

Encanto Potash Corp. Finalizes Definitive Terms and Enters into Offtake Agreement

18.01.2017 | [CNW](#)

Securing the Indian Potash Market with India's National Federation of Farmers' Procurement, Processing and Retailing Cooperatives of India Limited

VANCOUVER, Jan. 18, 2017 - [Encanto Potash Corp.](#) ("Encanto" or the "Company") (TSXV: EPO) has successfully finalized a historic offtake agreement with the National Federation of Farmers' Procurement, Processing and Retailing Cooperatives of India Limited ("NACOF").

The agreement provides for the supply of a minimum of 5 million tonnes per year for a guaranteed period of twenty years for muriate of potash ("MOP"). Food security obtained via procurement of an alternative supply of MOP and eliminating middlemen for Indian farmers is a fundamental objective for NACOF.

NACOF is India's national farming cooperative established by the Joint Secretary and Central Registrar, Cooperative Societies under the Ministry of Agriculture, Government of India and representing farmers across 25 out of 29 states in India. NACOF has a 2016-2017 annual budget of \$7.67 billion (USD) and one of their primary goals is to enter into contracts and collaborate for the purchase, production, manufacture and marketing of raw materials, finished products and by-products, and also enter into joint marketing and exchange agreements with Cooperative Institutions, Public Sector Undertakings or any other agency in India or abroad.

Encanto President Stavros Daskos stated "This is clearly a defining moment for our company and the industry. India imports 100% of its potash and is susceptible to cartel-like practices from producers that can hurt its national food security. Establishing long term offtake agreements are difficult and require a great amount of time and understanding of a country's food security policies and how they interface with the dynamics of a supply environment controlled by a small number of entities.

In 2011-12 limited potash was imported by India as a result of India's strategy against the pricing practices of producers. The reduced supply, a shift in foreign exchange rates and reductions in government subsidies all contributed to an increase in the retail price for MOP in India which reduced demand. The recent decline in price for potash and government efforts to promote the use of more potash based fertilizers set the stage for increased demand in India. The [Encanto Potash Corp.](#) strategy was to focus solely on addressing the current and future needs of India over the next twenty years.

Historically, potash consumption in India had reached around 6 million tonnes in 2010-11, and their aim, per the Ministries of Chemicals and Fertilizers, is to return to this level as potassium is required in large amounts to sustain and grow their crop based industry. The comparatively high retail cost of MOP and other potash-based fertilizers in India prompted many farmers to favour the use of fertilizers biased towards higher nitrogen content due to their lower cost. NACOF and Encanto believe a secure and stable supply of MOP at reasonable prices will incentivize India's farmers to progress to a balanced fertilization program where the growth rate in consumption of potash-based fertilizers will be higher than the growth rate of consumption of alternate fertilizers. Part of [Encanto Potash Corp.](#)'s immediate strategy is to also source potash from existing producers pending the commercialization of its own flagship Muskowekwan project.

The Indian government has set an objective to double the farmer's income in the next five years, and continues its efforts to educate Indian farmers on the long term benefits and potential increases to crop yield that can be achieved from a balanced and strategic fertilization program. Soil health assessments being provided by the Indian government and sustained marketing targeted at farmers will play an important role to help prevent over-use and misuse of urea fertilizers.

The Encanto / Muskowekwan First Nation / NACOF strategy changes the economics of the industry as it is focused on the security of India's food supply, increasing India's agricultural exports, the interests of the

Muskowekwan First Nation ("MFN") and the interests of Encanto's stakeholders for the next twenty years.

NACOF and Encanto have come together with the MFN to take a critical step for the Muskowekwan project on the MFN reserve lands and to secure India's demand for the future."

We want to thank the Government of India; the management of NACOF and the representatives of the MFN for working tirelessly and cooperatively throughout this twenty month process in order to craft an agreement that meets all of our interests and objectives over the next two decades. We would also like to thank the Government of Canada through the Ministries of Foreign Affairs, International Trade, Finance, Natural Resources and Indigenous and Northern Affairs whom have played a very important role and remain critical for the realization of this endeavour. Chief Reginald Bellerose, from Muskowekwan First Nation, would like to thank the past and current Muskowekwan First Nation Council; FSIN Chief Bobby Cameron; AFN National Chief Perry Bellegarde; his Excellency High Commissioner of India Nadir Patel; and President and CEO of [Encanto Potash Corp.](#) Stavros Daskos for this type of a project allows Muskowekwan First Nation to generate its own source revenue and helps the Muskowekwan people with training, jobs and opportunities which enable a path forward towards a better future.

The management of Encanto also looks forward to working with NACOF on other possible initiatives relating to the procurement and marketing of other Canadian products in India in connection with the agricultural, mineral, grain/seed, aqua/horticultural, forestry and food/animal sectors through the Company's previously announced intent to form a trading company.

