

# Allana Potash Announces Positive Preliminary Economic Assessment at its Danakhil Potash Project

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## Investor Conference Call Planned for November 23, 2011

- After-tax Net Present Value of US \$1.85 billion;
- After-tax Internal Rate of Return of 36.8%;
- Total development capital expenditures including mining, processing facilities, port and logistics infrastructure ('CAPEX') of US \$796 million;
- Total operating expenditures ('OPEX') on a per tonne basis (including production, transportation/handling, port, loading costs) FOB on the Vessel of US \$90.54
- PEA is based on Annual Production of one million tonnes of MOP per year using solution mining;
- Potential to expand production to two million tonnes per year of MOP;
- SOP production potential to be examined during the ongoing feasibility study.

TORONTO, ONTARIO -- (Marketwire) -- 11/22/11 -- Allana Potash Corp. (TSX: AAA) (OTCQX: ALLRF) ('Allana' or the 'Company') is pleased to announce the results of an independent Preliminary Economic Assessment ('PEA') prepared by Ercosplan Ingenieurgesellschaft Geotechnik und Bergbau ('ERCOSPLAN') on its Danakhil Potash Project in Ethiopia (the 'Project').

An Investor call is planned to review the PEA at 11 a.m. (ET) on Wednesday, November 23, 2011. To register or listen to the call please dial:

International: +1 416-340-2217  
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Toronto area: 416 340 2217  
Participant Pass Code: 2686010

The PEA yielded, on an unlevered basis, an after-tax Internal Rate of Return ('IRR') of 36.8 % and an after-tax Net Present Value ('NPV') of US\$1.85 Billion based on a 12% discount rate. The PEA is based on commercial operations that produce one million tonnes per year ('MTPY') of a standard Muriate of Potash (MOP) product over an initial estimated operating life of 30 years. The PEA examined open pit and solution mining methods. Following a review of the costs and other operating considerations, solution mining with processing using solar evaporation and standard flotation yielded significant advantages and was therefore the preferred mining method selected for the Project.

Farhad Abasov, President and CEO of Allana commented: 'Allana is very excited with the extremely positive preliminary economic assessment of its Danakhil Potash Project, as outlined by ERCOSPLAN. The production CAPEX of about US\$664 million (total CAPEX including production, port and other infrastructure of about US\$796 million), makes this project one of the lowest cost and potentially highest return potash projects worldwide. Similarly, the production OPEX is very robust at US\$70/tonne (total OPEX including production, transportation, port handling and on the ship of about US\$90/tonne) and is one of the lowest among greenfield potash projects currently under development. ERCOSPLAN used a conservative discount rate of 12% and modeled the initial production stage one million tonnes of MOP production annually. The production of more MOP and SOP products will be studied during the Feasibility Study. The PEA's extremely positive results give Allana great confidence in advancing its Feasibility Study, which has been underway since August, 2011. The PEA also allows Allana to move forward confidently with its project finance plans and ongoing talks with potential strategic partners.'

The mineral resource estimate used for the PEA was completed by ERCOSPLAN in June 2011 and includes in-situ Measured and Indicated Resources of 126 Million tonnes of KCl and Inferred Resources of 119 Million Tonnes of KCl (see news release, June 20, 2011 and 'About Allana' section at the end of this news release). Production increase to more than one million tonnes will be evaluated during the Feasibility Study as the management intends to start production with one million tonnes at the initial stage and then ramp it up to two million tonnes.

The key economic highlights of the PEA are outlined in the table below (all dollar amounts are stated in

US\$):

After-tax NPV@12%	\$1.85 billion
After-tax NPV@10%	\$2.36 billion
After-tax NPV@8%	\$3.04 billion
After-tax IRR (based on 30% income tax rate)	36.8%
Estimated Total Capital Expenditures (including production, port and logistics)	\$796 million
Estimated Total Operating Expenditures (Production, transportation, port, FOB on vessel)	\$90.54/tonne KCl
Payback period	3.5 years

For the purpose of the PEA, capital expenditures (CAPEX) were estimated for three main categories: 1) Production using solution mining, solar evaporation and flotation (Production); 2) Transportation and handling of product between the production site and port; and 3) Port facilities in Djibouti. The Production CAPEX includes costs associated with cavern development, the solar evaporation ponds, brine processing, and infrastructure including power. Solar evaporation of the saturated brine solution is possible at the Danakhil Project due to the year-round hot temperatures averaging 40 degrees C and very little rainfall. Salts harvested from the ponds will be processed by standard flotation to create an MOP product. Transportation CAPEX costs are based on a company owned fleet of trucks and all support such as maintenance. Port CAPEX costs are based on Allana constructing its own port terminal in Djibouti including product unloading and storage, shipping facilities and supporting infrastructure such as power and minor road construction. The table below outlines the estimated capital expenditures in US \$ for all categories.

