

# Potash Ridge Reports Third Quarter 2014 Financial Results and Provides Update on Its Blawn Mountain Sulphate of Potash Project

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TORONTO, ONTARIO--(Marketwired - Nov 5, 2014) - [Potash Ridge Corp.](#) ("Potash Ridge" or the "Corporation") (TSX:PRK)(OTCQX:POTRF) today released its third quarter financial results.

## 2014 Q3 Financial Results

- The Corporation reported net income for the third quarter of \$0.3 million (\$0.00 per share) compared with a net loss of \$1.9 million (\$0.02 per share) for the third quarter of 2013. Results for the third quarter of 2014 included a \$1.3 million unrealized foreign exchange gain due to a strengthening of the U.S. dollar.
- A total of \$4.1 million was incurred on Blawn Mountain Project (the "Project") activities in the first nine months of 2014 compared with \$8.3 million on Project activities for the first nine months of 2013.
- The Corporation closed the third quarter of 2014 with cash and cash equivalents of \$2.5 million and had accounts payable and accrued liabilities of \$0.8 million.

The Corporation's third quarter unaudited Financial Statements and Management's Discussion & Analysis are available at [www.sedar.com](http://www.sedar.com).

## Key Project Highlights for the Three Months Ended September 30, 2014

- In July 2014, the Corporation received final approval for its Ground Water Discharge Permit from the Utah Division of Water Quality for the Project.
- In August 2014, the Corporation received its Large Mining Permit from the Utah Division of Oil, Gas and Mining.
- On August 27, 2014, the Corporation announced that it had entered into a development and operating partnership with Tetra Tech for work on the Project. Tetra Tech will undertake to perform key aspects of the upcoming feasibility study and has been engaged to be the engineering, procurement and construction management ("EPCM") contractor on a right of first offer basis. The arrangement also contemplates Tetra Tech participating in Build, Own, Operate ("BOO") arrangements for various infrastructure assets, which may include (but is not limited to), the water treatment plant and sulphuric acid plant.
- Subsequent to the quarter end, the Corporation entered into a non-binding offtake and marketing agreement with a third party marketer for sulphuric acid production from the Project.

## 2014 Outlook

Several initiatives are currently underway that are expected to result in the achievement of various key milestones during the remainder of 2014 and beyond:

- Following the receipt of the Large Mine Permit, the only major permit remaining for the Project site is the air permit. Air monitoring data was collected over a one-year period that ended in October 2013. Modeling for the air permit application will continue in parallel with the feasibility study.
- The Corporation is currently working on offtake, infrastructure and commercial arrangements, in line with the ongoing development of the Project.

- The Corporation is seeking to raise financing to fund its feasibility study and for nearer term working capital requirements. The Corporation is targeting to complete this financing in the coming months. The Corporation currently expects that this additional funding could bring development of the Project to the beginning of the execution phase and the commencement of detailed engineering, assuming receipt of a positive feasibility study.

## **Market Overview of Project's Commodities**

The Corporation continues to study markets for the three commodities that are planned to be produced by the Project, namely Sulphate of Potash ("SOP"), sulphuric acid and an alumina-rich material. These studies confirm strong fundamental supply/demand dynamics for all of these commodities that position the Corporation to potentially become a world-class diversified producer of industrial minerals.

### *SOP*

SOP market studies undertaken to date by the Corporation and its consultants have focused on four main areas:

- Premiums growers are willing to pay for SOP over standard potash (muriate of potash or "MOP") for certain key crops due to higher yields when using SOP;
- The potential price that growers are willing to pay for SOP due to higher yields compared with not applying SOP, in situations where applying MOP is not an option for growers due to crop sensitivity to the chloride in MOP or arid soil conditions;
- The market demand potential for SOP in various key markets, based on acreage and application rates for certain crops that have a demonstrated yield benefit from the application of SOP; and
- The ability of existing SOP producers and existing SOP production processes to expand capacity.

The conclusions from these studies confirm that market fundamentals for SOP remain favourable. Demand growth potential in key markets appears to be robust and the ability for this demand growth potential to be met using existing production processes appears to be limited. Recent discussions with distributors and users of SOP have confirmed supply shortages exist today and that this is expected to persist. These factors, combined with the yield benefits of applying SOP, should allow for continued favourable pricing for SOP.

The impact of the supply deficit, and willingness and ability of growers to pay a significant premium for SOP over MOP is evident when comparing recent market prices. In North America, average realized SOP prices for the third quarter of 2014 were approximately US\$739/tonne (year to date US\$704/tonne). By contrast, average realized North American MOP prices were approximately US\$281/tonne during the third quarter of 2014 (year to date US\$265/tonne). This average realized SOP price for the third quarter of 2014 represented a premium over MOP prices of approximately 160%.

### *Sulphuric Acid*

Sulphuric acid has a wide range of industrial and domestic uses, including mineral processing and fertilizer production. The United States consumed approximately 35 million tonnes of sulphuric acid in 2013, of which approximately 3 million tonnes were imported, largely from Canada and Mexico. United States sulphuric acid demand is generally expected to increase in line with economic growth.

The amount of sulphuric acid available to be exported to the United States from Canada and Mexico is expected to decline in the coming years, due to cut-backs in production and higher domestic demand within these countries. Declining imports from these neighbouring countries, combined with growth in demand, will necessitate the United States to either increase domestic production of sulphuric acid or import sulphuric acid from further afield, most likely Europe.