ABOUT NACOF:

Formed in 2009 under the ministry of Agriculture, Government of India, the membership of NACOF is comprised of 67 State Level Federations, District Level Federations and large size/primary level societies from 25 States i.e. the States of Delhi, Uttar Pradesh, Madhya Pradesh, Bihar, Maharashtra, West Bengal, Chhattisgarh, Uttarakhand, Odisha, Rajasthan, Jharkhand, Himachal Pradesh, Andhra Pradesh, Gujarat, Karnataka, Kerala, Punjab, Arunachal Pradesh, Jammu & Kashmir, Assam, Manipur and Chandigarh.

ABOUT ENCANTO:

[Encanto Potash Corp.](#) is a TSX Venture Exchange listed and traded Canadian resource company engaged in the development of potash properties in the Province of Saskatchewan, Canada, the largest producing potash region in the world. Through a joint venture agreement with Muskowekwan Resources Ltd. on our flagship property, Encanto has a project land package which totals approximately 61,000 largely contiguous acres. A Pre-Feasibility Study dated February 28, 2013 titled "Encanto Potash Corp. Technical Report Summarizing the Preliminary Feasibility Study for the Muskowekwan First Nations Home Reserve Project in South Eastern Saskatchewan, Canada" confirms the Proven and Probable KCI Reserves totaling 162 MMt grading 28% (average) which supports primary and secondary mining for over 50 years at an assumed annual rate extraction rate of 2.8 million tonnes.

The technical content of this news release has been reviewed and approved by James Walchuck, a qualified person as defined by NI 43-101.

For additional information about Encanto Potash Corp., please visit the Company's website at www.encantopotash.com or review the Company's documents filed on www.sedar.com.

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MUSKOWEKWAN PROJECT (THE "PFS") PROVING TO BE ACCURATE OVER TIME INCLUDING APPLICABLE RESOURCE ESTIMATES, THE POTENTIAL FOR DELAYS AND INCREASES TO PROJECT COSTS AS A RESULT OF POTENTIAL CHANGES IN PLANNED PRODUCTION RATES, CHANGES IN WORLD COMMODITY MARKETS OR EQUITY MARKETS, THE ADEQUACY OF THE COMPANY'S FINANCIAL RESOURCES AND THE AVAILABILITY OF ADDITIONAL FINANCING ON REASONABLE TERMS OR AT ALL, THE RISKS OF THE MINING INDUSTRY INCLUDING, WITHOUT LIMITATION, THOSE ASSOCIATED WITH THE ENVIRONMENT, DELAYS IN OBTAINING GOVERNMENTAL APPROVALS, PERMITS OR FINANCING OR IN THE COMPLETION OF DEVELOPMENT OR CONSTRUCTION ACTIVITIES, TITLE DISPUTES, CHANGE IN GOVERNMENT AND CHANGES TO REGULATIONS AFFECTING THE MINING INDUSTRY, AND OTHER RISKS AND UNCERTAINTIES DETAILED FROM TIME TO TIME IN THE COMPANY'S FILINGS WITH THE CANADIAN SECURITIES ADMINISTRATORS (AVAILABLE AT WWW.SEDAR.COM). FORWARD-LOOKING STATEMENTS ARE MADE BASED ON VARIOUS ASSUMPTIONS AND ON MANAGEMENT'S BELIEFS, ESTIMATES AND OPINIONS ON THE DATE THE STATEMENTS ARE MADE. SHOULD ONE OR MORE OF THESE RISKS AND UNCERTAINTIES MATERIALIZE, OR SHOULD UNDERLYING ASSUMPTIONS PROVE INCORRECT, ACTUAL RESULTS MAY VARY MATERIALLY FROM THOSE DESCRIBED IN THE FORWARD-LOOKING INFORMATION CONTAINED HEREIN. READERS ARE CAUTIONED THAT CURRENT MARKET PRICES FOR THE COMPANY'S PROPOSED PRODUCTS ARE MATERIALLY DIFFERENT THAN THE ESTIMATES USED IN THE PFS AND CHANGES TO THE PROPOSED PRODUCTION RATE WOULD BE EXPECTED TO CAUSE MATERIAL CHANGES TO THE REQUIRED CAPITAL COSTS OF THE PROJECT. THE COMPANY UNDERTAKES NO OBLIGATION TO UPDATE FORWARD-LOOKING STATEMENTS IF THESE ASSUMPTIONS, BELIEFS, ESTIMATES AND OPINIONS OR OTHER CIRCUMSTANCES SHOULD CHANGE, EXCEPT AS REQUIRED BY APPLICABLE LAW.

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