

# South American Silica Corp. Adds a Second Concession Block in Uruguay on Receipt of Favourable Frac Sand Test Results

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## Building a dominant frac sand position with potential to supply the Vaca Muerta Shale development in Argentina

TORONTO, ONTARIO--(Marketwired - Sep 3, 2014) - [U3O8 Corp.](#) (TSX:UWE)(OTCQX:UWEFF), a Canadian-based company focused on exploration and development of uranium resources and associated commodities in South America, reports that South American Silica Corp. ("SAS"), in which [U3O8 Corp.](#) has a 39% equity interest, has staked concessions covering 1,225 hectares ("Ha") in the Polanco Project in central Uruguay. These concessions add another area with excellent frac sand potential to SAS' property portfolio. The principal target market for frac sands from Uruguay is Argentina's Vaca Muerta Shale Basin, which is ranked as the world's third largest shale-hosted gas reserve, and its fourth largest shale-hosted oil reserve. Frac sand is an essential component in the production of oil and gas from shale.

"The Polanco discovery is exceptional because it contains extremely pure sand - initial sampling shows that over 95% of the grains meet frac sand specifications," said Dr. Richard Spencer, [U3O8 Corp.](#)'s President and CEO. "The Polanco property is located in an extensive forestry area and consequently has excellent infrastructure with multiple roads to the Uruguay River from which product is barged downstream to the deepwater port of Palmira. The Palmira Port provides good access to the deepwater port that is closest to the Vaca Muerta Shale Basin in Argentina - the primary potential market for frac sands from Uruguay. With much of Argentina's frac sand supply currently imported from countries including China and the USA, the Polanco concessions build on SAS' strategic land position located within a relatively short transport distance of the Vaca Muerta Shale Basin. Trade between Uruguay and Argentina occurs within the Mercosur customs union and free trade agreement, while Uruguay is ranked as one of the most politically and financially stable jurisdictions in the world.<sup>1</sup>"

The Polanco concessions expand on SAS' Santa Lucia property in Uruguay and its property package in Chubut Province in Argentina. The cost of transport of frac sand from the Uruguay properties to the Vaca Muerta Basin in Argentina is expected to be competitive with road transport costs to the basin from SAS' properties in Chubut Province. The Chubut properties are located 900 kilometres ("km") by paved road from the Vaca Muerta, and a joint venture partner of SAS is advancing one of these properties towards potential production in Q1 2015.

### Test Results for Frac Sand Suitability at Polanco

Test results show that the Polanco sands meet or exceed the ISO 13503-2 standard for frac sand. The ISO requirements for sand to be suitable as a "proppant" for use in oil and gas extraction from shale by hydraulic fracturing include the following:

- **Fraction:** initial sampling shows that the 40/70 (grains between 0.2 millimetre ("mm") and 0.4mm in diameter) and 70/140 fractions (grains between 0.1mm and 0.2mm) of the bulk sand meet ISO requirements for fracking purposes (Table 1). Approximately 46% of the sand is in the 40/70 fraction, and 52% in the 70/140 fraction for a total of 98% of the bulk sand being potentially useful for fracking. The fine 70/140 grains are used principally in the extraction of gas from shale, while the coarser 40/70 fraction is used mainly for oil production.
- **Sphericity and roundness:** tests show that the sand from the Polanco property package (Figure 1) has average sphericity of 0.8 and roundness of 0.7 in the 40/70 fraction. The 70/140 fraction has a sphericity value of 0.7 and roundness of 0.6. Both grain sizes meet or exceed ISO specifications that require average minimum roundness and sphericity values of 0.6.
- **Turbidity:** the Polanco sand exceeds the ISO specification for turbidity with a value of 71FTU (Formazin Turbidity Units) in the 40/70 fraction and 95FTU in the 70/140 fraction. Both values are well below the maximum allowable value of 250FTU. Turbidity is the cloudiness of a fluid caused by minute suspended particles.
- **Crush test:** a measure of the strength of the sand grains, and therefore their ability to withstand the pressure that the overlying rock would exert on the sand-filled fractures in the shale. This resistance is measured by the percentage of fine fragments that split off quartz grains as they are subjected to increasing pressure. The 40/70 fraction of the Polanco composite sample exceeded the ISO standard with 6% fines resulting from a pressure of 5,000 pounds per square inch ("5Kpsi") against a an allowable maximum of 8% fragments. The 70/140 fraction also exceeded the ISO standard with 3.3% fragments being generated at a pressure of 5Kpsi against an allowable maximum of 6% for this finer grain size.
- **K-Value:** test work shows the sands at Polanco exceed this measure of the estimated pressure in Kpsi that would result in 10% shard and fragment development.