This potential domestic supply deficit provides Potash Ridge with an opportunity to become a key supplier of

sulphuric acid, primarily into the west mountain state region of the United States.

### *Bauxite and Alumina*

The residue from the processing of the alunite ore into SOP and sulphuric acid is an alumina-rich material. Alumina is the raw material for the production of aluminum and other non-metallic substances. It is typically produced through the caustic-leach processing of bauxite ore ("Bayer Process").

The economics included in the Corporation's Prefeasibility Study, included in the Technical Report (referenced below), did not include revenue from the sale of this alumina-rich material, but instead assumed the residue material would be stockpiled on site.

Worldwide production of aluminum is currently around 50 million tonnes per annum and is expected to grow at rate of 5% per annum through to 2018. This growth in aluminum production will drive similar increases in demand for alumina and bauxite. China is the largest producer of alumina today and is the primary driver of forecast growth, with almost 30 new alumina refineries or expansions expected to be built through to 2018.

China's bauxite reserves are generally low quality and expected to be exhausted by 2023. This means higher demand on international bauxite markets from China in the coming years and a looming supply deficit. China's situation is further compounded by the cessation of bauxite exports by Indonesia, from where China imported the bulk of its bauxite requirements. While new production from Australia and Africa will help, it is unlikely sufficient to eliminate the looming supply deficit, and will be challenged by declining grades, environmental and landowner issues, capital costs and available infrastructure.

Subject to the successful completion of additional test work planned for the feasibility study, Potash Ridge believes that its alumina-rich material could be used as a substitute for bauxite in alumina plants. Target markets will most likely be the United States or China. In addition to feeding a supply-constrained market, it is expected that alumina producers will perceive this material as high-quality as, unlike bauxite, it contains minimal iron oxide that creates "red mud" environmental tailings issues.

### **About Potash Ridge**

Potash Ridge is a Canadian based exploration and development company focused on developing a surface alunite deposit in southern Utah called the Blawn Mountain Project. It is expected to produce a premium fertilizer called sulphate of potash, sulphuric acid and a possible alumina rich material.

Located in Utah, a mining friendly jurisdiction with established infrastructure nearby, the Project is expected to produce an average of 645,000 tons of SOP per annum over a 40-year proven and probable reserve life. A NI 43-101 compliant Prefeasibility Study completed in November 2013 by Norwest Corporation demonstrated that the Project is both technically and economically viable. The Prefeasibility Study, entitled "NI 43-101 Technical Report Resources and Reserves of the Blawn Mountain Project, Beaver County, Utah" dated November 6, 2013 (the "Technical Report") is available on SEDAR.

Potash Ridge has a highly qualified and proven management team with significant financial, project management and operational experience, and the proven ability to take projects into production.

### **Forward-Looking Statements**

*This press release contains forward-looking statements, which reflect the Corporation's expectations regarding future growth, results of operations, performance and business prospects. These forward-looking statements may include statements that are predictive in nature, or that depend upon or refer to future events or conditions, and can generally be identified by words such as "may", "will", "expects", "anticipates", "intends", "plans", "believes", "estimates", "guidance" or similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. These statements are not historical facts but instead represent the Corporation's expectations, estimates and projections regarding future events. Forward-looking statements are necessarily*

*based upon a number of estimates and assumptions that, while considered reasonable by the Corporation, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to: the future financial or operating performance of the Corporation and its subsidiaries and its mineral projects; the anticipated results of exploration activities; the estimation of mineral resources; the realization of mineral resource estimates; capital, development, operating and exploration expenditures; costs and timing of the development of the Corporation's mineral projects; timing of future exploration; requirements for additional capital; climate conditions; government regulation of mining operations; anticipated results of economic and technical studies; environmental matters; receipt of the necessary permits, approvals and licenses in connection with exploration and development activities; appropriation of the necessary water rights and water sources; changes in commodity prices; recruiting and retaining key employees; construction delays; litigation; competition in the mining industry; reclamation expenses; reliability of historical exploration work; reliance on historical information acquired by the Corporation; optimization of technology to be employed by the Corporation; title disputes or claims and other similar matters.*

*If any of the assumptions or estimates made by management prove to be incorrect, actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained herein. Such assumptions include, but are not limited to, the following: that general business, economic, competitive, political and social uncertainties remain favorable; that agriculture fertilizers are expected to be a major driver in increasing yields to address demand for premium produce, such as fruits and vegetables, as well as diversified protein rich diets necessitating grains and other animal feed; that actual results of exploration activities justify further studies and development of the Corporation's mineral projects; that the future prices of minerals remain at levels that justify the exploration and future development and operation of the Corporation's mineral projects; that there is no failure of plant, equipment or processes to operate as anticipated; that accidents, labour disputes and other risks of the mining industry do not occur; that there are no unanticipated delays in obtaining governmental approvals or financing or in the completion of future studies, development or construction activities; that the actual costs of exploration and studies remain within budgeted amounts; that regulatory and legal requirements required for exploration or development activities do not change in any adverse manner; that input cost assumptions do not change in any adverse manner, as well as those factors discussed in the section entitled "Risk Factors" in the Corporation's Annual Information Form (AIF) for the year-ended December 31, 2013 available at [sedar.com](http://sedar.com). The Corporation 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 required by applicable law.*

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