

GrowMax Resources Announces Transformative Transaction to Acquire Fertimar Mineração e Navegação Ltda. a High-Value Organic Animal Feed and Plant Nutrient Producer in Brazil

28.08.2018 | [GlobeNewswire](#)

TORONTO, Aug. 28, 2018 - [GrowMax Resources Corp.](#)

Transaction Highlights

- GrowMax to acquire Fertimar - a Brazilian producer of organic animal feed and plant nutrient premium products based on lithothamnion - in an all-stock transaction.
- GrowMax shareholders benefit from the opportunity to participate in a combined company with production status, technical expertise, exceptional sales and marketing capabilities, financial resources, and near-term cash flow from highly scalable operational assets at low capital costs.
- Directors and executive officers will collectively represent 59.5% of the outstanding common shares of GrowMax.
- GrowMax will preserve its more than \$30 million cash position post-transaction, to invest in expanding Fertimar and for additional acquisitions and growth.

[GrowMax Resources Corp.](#) ("GrowMax") (TSX-V: GRO) is pleased to announce that it has entered into a Share Purchase Agreement (the "SPA") with Parsec Capital LP and Four Josés Holdings Limited dated August 20, 2018 for the acquisition of Fertimar Mineração e Navegação Ltda. ("Fertimar"), a privately-held established Brazilian producer of premium organic animal feed and plant fertilizer products based on *lithothamnion*.

Fertimar operates under the name Primasea Nutrição Animal e Vegetal ("PrimaSea"). *Referend*

Under the terms of the SPA, GrowMax will acquire all of the issued and outstanding shares of the company which wholly-owns Fertimar in exchange for common shares of GrowMax which will represent 50% of the issued and outstanding shares of GrowMax (213,925,645 GrowMax's shares) (the "Acquisition"). This represents a value of approximately \$0.15 per GrowMax share based on GrowMax's estimated cash reserves at closing of C\$32.5 million, or a 30% premium over GrowMax's 60-day volume weighted average price.

The SPA is the result of a lengthy and detailed series of discussions and negotiations, which started with preliminary discussions in December 2017. The Acquisition is an entirely arm's length transaction.

The SPA will be filed under GrowMax's profile on SEDAR (www.sedar.com). The terms of the Acquisition and related matters will also be described in detail in a management information circular to be filed with the regulatory authorities and mailed to shareholders in accordance with applicable securities laws.

The Acquisition will be subject to approval by GrowMax's shareholders at its Annual and Special Meeting of Shareholders to be held on September 25th, 2018 (the "2018 Shareholder Meeting"). The Acquisition will require the approval of at least a majority of the votes cast by the holders of GrowMax common shares.

GrowMax's board of directors (the "GrowMax Board") has determined that the Acquisition is in

the best interests of GrowMax and its shareholders and has unanimously approved the Acquisition and recommends that GrowMax's shareholders vote in favour of the Acquisition. The directors, senior officers and certain principal shareholders of GrowMax, who together control more than 32% of the outstanding GrowMax common shares, have signed voting support agreements or otherwise confirmed their intention to vote their GrowMax common shares in favour of the Acquisition.

The GrowMax Board has received an opinion letter from GrowMax's financial advisor, Bordeaux Capital Inc., that the exchange basis for the Acquisition is fair to GrowMax.

Stephen Keith, President and CEO of GrowMax, stated:

"We are very pleased to be able to announce this important transaction for GrowMax and its shareholders. Since we announced our revised strategy in December 2017, the PrimaSea opportunity was one of a significant number of opportunities evaluated by management and our directors. In April 2018, after several weeks of discussions, we and the vendors worked on a high-level term sheet for this transaction. Since then, management and our Board have been focused on due diligence, structuring, and negotiating an accretive deal for shareholders. Not only does this transaction add a significant asset with a multi-generational lithothamnion supply, but also brings existing revenue, near-term cash flow, exceptional additional management with significant sales capabilities, and will strengthen our Board.

"Additionally, this transaction allows GrowMax to conserve most of its cash and will allow us to continue to seek other opportunities for growth or consolidation. PrimaSea operates in a high-growth, high-value sector with significant barriers to entry and has multiple revenue streams feeding into two compelling markets: animal feed and plant nutrients. We will also have access to the greater margins available as a certified organic, non-GMO producer. This is a truly transformative transaction that we believe will increase value for our shareholders."