**Table 1 - Summary test result of a composite sample from the Polanco Project relative to ISO 13503-2 requirements**

Characteristic	ISO 13503-2 Requirement	Composite Test Result	Conformity to ISO Requirement	Composite Test Result	Conformity to ISO Requirement
Fraction			40/70		70/140
% of sand in that fraction			46%		52%
Sphericity	0.6	0.8	Exceed	0.7	Exceed
Roundness	0.6	0.7	Exceed	0.6	Meet
Turbidity	250FTU	71FTU	Exceed	95FTU	Exceed
Crush test (% fines at 5Kpsi)	8% for 40/70 6% for 70/140	6%	Exceed	3.3%	Exceed
K Value		6K	Meet	7K	Meet

To view 'Figure 1 - Microphoto of the 40/70 (left) and 70/140 (right) fractions of the Polanco sand', please visit the following link: <http://media3.marketwire.com/docs/u308fig10902.pdf>

### Nature of the Polanco Target

The unconsolidated sand in the Polanco concession package lies at surface beneath flat land covered with cultivated forest for Uruguay's pulp and paper industry. The concessions cover a 1,225Ha area in which the sand layer is located at surface and is estimated to be at least three metres ("m") thick. The bulk density of the sand is approximately 1.5 tonnes per cubic metre ("t/m<sup>3</sup>"). The flat topography and horizontal nature of the sand layer make low-cost mining methods followed by wet screening a potentially attractive means of production. Frac sand would ideally be loaded into product-specific, sealed 20-foot ("ft") containers of approximately 20t capacity for shipment to the well-head where the sand is destined for use. Immediately after mining, the land could be continuously replanted with the same commercial forest species (principally pine and eucalyptus) and returned to its original productive use.

### Location and Access of the Polanco Property to the Vaca Muerta

The Polanco property package is located in central Uruguay, approximately 290km on all-weather gravel and

sealed roads from the Paysandu Port on the Uruguay River. The Uruguay River is serviced by 700t barges that could transport sand containers downstream to the deepwater Palmira Port for onward shipment to the deepwater port at San Antonio del Oeste in Argentina, which is 500km on sealed, all-weather roads from the Vaca Muerta Shale Basin (Figure 2). An alternative transport route is 390km on all-weather gravel and sealed roads from Polanco to the deepwater Port Rocha which is under construction on Uruguay's Atlantic coast for shipment to the Vaca Muerta or other potential markets such as Brazil. Transport costs associated with either route are estimated to be competitive with trucking costs from SAS' property package in Chubut Province, Argentina, to the Vaca Muerta shale play.

To view '**Figure 2 - SAS' Polanco concessions and Argentine property strategically located to the Vaca Muerta and San Jorge shale basins and deepwater ports**', please visit the following link:  
<http://media3.marketwire.com/docs/u308fig20902.pdf>

**Map of southern South America shows the locations of SAS' Polanco Project and Argentine property package relative to potential transport routes for frac sand from the deepwater Port Palmira or Port Rocha in Uruguay to the deepwater port of San Antonio del Oeste, the closest port to the Vaca Muerta Shale in Argentina. Other shale basins with oil and gas potential in southern South America (Chaco, Parana, San Jorge and Austral-Magellanes) are shown for reference. An oil and gas discovery was recently announced from shale in the San Jorge Basin in southern Argentina.**

### **Quality Assurance & Quality Control**

The samples were collected by SAS geological personnel and shipped to the USA for analysis and test work by Global Energy Laboratories of Butte, Montana. The geological information provided above has been reviewed by Dr. Richard Spencer, President and CEO of [U3O8 Corp.](#), who is a qualified person as defined in National Instrument 43-101 ("NI 43-101") of the Canadian Securities Administrators.

### **About Uruguay<sup>1</sup>**

Through Mercosur, Uruguay has a customs union and free trade agreement with Argentina that should facilitate supply of frac sand for development of the Vaca Muerta Shale. In the decade between 2003 and 2013, Uruguay's GDP grew by an average 5.1% per annum and its GDP is estimated by the International Monetary Fund to average 3.5% in 2014 and 2015.

