

Western Potash Corp Releases Updated NI-43-101 Report

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VANCOUVER, Jan. 07, 2020 - [Western Resources Corp.](#) (TSX: WRX) (FSE: WR0) ("Western" or "the Company") is pleased to announce that Western Potash Corp. ("WPC"), the company's wholly-owned subsidiary, has received an updated NI 43-101 compliant Mineral Resource Estimate for its Milestone Phase I Project ("Phase I Project") in southern Saskatchewan.

The National Instrument (NI) 43-101 Standards of Disclosure for Mineral Projects Technical Report was prepared by Agapito Associates, Inc. ("AAI") and SNC-Lavalin ("SNCL") with an effective date September 24, 2019. The report presents the results of the engineering design studies prepared by SNCL and AAI for a pilot-plant scale, selective solution mining operation located in Sections 19, 20, 29 and 30, Township 14, Range 17 West of the Second Meridian within Saskatchewan Subsurface Mineral Lease KLSA 008. The Phase I Project has been advanced through the Feasibility Stage to Engineering Design and then to cavern construction which was completed by October 23 and followed by injection of water at ambient temperature from the crystal pond into the underground caverns for circulation and mineral dissolution ("Cold Mining").

The technical report summarizes information obtained from exploration drilling conducted between January 2009 and March 2011, and details the results from the latest production drilling in July 2019. During the 2009-2011 exploration program, 11 cored exploration wells were completed on the KP408 and KP409 Subsurface Mineral Permits that were converted to Subsurface Mineral Lease KLSA 008 in 2010. Also in 2009, 474.5 line km of two-dimensional (2D) and 98 square kilometers (km²) of three-dimensional (3D) seismic surveys were run, processed, and interpreted for WPC by Boyd PetroSearch (now part of the RPS Group) of Calgary, Alberta. In 2019, the production well drilling program cored 1 of the 6 wells drilled for the Phase I Project to provide additional geologic information in that part of the Lease. Measured, Indicated, and Inferred Mineral Resources have been classified based on the volume of potash in cylinders centered on the cored and assayed drillholes on the Lease. Based on the economics for the Phase-I Project, Proven and Probable Mineral Reserves have been declared for the production portion of the Phase I Project, which consists of horizontal caverns sited in either the Belle Plaine or Esterhazy Members of the Prairie Evaporite.

The Phase-I Project is based on Mineral Resources in the Belle Plaine and Esterhazy Members in the Unitized Area. Because in future, mining could also occur in the Patience Lake Member, tonnages in that member have also been included in the mineral resources for the Unitized Area, which consists of:

- A Measured Resource of 154.5 million tonnes (Mt), grading 29% KCl
- An Indicated Resource of 222.5 Mt, grading 29% KCl
- An Inferred Resource of 93.6 Mt, grading 29% KCl

The Measured and Indicated Resources outside the Unitized Area were estimated to be mineral resources as follows (using a cutoff grade of 15.0% K₂O or 23.7% KCl):

- Measured Mineral Resource: 580-Mt in-place sylvinitic, grading 30.0% KCl, or 19.0% K₂O
- Indicated Mineral Resource: 1,630-Mt in-place sylvinitic, grading 30.0% KCl, or 19.0% K₂O

Inferred Resources on the KLSA 008 Lease are estimated to be (using a cutoff grade of 15.0% K₂O or 23.8% KCl) 10,040-Mt in-place sylvinitic, grading 29.0% KCl, or 18.3% K₂O.

The total CAPEX for the Phase I Project using a crystallization pond was estimated (in Canadian dollars) to be \$CAD128.7 million (M) with an accuracy of ±10%, which corresponds to AACE International (Association for the Advancement of Cost Engineering) Class 3. The total annual OPEX for the Phase-I Project was estimated at \$CAD11.7M per year (excluding logistics and royalties) or \$CAD80/t MOP for 146,000 tpy.

Sustaining CAPEX consists mainly of drilling of new caverns and reclamation of mined-out caverns at \$CAD17.5M in 2025, \$CAD10.1M in 2030, and \$CAD7.5M in 2032. Assuming a nominal discount rate of 8%, the economic analysis yielded an after-tax project Net Present Value (NPV) of \$CAD55.2M, with an Internal Rate of Return (IRR) of 17.2%, based on the assumption of full-equity investment and potash price of \$US241/t (\$CAD321/t). Costs are given in Canadian dollars (\$CAD) and prices are given in United States dollars (\$US), with an assumed exchange rate of \$US 1 = \$CAD 1.33.

This news release was reviewed by Douglas Hambley, MBA, PhD, P.Eng. of Agapito Associates Inc., who is a Qualified Person under NI 43-101 and is the lead author of the updated NI 43-101 Technical Report on which this news release is based.

The in-house Qualified Person for the purposes of this press release is G. Vogelsang P.Eng., P.Geo., FEC, FGC, who has reviewed and approved the contents of this news release.

About Western Resources Corp.

[Western Resources Corp.](#) (TSX: WRX) (FSE: WR0) (“Western” or “the Company”) and the company’s wholly-owned subsidiary Western Potash Corp. are constructing Canada’s newest and most innovative, environmentally friendly and capital-efficient potash mine. This will be the first potash mine in the world that will leave no salt tailings at the surface, thereby reducing the water consumption by half as well as significantly improved energy efficiency. The Phase I Project will be in production by Quarter 3 2020, and will form the basis for further expansion.

ON BEHALF OF THE BOARD OF DIRECTORS

“James Moore”

Hon. James Moore
Chairman

Cautions Regarding Forward-Looking Statements

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, statements with respect to the filing and results of the Technical Report. 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 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 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 information. The Company does not undertake to update any forward-looking information that is set out herein, except in accordance with applicable securities laws.

For more information on the contents of this release please contact Jerry Zhang, Corporate Secretary, at 604-689-9378.

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