Roberto Moretzsohn, President of PrimaSea, stated "We are very excited with the prospect of merging our operations into GrowMax. This combination will bring us capital to accelerate production growth at a point in the life of PrimaSea where our biggest challenge is to meet growing orders from clients. We will deliver a unique product with a long history of application in the premium animal feed and plant nutrition markets."

Strategic Rationale for the Transaction

The Acquisition is compelling and offers a significant opportunity to accelerate growth and build value.

PrimaSea brings:

- A Significant Lithothamnion Source – PrimaSea is already economically extracting lithothamnion, and commercially producing and selling its products. Based on an analysis of evaluation activities at the extraction concessions (and applying only current costs and product prices currently being received), GrowMax believes that there is significant extractable lithothamnion which would allow for a significant life of project. The primary evaluation related activities and the potential uncertainties are described below under "A Significant Potential Lithothamnion Source".
- A Portfolio of High-Margin Products – PrimaSea brings a portfolio of high-margin organic certified product lines for crop nutrient and animal feed, which have been commercialized by PrimaSea since 2014.
- Established & Growing Markets – PrimaSea is a company with established markets, and sells to over 200 distributors and end customers in Brazil. In addition, growing environmental regulations in Europe have resulted in a significant decrease in local lithothamnion production capability. PrimaSea has started marketing initiatives to fill the emerging gap in the European supply. Global demand for organic products has been growing significantly, achieving double digit annual growth rates in the last 10 years.
- Scalable Production Capacity – PrimaSea has a fully permitted lithothamnion deposit and operational plant licensed to harvest and produce 120,000 tonnes of lithothamnion products per year. Production is highly-scalable and will require modest amounts of additional capital expenditures spread out over the next several years.

- Existing Assets ‐ The Acquisition brings an operational set of assets, including a suction dredge vessel and an industrial plant operating since 2014. The plant has a simple flowsheet including milling, granulation, packaging and shipping. PrimaSea's shareholders have invested approximately C\$20 million into the company over the past 7 years.
- An Experienced Team ‐ The resultant combined entity will be led by a management team and board of directors with exceptional local and international experience, including new members having held key executive roles in major fertilizer companies, such as Vale Fertilizers, Agrium, and Mosaic.

Unique Opportunity to Grow Shareholder Value

- GrowMax Immediately Attains Producer Status ‐ GrowMax will obtain producer status with the Acquisition, which should allow it to benefit from higher valuation multiples typically afforded to companies with existing revenue and earnings. The Acquisition brings a solid business platform built over 10 years of dedicated work and capital.
- Access to Growing Markets ‐ The Acquisition expands GrowMax's footprint in Latin America. GrowMax will become an active player in two rapidly growing markets - animal feed and plant nutrients - in Latin America and internationally.
- Increase in Cash Flow ‐ It is expected that combining PrimaSea into GrowMax will unlock additional sales growth in the short-term, which is expected to accelerate PrimaSea's transition to positive operating cash-flows.
- Solid Cash Position ‐ An estimated cash position of \$32.5 million after the closing of the Acquisition is well beyond the immediate capital needs to enhance PrimaSea's operations, marketing initiatives and expansion plans.
- News flow - Significant news flow on sales, entry into new markets and production expansion is expected in the coming months.
- Robust Platform for Future Consolidation ‐ Cash-on-hand and cash flow generated by PrimaSea is expected to be deployed into additional accretive acquisitions or organic growth.
- A Capital Structure Aligned with the New Business ‐ A 1:6 proposed share consolidation will provide a cleaner capital structure post-Acquisition.
- Stable Shareholder Base ‐ GrowMax's Board and management post-Acquisition will collectively represent a 59.5% ownership, which will be better aligned with all shareholders to deliver growing and sustainable value over the coming years.

About PrimaSea

PrimaSea is a producer and seller of *lithothamnion*-based products, including products for animal feed and plant nutrition, currently beneficially owned by Brazilian entrepreneur Eduardo Marinho Christoph and Paulo C. de Gouvêa, a Brazilian mining executive and investor with more than 20 years of experience. PrimaSea's commercial production commenced in 2014 and it is currently licensed to harvest and produce 120,000 tonnes of *lithothamnion* products per year.

The company owns and operates a suction dredge vessel called "Litho One" with a current capacity of approximately 500 tonnes per voyage to recover the material from its licensed tenements. Dredged material is off-loaded at one of three local ports in the Salvador area of Brazil and trucked to a processing plant at the municipality of Candeias, located approximately 40 km north of Salvador. The plant location is adjacent to major fertilizer bulk storage and shipping facilities operated by international fertilizer companies.