Uruguay has a small population of 3.4 million and one of the highest literacy rates in the Americas at 98%. In 2009, it became the first country in the world to meet the One Laptop per Child project with all primary school children in the country receiving a laptop computer. The Uruguay Peso has been a stable currency for the past 13 years. Many transactions are denominated in USA dollars and Uruguay encourages a free flow of funds. Uruguay has free trade and tax treaties with Canada and the USA, amongst other countries.

*(1) Sources: Marsh & Maplecroft, World Bank, Trading Economics*

### **About South American Silica Corp. ("SAS")**

SAS is a private Canadian company focused on identifying and putting frac sand resources in southern South America into production to capitalize on the region's forecast shale oil and gas boom. The company has established a strong entry point with its property package in Chubut Province, Argentina, which is advancing towards potential near-term production, and its Santa Lucia land package in Uruguay. With almost all of Argentina's frac sand supply currently imported from Brazil, the USA and China, there is a large emerging market for domestic supply as an essential commodity in the extraction of oil and gas from the massive Vaca Muerta Shale Basin currently under development with initial production underway. For information on SAS, visit [www.samsilica.com](http://www.samsilica.com).

### **About U3O8 Corp.**

[U3O8 Corp.](#) is focused on exploration and development of uranium resources and associated commodities

in South America. The company's uranium resources comprise three deposits defined in accordance with NI 43-101 located in Colombia, Argentina and Guyana:

- **Berlin Deposit, Colombia** - a preliminary economic assessment ("PEA") shows that Berlin could be a zero cash cost uranium producer thanks to revenue from by-products of phosphate, vanadium, nickel, rare earths (yttrium and neodymium) and other metals occurring in the same deposit;
- **Laguna Salada Deposit, Argentina** - a recent PEA shows near surface, free-digging uranium, vanadium deposit is potentially amenable to low-cost mining and processing methods; and
- **Kurupung Deposit, Guyana** - an initial uranium deposit in a large emerging uranium district.

Additional information on [U3O8 Corp.](http://www.u3o8corp.com), its mineral resources and technical reports are available at [www.u3o8corp.com](http://www.u3o8corp.com). Follow [U3O8 Corp.](https://www.facebook.com/u3o8corp) on Facebook: [www.facebook.com/u3o8corp](https://www.facebook.com/u3o8corp), Twitter: [www.twitter.com/u3o8corp](https://www.twitter.com/u3o8corp) and Youtube: [www.youtube.com/u3o8corp](https://www.youtube.com/u3o8corp).

## Forward-Looking Statements

*Certain information in this release are forward-looking statements with respect to the development plans, economic potential and growth targets of [U3O8 Corp.](http://www.u3o8corp.com)'s current projects. Forward-looking statements consist of statements that are not purely historical, including statements regarding beliefs, plans, expectations or intentions for the future, and include, but not limited to, statements with respect to: (a) the low-cost, near-term production goal of Laguna Salada, (b) the Laguna Salada and Berlin PEAs, (c) the market opportunities for uranium in Argentina and internationally, (d) the potential of the Kurupung district in Guyana, and (e) potential development of the Polanco sands, the Argentine frac sand property package and the Santa Lucia concessions. Basis for such assumptions include that: (i) actual results of our exploration, resource goals, metallurgical testing, economic studies and development activities will continue to be positive and proceed as planned, and assumptions in the Laguna Salada and Berlin PEAs prove to be accurate, (ii) requisite regulatory and governmental approvals will be received on a timely basis on terms acceptable to [U3O8 Corp.](http://www.u3o8corp.com), and (iii) economic, political and industry market conditions will be favourable. However, such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements, including, but not limited to: (1) that a mine will be achieved on the Laguna Salada Project in compliance with current Chubut mining law, (2) that a mine will be achieved on the Berlin Deposit and other exploration projects, (3) that beneficiation test work will continue to be favourable and results from small scale metallurgical testing can be duplicated on a larger scale, (4) that production will be achieved on the Chubut frac sand project and frac sand potential will be realized on Uruguay targets, (5) the inherent uncertainties and speculative nature associated with exploration results, resource estimates, potential resource growth, future metallurgical test results, changes in project parameters as plans evolve, (6) volatility of commodity prices; (7) dependence on regulatory approvals and changes in legislation, environmental compliance, community support and the political and economic climate, (8) availability of future financing, and (9) exploration risk and other factors beyond the control of [U3O8 Corp.](http://www.u3o8corp.com) including those factors set out in the "Risk Factors" in our Annual Information Form available on SEDAR at [www.sedar.com](http://www.sedar.com). Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. [U3O8 Corp.](http://www.u3o8corp.com) assumes no obligation to update such information, except as may be required by law.*

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