

TORONTO, Sept. 16, 2015 /CNW/ - [Stonegate Agricom Ltd.](#) ("Stonegate" or the "Company") (TSX: ST) today announced that groundwater testing conducted during the summer of 2015 has confirmed previous groundwater pumping assumptions used in the Feasibility Study for its planned Paris Hills underground phosphate mine in southeast Idaho. The Company now plans to resume permitting activities which include updating the groundwater model with the latest testing data prior to permit application submittal.

"The news on the testing is very good because it confirms the third-party consultant's groundwater pumping assumptions for the Lower Phosphate Zone," said Ian McDonald, Chairman and Chief Executive Officer.

"We can now put the delay caused by the uncertainty over the groundwater estimates behind us and we can proceed as we had previously planned to submit permitting applications. The final permits for the Lower Zone mine are expected to be received in 2016," Mr. McDonald stated.

"A key advantage for the Paris Hills Lower Zone, as confirmed in the Feasibility Study, is that the average grade for its Mineral Reserve is 29.5% P<sub>2</sub>O<sub>5</sub>, which is within the range of phosphate rock concentrate grades of 28% - 32% P<sub>2</sub>O<sub>5</sub> from sedimentary deposits that are typically purchased by fertilizer manufacturers. This allows us to direct ship the Lower Zone phosphate material without any beneficiation or processing. Our situation is unique in the United States since other phosphate deposits have average grades ranging in the order of 10% - 23% P<sub>2</sub>O<sub>5</sub> and require additional capital expenditures for beneficiation plants in order to produce a concentrate," he said.

In addition to the permitting work planned in the months ahead, in order to reduce overall operating costs, Stonegate intends to further explore possible ways of optimizing the Lower Zone mine plan through changes to mine sequencing, staff scheduling, and crushing, among other factors. Also, the Company intends to proceed with feasibility work for the Paris Hills Upper Phosphate Zone focusing on the mineable portion of its 60.3 million tonnes of 22.7% P<sub>2</sub>O<sub>5</sub> Measured and Indicated Mineral Resource (Measured 28.4 million at 22.8% P<sub>2</sub>O<sub>5</sub> and Indicated 31.8 million at 22.6% P<sub>2</sub>O<sub>5</sub>) for direct shipment to beneficiation plants elsewhere. This work is expected to be completed by the early part of 2016.

In order to pay for the planned activities going forward, Stonegate intends to raise additional funds this year.

"I expect that anyone who closely reviews the Paris Hills phosphate deposit, including the fact that it is one of the highest grade phosphate deposits in the world, it has low capex and moderate operating and environmental costs, and its location is close to existing fertilizer plants and the major grain-growing areas of North America, will come to the same conclusion that I have, which is that the underground mine should be built, especially in the context of the growing environmental costs and public resistance for open-pit phosphate mines located in the United States. The fact that the mine would have a small environmental footprint and is receiving support from the local community puts it in a class by itself," Mr. McDonald stated.

Stonegate acquired the Paris Hills property in 2009 and carried out exploration drilling and engineering work and subsequently completed a positive Feasibility Study for a direct-ship underground phosphate mine in the high-grade Lower Phosphate Zone in December 2012. The Company commenced permitting activities in September 2012 and initially had expected to apply for and receive all required permits for construction and production by the end of 2014. While much of the permitting work had been successfully completed, the final groundwater model and report and related permit applications were delayed by uncertainties concerning the estimates of expected groundwater flow rates into the planned underground mining area. The groundwater flow testing had been conducted according to recommendations made by third-party consultants. However, upon further evaluation, the Company determined that additional groundwater flow tests were required prior to the completion of the groundwater model and report. Stonegate announced on January 26, 2015 that permitting activities had been temporarily suspended at the Paris Hills Phosphate Project while the Company raised additional funds and proceeded with the groundwater testing.

2012 Feasibility Study Highlights (all dollar amounts in US dollars):

- Paris Hills Lower Zone would have a life-of-mine production and Mineral Reserve of 16.7 million tonnes of direct-ship, concentrate quality phosphate rock (no beneficiation or processing required) with an average life-of-mine grade of 29.5% P<sub>2</sub>O<sub>5</sub>. (The Mineral Reserve consists of a Proven Reserve of 8.0 million tonnes at 29.9% P<sub>2</sub>O<sub>5</sub> and a Probable Reserve of 8.7 million tonnes at 29.2% P<sub>2</sub>O<sub>5</sub>.)
- Average annual rate of production of 904,000 tonnes of saleable phosphate rock concentrate
- Mine life of 19 years
- Initial project capital of \$121 million (to commercial production)
- Cash operating cost of \$69.49 per tonne of saleable concentrate (FOB mine site)

Assay results from tests conducted by an engineering consultancy based in Florida confirmed that the direct-ship product from the mine would produce monoammonium phosphate (MAP) and diammonium phosphates (DAP) in line with industry specifications.

The Feasibility Study assumed an average product price of \$165 per tonne (FOB mine site) over the 19-year life of the mine, which, using an 8% discount rate, generated a pre-tax net present value (NPV) for the Lower Zone mine of \$477 million and an after-tax NPV of \$360 million. The assumed life-of-mine price was slightly below the spot Moroccan (FOB) benchmark price at the time the Feasibility Study was completed.

The sensitivity analysis conducted in the Feasibility Study indicates that the Paris Hills project is economic across a range of variances in capital cost, operating cost, sales price and production tonnage.

The Feasibility Study focused only on the horizontal limb of the Lower Zone at Paris Hills. It did not include estimates known at the time for the Upper Zone horizontal limb, which is estimated to have a Measured and Indicated Mineral Resource of 60.3 million tonnes with a grade of 22.7% P<sub>2</sub>O<sub>5</sub> and an Inferred Mineral Resource of 9.4 million tonnes with a grade of 22.6% P<sub>2</sub>O<sub>5</sub>.