The plant has a current capacity of approximately 24,000 tonnes per annum, which grinds the recovered lithothamnion material to a powder form. It is believed that production can be scaled up in a very short period of time with modest capital expenditures.

Subsequent processing can include the addition of supplementary ingredients to provide additional nutrients, granulation and drying. The finished product is sold in 25 kg bags, and 500kg, 1,000 kg and 2,000 kg Super Sacs.

A larger leased vessel with a capacity of approximately 1,400 tonnes is planned to be operational in 2019, which will complement an expected significant increase in processing capacity in order to meet expected sales growth.

PrimaSea undertakes active research projects with various end-users to further demonstrate the efficacy of the products as animal nutrition and plant nutrient applications. It is actively selling its products in Brazil and is in trials to start selling to international markets. PrimaSea's line of products has been domestically and internationally accredited for use as an input for the growing organic markets.

Until recently, PrimaSea's President, Roberto Moretzsohn, held the position of Commercial, Marketing, PCP, Logistic and Procurement Director of Vale Fertilizers, which was, until being acquired by Mosaic Inc., Brazil's largest phosphate and potash producer. Previously, he held the role of Executive Vice President Marketing with Vale Canada, based in Toronto, from 2007 to 2012. PrimaSea has 22 sales representatives covering the major agricultural centres of Brazil.

Proposed New Board of Director and Member of Management

Pursuant to the SPA, upon completion of the Acquisition the GrowMax Board will consist of seven directors, the following three of whom will be appointed by the vendors under the Acquisition:

Roger Downey – Roger Downey is an experienced Senior Executive with 33 years experience in the mining and fertilizer industries. He was the former Executive Director of Vale SA, the third-largest diversified global mining company and a former CEO of Vale Fertilizantes, the largest fertiliser producer in Brazil, recently acquired by The Mosaic Co. During his tenure at Vale Fertilizantes, Roger was on the Board of the International Fertilizer Association (IFA), representing Vale and Brazil. From 2009-2011, Roger was CEO of MMX Mineração e Metálicos, SA, a Brazilian Bovespa-listed iron ore producer.

Paulo de Gouvêa – Paulo C. de Gouvêa is a lawyer and private equity manager with more than 20 years of experience in natural resources. He was one of the co-founders and directors of MMX Mineração e Metálicos S.A., the first company to ever joint-list in the São Paulo Stock Exchange (B3) and the Toronto Stock Exchange (TSX), until 2011. Mr. de Gouvêa was the Director of several other B3-listed companies such as OGX, MPX and LLX and the former partner of XP Investimentos, Brazil's largest retail broker-dealer. Currently, Mr. de Gouvêa is a Managing Partner of Ygeia Capital, a Brazilian private-equity management company.

Eduardo Marinho Christoph - Founder and the main shareholder of PrimaSea, Mr. Christoph is a physicist and started his career in 1993 working at the Fermi National Accelerator Laboratory in Batavia, IL, USA. He is a founding partner of the facial recognition company Cognitec, based in Dresden, Germany, and has held the Vice-Chairman position on the advisory board since 2011. He also served as a member of the board of directors of Infoglobo Newspapers from 2006 to 2011. Currently, Mr. Christoph is also a partner and Chairman of ENE Empreendimentos S.A., a Brazilian based venture capital firm.

The Acquisition will also strengthen GrowMax's management team with the appointment of Mr. Roberto Moretzsohn as PrimaSea's President.

As noted above, Mr. Moretzsohn has served as Commercial, Marketing, PCP, Logistic and Procurement Director for Vale Fertilizers, responsible for the sales of Brazil's largest fertilizer and animal nutrition (DCP) producer, which gave him direct access to major multi-million tonne buyers of plant nutrient and animal feed products, domestically and internationally. He has also been responsible for the strategy, marketing and sales of Chemical Products, Fertilizers and Animal Nutrition produced in Brazil and Peru. In addition, he was in charge for the logistic, production planning control (PCP) and procurement of the company, managing an annual budget of over C\$2.0 Billion.