Estimated Production CAPEX	\$664 million
Estimated Transportation/Handling CAPEX	\$38 million
Estimated Port CAPEX	\$93 million

Estimated operating expenditures (OPEX) were also calculated for Production, Transportation/Handling, and Port. The OPEX costs in US\$ per tonne are outlined in the table below:

Estimated Production OPEX	\$70.24/tonne
Estimated Transportation/Handling OPEX	\$8.85/tonne
Estimated Port OPEX	\$2.88/tonne

Estimated general & administrative and contingency costs were also calculated in \$US per tonne and are outlined in the table below:

Estimated G&A	\$5.70/tonne
Estimated Contingency	\$2.87/tonne

The main assumptions used in the PEA are as follows:

Production:	One million tonnes MOP per year
Mine life:	30 years
Mining method:	Solution mining
Processing:	Solar evaporation and flotation
Transport:	Trucking to Djibouti
Power:	Diesel generation with fuel shipped to site
Water:	Water on site
Potash Price:	US\$500 in 2013
Sustaining CAPEX:	US\$44 million (before cavern or process design optimization)

Feasibility Study work is ongoing and on schedule for completion in the 3rd Quarter of 2012. In the PEA, ERCOSPLAN recommends hydrogeological studies to identify large water sources, dissolution testwork, rock mechanical testwork, a pilot solution mining operation and solar evaporation ponds tests. Allana initiated these studies a few months ago and the work is proceeding on schedule. In addition, ERCOSPLAN is evaluating the costs and benefits of increasing production of MOP to two MTPY after the third year of full production. The potential increase would coincide with the planned completion of rail capacity for potash transport in the area.

The PEA, with a target accuracy of +/- 35%, was completed as an initial scope within Allana's full Feasibility Study program currently being undertaken by ERCOSPLAN, a widely recognized world leader in potash exploration techniques and potash mining and processing. In addition to Allana, ERCOSPLAN's clients include some of the largest potash exploration companies and potash producers in the world. A summary of the PEA report will be available under the Company's profile on SEDAR and Allana's website within 45 days of this news release.

#### About Allana Potash Corp.

Allana is a publicly traded corporation with a focus on the acquisition and development of potash assets internationally with its major focus on a previously explored potash property in Ethiopia. Allana has secured financial support from two significant strategic investors: IFC, a member of the World Bank Group, and Liberty Metals and Mining, a member of the Liberty Mutual Group.

Allana has Measured and Indicated Sylvinitic Resources of 97.8 Million Tonnes of 30.0% KCl; Inferred Sylvinitic Resource of 108.3 Million tonnes grading 31.3% KCl; Measured + Indicated Kainitite Resources of 284.2 Million tonnes at 19.8% KCl, Inferred Kainitite Resource of 271.2 Million Tonnes of 20.3% KCl; Measured and Indicated Upper Carnallitite Resources of 78.5 Million Tonnes grading 18.4% KCl, Inferred Upper Carnallitite Resource of 85.6 Million Tonnes of 17.1% KCl; Measured+Indicated Lower Carnallitite Resources of 212.6 Million Tonnes of 12.0% KCl, Inferred Lower Carnallitite Resource of 130.7 Million Tonnes grading 11.7% KCl. Allana has approximately 197.6 million shares outstanding and trades on the Toronto Stock Exchange under the symbol 'AAA'.

The Preliminary Economic Assessment report was prepared by ERCOSPLAN under the supervision of Dr. Henry Rauche, Ph.D., EurGeol, Managing Director, CEO ERCOSPLAN and Dr. Sebastiaan van der Klauw, Ph.D., EurGeol., Consulting Geologist, ERCOSPLAN. Dr. van der Klauw is an independent Qualified Person for the purposes of National Instrument 43-101 and prepared the June 2011 mineral resource estimates disclosed herein. Peter J. MacLean, Ph.D., P. Geo., Allana's Senior VP Exploration, is a Qualified Person as defined under National Instrument 43-101 and has reviewed and approved the technical information presented in this release.

#### Cautionary Notes

The PEA is preliminary in nature and is based on a number of assumptions that may be changed in the future as additional information becomes available. Mineral resources that are not mineral reserves do not have demonstrated economic viability. The PEA 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, and there is no certainty that the PEA will be realized.

Except for statements of historical fact relating to the Company, certain information contained herein constitutes 'forward-looking information' under Canadian securities legislation. Forward-looking information includes, but is not limited to, conclusions of the PEA, statements with respect to the effect of the results on the future financial or operating performance of the Company, the size and quality of the company's mineral resources, progress in development of mineral properties, future capital and operating expenses, capital and operating production costs, future potash prices and treatment charges, the financial results of the company, the future financial or operating performance of the Company, the prospective mineralization of the properties and planned exploration programs, the issue of permits, future production and sales volumes, capital and production costs, demand and market outlook for potash, planned exploration programs, anticipated production schedule and terms and the availability and likelihood of future acquisitions; government regulation of mining operations; environmental risks; unanticipated reclamation expenses; and title disputes or claims; Generally, forward-looking information 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' or 'be achieved'. Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made and they are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements or forward-looking information. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements or forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information. The Company does not undertake to update any forward-looking statements or forward-looking information that are incorporated by reference herein, except in accordance with applicable securities laws.

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