Mineral Resources include Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. "Inferred Mineral Resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Estimates of Inferred Mineral Resources may not form the basis of pre-feasibility or feasibility studies.

In addition, the Paris Hills property contains, as previously reported, exploration targets with potentially additional in-place mineralized phosphate tonnage in the upturned limb of the property as follows: 7 - 10 million tonnes grading 28% - 32% P<sub>2</sub>O<sub>5</sub> in the Lower Zone upturned limb; and 14 - 20 million tonnes grading 21% - 25% P<sub>2</sub>O<sub>5</sub> in the Upper Zone upturned limb. The Exploration Targets, as stated, are conceptual in nature and there has been insufficient exploration to define them as a Mineral Resource, and it is uncertain if further exploration will result in the determination of a Mineral Resource under NI 43-101. The Exploration Targets are not being reported as part of any Mineral Resource or Mineral Reserve.

Additional information is available in a National Instrument 43-101 Technical Report on the Paris Hills Phosphate Project dated January 18, 2013 (restated July 8, 2013), posted on Stonegate's website at [www.stonegateagricom.com](http://www.stonegateagricom.com) and filed with regulators at [www.sedar.com](http://www.sedar.com). Leo J. Gilbride, P.E., Vanessa Santos, P.G., Gary L. Skaggs, P.E., P.Eng., Susan B. Patton, Ph.D., P.E., and Eric Dursteler, P.E., C.F.M., are the qualified persons as defined in National Instrument 43-101.

The contents of this news release have been reviewed and approved by Daniel Thompson, P.E., Manager, Technical Services, Paris Hills Agricom Inc., who is a qualified person as defined in National Instrument 43-101.

About Stonegate Agricom Ltd.

Stonegate Agricom, which is actively engaged in acquiring and developing agricultural nutrient projects, is currently focused on the development of the potentially world-class, long-life Paris Hills Phosphate Project located in Idaho. The Company believes that the deposit has sufficient size and grade to become a strategic, cost-effective source of phosphate supply for major fertilizer producers. More information is available at [www.stonegateagricom.com](http://www.stonegateagricom.com).

#### Cautionary Note Regarding Forward-Looking Statements

This news release contains "forward-looking statements" and "forward-looking information" within the meaning of applicable law, which include statements herein relating to the potential to increase mineral resource and mineral reserve estimates. Generally, forward-looking statements and 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", "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". All forward-looking statements and forward-looking information are based on reasonable assumptions that have been made by the Company as at the date of such information. Forward-looking statements and forward-looking information 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 and forward-looking information, including but not limited to: risks relating to assumptions used in preparation of the Feasibility Study on the Lower Phosphate Zone of the Paris Hills Phosphate Project and assumptions that will be used in feasibility work on the Upper Phosphate Zone, including government regulation, phosphate prices, labour costs and capital costs, and project risks including project location, permitting requirements, project delays, ground control and dilution and water management; the general risks associated with the speculative nature of the Company's business, commodity prices, current global financial conditions, uncertainty of additional capital, price volatility, the Paris Hills Phosphate Project being a development-stage project, limited operating history, no history of earnings, government regulation in the mining industry, environmental risks and hazards, impending climate change legislation, required approvals and permits, foreign subsidiaries, risks relating to the retention of the Paris Hills Project, expiration of leases and permits for the Paris Hills Project, title to mineral properties, obtaining mineral concessions and surface rights, community relations and project support, water rights, exploration, development and operating risks, uncertainty in the estimation of mineral reserves and resources, uncertainty of inferred mineral resources and mineral exploration, reliability of historical exploration work, uncertainty on completion of a feasibility study on the Upper Phosphate Zone, uncertainty in product marketing, risks associated with having a controlling shareholder, arbitrary offering price, dilution to the common shares, dependence on key personnel, currency fluctuations, insurance and uninsured risks, competition, legal proceedings, conflicts of interest and lack of dividends as well as those factors discussed in the section entitled "Risk Factors" in the Company's most recently filed annual information form available at [www.sedar.com](http://www.sedar.com). Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements and 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 information will prove to be accurate, as actual results and future events could differ materially

from those anticipated in such statements or information. Accordingly, readers should not place undue reliance on forward-looking statements or forward-looking information. The forward-looking statements and forward-looking information contained in this news release are included for the purpose of providing investors with information to assist them in understanding the Company's expected financial and operational performance and may not be appropriate for other purposes. Stonegate does not undertake to update any forward-looking statement or forward-looking information that is included herein, except in accordance with applicable securities laws.

#### Cautionary Note to United States Investors Concerning Estimates of Mineral Resources

This news release uses the terms "Measured", "Indicated" and "Inferred" Mineral Resources. United States investors are advised that while such terms are recognized and required by Canadian regulations, the United States Securities and Exchange Commission does not recognize them and expressly prohibits U.S. registered companies from including such terms in their filings with the United States Securities and Exchange Commission. "Inferred Mineral Resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. United States investors are cautioned not to assume that all or any part of Measured or Indicated Mineral Resources will ever be converted into mineral reserves. United States investors are also cautioned not to assume that all or any part of an Inferred Mineral Resource exists, or is economically or legally mineable.

SOURCE [Stonegate Agricom Ltd.](#)

#### Contact

Wayne Cheveldayoff, Vice President, Investor Relations, [Stonegate Agricom Ltd.](#), Tel: 416-479-4359 or [wcheveldayoff@stonegateagricom.com](mailto:wcheveldayoff@stonegateagricom.com)