A Significant Potential Lithothamnion Source

PrimaSea's five extraction concessions are located offshore of the coast of Bahia, Brazil, south and southeast of Salvador, which is the capital of Bahia State. The deposits are located in relatively shallow water at depths ranging from approximately 5 m to a maximum of approximately 30 m, and at an average of approximately 20 m. Deposits are typically 1 m to 2 m thick but can be thicker in localized areas. These concessions were granted by the Brazilian government in part based on PrimaSea having provided evidence of the economic potential and viability of the project.

Lithothamnion (also known as Maerl) is essentially calcified algae and is classified as an organic, acidity-correcting fertilizer which has in its composition over 70 nutrients with high bioavailability and solubility. It has been used for over a century in European agriculture and livestock farming, initially (largely) used for plant nutrition as a fertilizer.

PrimaSea is already economically extracting lithothamnion, and commercially producing and selling its products. Based on an analysis of evaluation activities at the extraction concessions (and applying only current costs and product prices currently being received), GrowMax believes that there is significant extractable lithothamnion which would allow for a significant life of project.

The primary evaluation activities included bathymetric and reflection seismic surveys to define the profile of the seabed and the thickness of the lithothamnion layers, dredge sampling on a defined grid to obtain samples and define the composition, texture and chemical analysis of the lithothamnion, diving and filming activity to both assist in definition of the nature of the lithothamnion layers and to obtain data related to pelagic and benthic flora and fauna, and associated environmental study activity related to beaches and shorelines, oceanographic conditions (pH, temperature, salinity, turbidity, currents) and other aspects in support of the environmental permitting process. Total evaluation activity (including drilling) was as follows:

- 504 line-km of bathymetry survey
- 96 line-km of reflection seismic survey
- 20 hours of diving and underwater filming
- 221 dredge samples
- 27 m of JetProbe drilling with 63 samples
- 173 samples for textural analysis
- 76 samples for textural and compositional analysis
- 109 samples for chemical analysis

There is a degree of uncertainty attributable to the estimation of extractable lithothamnion. Until lithothamnion is actually extracted and processed, the quantity must be considered as estimates only.

Adverse changes in market prices of PrimaSea's products, increased production costs, reduced recovery rates, short-term operating factors, royalties, taxes, fees and other factors may ultimately result in a reduction of extractable lithothamnion.

Fertimar Financial Information

The following is a summary of certain historical financial information for Fertimar:

<i>Expressed in Canadian Dollars (&lsquo;000)</i>	Year-ended December 31, 2017	Year-ended December 31, 2016
Net Revenue	\$ 3,703	\$ 1,794
Gross Profit (Loss)	\$ 452	(\$ 446)
Profit (Loss) for the Year	(\$ 2,742)	(\$ 3,300)

The audited financial statements of Fertimar for these years (and unaudited financial statements for the three months ended March 31, 2018) will be included in the management information circular to be sent to GrowMax's shareholders in connection with the upcoming 2018 Shareholder Meeting.

Transaction Conditions and Timing

The SPA contemplates that closing of the Acquisition will be on the fifth business day after all closing conditions have been satisfied.

The conditions to closing in the SPA include (among others) TSXV and shareholder approvals, accuracy of representations, no material adverse effect, delivery of non-competition and escrow agreements, legal opinions and the consent of Fertimar's lenders.

Appointment of Chairman of GrowMax

GrowMax also announces that Mr. Ross C. McCutcheon has been appointed Chairman of the Board.

Advisors

Bordeaux Capital Inc. is acting as financial advisor to GrowMax in connection with the Acquisition. As noted above, Bordeaux has also provided an opinion to the GrowMax Board with respect to the fairness to GrowMax of the exchange basis for the Acquisition. Bordeaux is to receive financial advisory fees in connection with the Acquisition and providing its opinion, which will be described in the management information circular for the upcoming 2018 Shareholder Meeting.

Kingsdale Advisors is acting as strategic shareholder, proxy solicitation, and communications advisor to GrowMax. McCarthy Tetrault LLP and Lobo & de Rizzo Advogados are acting as Canadian and Brazilian legal advisors to GrowMax, respectively.

Cassels Brock & Blackwell LLP and Castro, Barros, Sobral, Gomes Advogados are acting as Canadian and Brazilian legal advisors to the vendors, respectively.

For more information, please contact:

Stephen Keith, P. Eng.
President and CEO
Tel.: +1 (647) 299 0046
Email: info@growmaxcorp.com
www.growmaxcorp.com

Media Contact:
Ian Robertson
Executive Vice President, Communication Strategy
Kingsdale Advisors
Direct: +1 (416) 867-2333
Cell: +1 (647) 621-2646
Email: irobertson@kingsdaleadvisors.com

About GrowMax Resources Corp.

