

Dynacor Signs Letter of Intent to Globally Expand Its Ore-purchasing and Processing Business

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MONTRÉAL, June 11, 2019 - [Dynacor Gold Mines Inc.](#) (TSX: DNG) (OTC: DNGDF) (Dynacor or the Corporation), a leading ore purchasing and processing corporation servicing artisanal and small-scale miners (ASM) in Peru, announced today that it has signed a Letter of Intent (“LOI”) with “KN Equipments Inc.” and “Fonds Souverain d’Investissements Stratégiques” of Sénégal (“FONSIS”). The Corporation is setting in motion to strategically expand its business globally by forming a jointly-owned company to operate in Senegal. The new company would start by building an upgradable ore-processing plant in Senegal. The initial plan is for a 100-150 TPD (tonnes per day) facility with the design to double capacity to 300 TPD.

Dynacor is to operate the plant and own the majority of the company with 51% ownership. KN Equipments Inc. and FONSIS will own the balance at 25% and 24% respectively.

Subject to a seven (7) month due diligence period which is to complete before the end of 2019, the terms of the LOI anticipate Dynacor will provide the technical and legal teams. The teams are to conduct a complete accounting of potential production sites, the total number of ASM and all other pertinent data concerning the feasibility of this project. The final decision to move ahead on the project will be on or before December 31, 2019.

HISTORY

In November 2017, the Corporation paid a first visit to meet with the Senegalese government. The encouraging meetings prompted Dynacor to follow up with a second visit in February 2018. A technical team from Dynacor was sent to Senegal to evaluate the gold potential and ASM situation. During the site visit, the collection of many grab samples from several ASM operating in the area was an essential step the technical team completed. The local ASM community was welcoming to the team members and quite eager to start realizing the financial and environmental benefits in utilizing the “Dynacor” value-added ore purchasing and processing advantage. As the new company would be the sole professional ore-processing facility in Senegal, the Corporation sees strong demand for its reputable and knowledgeable service. Independent analysis of the samples from the Bureau Veritas assay lab located in Abidjan, Ivory Coast confirmed the Corporation’s positive results at its Veta Dorada facility in Peru. The promising grades and metallurgical recovery rates, together with the supporting Senegalese government and enthusiasm of the local ASM community, convinced Dynacor to move forward on the LOI and the full due diligence program.

FINANCIAL TERMS

The new company would initially build a 100-150 TPD ore-processing facility, with an expandable design to 300 TPD. The budget to build the 100-150 TPD plant is approximately USD 10 Million. The new company is to invest USD 4M, of which Dynacor’s total share would amount to 51% or USD 2.04M together with KN Equipments and FONSIS investing an additional USD 1.96M. The balance of the USD 10 Million is to be financed by local Senegalese banks.

Jean Martineau, President and CEO of Dynacor, commented, “The new company would bring a logical combination of Dynacor’s ore processing leadership and twenty plus year experience together with KN Equipment’s presence in Senegal, a long-standing history of manufacturing milling processing equipment and the financial strength of the Senegalese sovereign fund FONSIS.”

“As part of Dynacor’s strategic plan to become an internationally recognized ore-processing company servicing the ASM industry worldwide, we believe this new low-risk project affords us the opportunity to significantly enhance Dynacor’s growth and leadership role on a global basis.”

Mamadou Mbaye, Executive Vice President of Fonsis, added, “Fonsis plays an important role as it backs the strategy of the ministry of Mines and Geology. This project will help formalize gold mining activities for small and medium size legal mines.

Robert Nieminen, President of KN Equipments, commented, “We look forward to partnering with Dynacor and FONISIS to expertly enhance the Senegal ASM industry by offering top end service and superior value to Senegalese miners and their communities. As we have more than three years of providing manufacturing and mining maintenance service in Senegal, our company is quite well versed in the country’s ASM space and its demand for the new company and the value it will deliver. The new company, including Dynacor, the world’s undisputed ASM ore-processing leader with a sterling track record, FONISIS, a sovereign fund with financial backing from the Republic of Senegal combined with our sixty years of experience in design and manufacturing of mill processing equipment will enable a smooth, speedy development path to opening the highly anticipated plant.”

ABOUT KN EQUIPMENTS

Founded in 1959, KN Equipements is a company based in Rouyn-Noranda (Quebec). It specializes in the design, manufacturing and distribution of mining equipment. Active in the Canadian market since its creation, it has also had a permanent office in Dakar, Senegal since 2016 as well representatives in Mali and Mexico. KN Equipements has been operating in the West African market since 2008 and is currently building a manufacturing and equipment distribution centre for the mining sector in eastern Senegal.

ABOUT FONISIS

FONISIS (Fonds Souverain d’Investissements Stratégiques) of Sénégal, is a limited company, an investment holding with a capital of FCFA 3 billion, entirely owned by the Republic of Senegal.

FONISIS was created by Law No 2012-34 of December 27, 2012, which provides for equity capital of 500 billion to be constituted in cash and asset transfers. Its governance complies with the benchmark standards (Santiago Principles which govern the functioning of the 32 largest international Sovereign Funds).

The mission of FONISIS is to promote the Senegalese government’s role as a catalyst for investment, a partner of the private sector with the objectives of creating wealth and jobs and building financial reserves for present and future generations.

ABOUT DYNACOR

Dynacor is a dividend paying gold production corporation headquartered in Montreal, Canada. The corporation is engaged in production through the processing of ore purchased from artisanal and small-scale miners (ASM). At present, Dynacor produces and explores in Peru where its management team has decades of experience and expertise. In 2018, Dynacor produced 81,314 ounces of gold, a yearly best and 1.8% increase as compared with 2017 (79,897 ounces).

Dynacor produces environmental and socially responsible gold through its “PX Impact” gold program. A growing number of supportive firms from the fine luxury jewelry, watchmakers and investment sectors are paying a small premium to our customer and strategic partner for this PX Impact gold. The premium provides direct investment to develop health and education projects to our ASM communities.

Dynacor trades on the Toronto Stock Exchange (DNG) and the OTC in the United States under the symbol (DNGDF).

FORWARD-LOOKING INFORMATION

Certain statements in the preceding may constitute forward-looking statements, which involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Dynacor, or industry results, to be materially different from any future result, performance or achievement expressed or implied by such forward-looking statements. These statements reflect management's current expectations regarding future events and operating performance as of the date of this news release.

Dynacor (TSX: DNG / OTC: DNGDF)

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