Non-Executive Chairman

GrowMax Resources announces that, effective December 31, 2017, Mr. Abdel Badwi, currently Executive Chairman of the Board of Directors, will become non-executive Chairman of the Board of Directors of

GrowMax Resources. Mr. Badwi was appointed Executive Chairman to ensure a smooth transition of out of his former role as Chief Executive Officer, which has progressed as planned. GrowMax Resources' Board of Directors and Management team would like to thank Mr. Badwi for his time and dedication to the Company, and look forward to his continued contributions as Non-Executive Chairman.

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About GrowMax Resources Corp.

[GrowMax Resources Corp.](#) is a publicly listed Canadian company (Ticker GRO on TSX-V) focused on exploration and development of phosphate and potassium-rich brine resources on its Bayovar Property, located in the Sechura Desert in northwestern Peru. The Company's vision is to become a leading producer of phosphate and potash fertilizer products in Peru.

GrowMax Resources owns approximately 95% of GrowMax Agri Corp., a private company that owns 100% of the Bayovar Property, which currently covers approximately 227,000 gross acres. The Indian Farmers Fertiliser Co-operative Limited (IFFCO) and its affiliates own approximately 5% of GrowMax Agri Corp.

Forward Looking Information

This press release contains "forward-looking information" and "forward-looking statements" within the meaning of Canadian and U.S. securities laws related to the Company (collectively, "forward-looking information"). Forward-looking information includes, but is not limited to, statements with respect to the Company's operations, including anticipated developments in the Company's activities and operations in future periods, the Company's planned exploration and development activities, the adequacy of the Company's financial resources, and other events or conditions that may occur in the future. Statements concerning mineral reserve and resource estimates may also be considered to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if and when the properties are developed or further developed. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects", "anticipates", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential" or variations thereof, or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking information. Forward-looking information is subject to a variety of risks and uncertainties, which could cause actual events or results to differ from those reflected in the forward-looking information, including, without limitation, risks inherent in the mining industry including environmental hazards, industrial accidents, unusual or unexpected geological formations, floods, labour disruptions, explosions, cave-ins, weather conditions and criminal activity; commodity price fluctuations; higher operating and/or capital costs; lack of available infrastructure or equipment; the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; risks associated with the estimation of mineral resources and the geology, grade and continuity of mineral deposits and the inability to replace reserves; fluctuations in the price of commodities used in the Company's operations; risks related to foreign operations; changes in laws or policies, foreign taxation, delays or the inability to obtain necessary governmental permits; risks relating to outstanding borrowings; issues regarding title to the Company's

properties; risks related to environmental regulation; litigation risks; risks related to uninsured hazards; the impact of competition; volatility in the price of the Company's securities; global financial risks; inability to attract or retain qualified employees; potential conflicts of interest; risks related to a controlling group of shareholders; dependence on third parties; differences in reporting of mineral reserves and resources; potential dilutive transactions; foreign currency risks; risks related to business cycles; political risks; liquidity risks; reliance on internal control systems; credit risks, including risks related to uncertainty of further development, production, market for its products and cost estimates for the Brine Project and Phosphate Project; and other risks identified in the Company's filings with Canadian securities regulators, which filings are available at [www.sedar.com](http://www.sedar.com)

This list is not exhaustive of the factors that may affect any of the Company's forward-looking information. Forward looking information includes statements about the future and are inherently uncertain, and the Company's actual achievements or other future events or conditions may differ materially from those reflected in the forward-looking information due to a variety of risks, uncertainties and other factors. The Company's statements containing forward-looking information are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company does not assume any obligation to update forward-looking information if circumstances or management's beliefs, expectations or opinions should change, other than as required by applicable law. For the reasons set forth above, one should not place undue reliance on forward-looking information.

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