[GrowMax Resources Corp.](#) is a publicly listed Canadian company holding exploration assets bearing phosphate and potassium-rich brine resources on its Bayovar Property, which is located in the Sechura Desert in northwestern Peru.

GrowMax has been focusing its efforts on leveraging its existing balance sheet to consolidate junior fertilizer assets in Latin America, targeting projects with favorable margins and generating cash flow. The Company's vision is to become a prominent player in the Latin American fertilizer industry.

Forward Looking Information

Certain statements contained in this news release may constitute "forward-looking information" as such term is used in applicable Canadian and US securities laws. Any information or statements contained herein that express or involve discussions with respect to predictions, expectations, plans, projections, objectives, assumptions or future events should be viewed as forward-looking information. Such information relate to analyses and other information that are based upon forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Such forward-looking information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of GrowMax to be materially different than those results, performance

or achievements expressed or implied by such forward-looking information.

In particular statements (express or implied) contained herein regarding the following should be considered as forward-looking information: the SPA and the anticipated benefits of the Acquisition; GrowMax's goals, growth, plans, strategies and objectives; GrowMax's exploration and development activities; the consolidation of junior fertilizer assets; global price indicators; opportunities in the specialty fertilizer and/or nutrient space; the ability to target projects with favorable margins and generating cash flow; becoming a leading producer of fertilizer products and a prominent player in the Latin American fertilizer industry.

Additional forward-looking information is contained in the Company's most recent Annual Report, and reference should be made to the additional disclosures of the assumptions, risks and uncertainties relating to such forward-looking information in that document.

There is no assurance that such forward-looking information will prove to be accurate as actual results and future events could vary or differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking statements contained in this news release. This cautionary statement expressly qualifies the forward-looking statements contained herein.

Forward-looking information is based on management's beliefs, expectations, estimates and opinions on the date statements are made and GrowMax undertakes no obligation to update forward-looking information and whether the beliefs, expectations, estimates and opinions upon which such forward-looking information is based has changed, except as required by applicable law.

Further Cautionary Statement

Completion of the Acquisition is subject to a number of conditions, including but not limited to, TSX Venture Exchange acceptance and shareholder approval. Where applicable, the Acquisition cannot close until the required shareholder approval is obtained. There can be no assurance that the Acquisition will be completed as proposed or at all.

Investors are cautioned that, accept as disclosed in the management information circular to be prepared in connection with the Acquisition, any information released or received with respect to the Acquisition may not be accurate or complete and should not be relied upon. Trading in securities of GrowMax should be considered highly speculative.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the Acquisition and has neither approved nor disapproved the contents of this news release.

NEITHER THE TSX VENTURE EXCHANGE NOR ITS REGULATION SERVICES PROVIDER (AS THAT TERM IS DEFINED IN THE POLICIES OF THE TSX VENTURE EXCHANGE) ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THE RELEASE.

Dieser Artikel stammt von [Rohstoff-Welt.de](https://www.rohstoff-welt.de)

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/307252--GrowMax-Resources-Announces-Transformative-Transaction-to-Acquire-Fertimar-Minerao-e-Navegao-Ltda.-a-Hig>

Für den Inhalt des Beitrages ist allein der Autor verantwortlich bzw. die aufgeführte Quelle. Bild- oder Filmrechte liegen beim Autor/Quelle bzw. bei der vom ihm benannten Quelle. Bei Übersetzungen können Fehler nicht ausgeschlossen werden. Der vertretene Standpunkt eines Autors spiegelt generell nicht die Meinung des Webseiten-Betreibers wieder. Mittels der Veröffentlichung will dieser lediglich ein pluralistisches Meinungsbild darstellen. Direkte oder indirekte Aussagen in einem Beitrag stellen keinerlei Aufforderung zum Kauf-/Verkauf von Wertpapieren dar. Wir wehren uns gegen jede Form von Hass, Diskriminierung und Verletzung der Menschenwürde. Beachten Sie bitte auch unsere [AGB/Disclaimer](#)!

Die Reproduktion, Modifikation oder Verwendung der Inhalte ganz oder teilweise ohne schriftliche Genehmigung ist untersagt!
Alle Angaben ohne Gewähr! Copyright © by Rohstoff-Welt.de -1999-2025. Es gelten unsere [AGB](#) und [Datenschutzrichtlinien](#).