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 fmr-grabasa

Fairmont Resources Prepares for European Expansion with Acquisition of Grabasa Assets

– Momentum Public Relations – Dana Hinders

Fairmont Resources (FMR:tsxv), a prominent Ontario-based industrial mineral and dimensional stone company, wants to become the go-to supplier of dense aggregate, quartzite for ferrosilicon, and granite. To further this goal, they announced plans to acquire the assets of Grabasa (Granitos de Badajoz S.A) from a Spanish court-appointed receiver.

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Based in Badajoz, Grabasa operated from 1975 to 2011. The company once served as a primary driver of economic activity in Spain's Extremadura region. Grabasa was thriving in the early 2000s, undergoing a significant production expansion between 2008 and 2010. Unfortunately, their expansion coincided with the Euro crisis. Eventually, the falling Euro caused the company to be unable to meet its debt obligations. This forced Grabasa into receivership and locked its assets in court proceedings for several years.

During the company's final five years of operation, Grabasa's sales of premium dimension stone for European industrial, commercial, and retail and industrial applications averaged EUR 6 million annually. In 2011, average monthly sales were EUR 371,475 and operating costs were EUR 217,600.

The Grabasa acquisition is consistent with Fairmont's philosophy of building long term cash flow by ramping up production on strategically located projects. Grabasa brings several vital assets into play for Fairmont, including a fully operational processing and finishing facility with 250,000 square meters of annual production capacity. The facility also contains over EUR 2.2 million in state-of-the-art cutting and polishing equipment.

Under the terms of the deal, Fairmont will also gain access to an operational fleet of mining and quarrying equipment as well as 23 premium granite quarry licenses. The licenses are significant because of their location: 18 of the 23 are within 8 kilometres of the processing plant, with the remaining five within 20 kilometres.

With assets from Grabasa, Fairmont will become one of the largest granite producers in Europe. Fairmont plans to restart production at the facility, increasing the previous annual gross operating margin of 30% to 40% through targeted optimization of staff and equipment. Executives also want to increase sales by strategically targeting undervalued North American and Asian markets.

The total cost of the Grabasa purchase is EUR 4.275 million. The acquisition will be paid for via a combination of debt and equity financing, with the terms to be announced at a later date. Madrid-based Eureka Trading has already paid a deposit of EUR 60,000 on Fairmont's behalf to secure the transaction. Procana Consulting of Markham, Ontario has also assisted with the transaction and will split a EUR 575,000 payment with Eureka Trading for expenses such as due diligence, translation, negotiation, and court costs.

Although Fairmont's ability to obtain the capital necessary to commence production and complete the Grabasa acquisition has yet to be verified, the company's world-class collection of assets continues to attract attention from major end users of industrial minerals throughout the world. Therefore, Fairmont's future looks bright as it progresses towards commercial production.

Since Fairmont specializes in industrial minerals, its investments have less long term volatility and risk in project development. When compared to precious minerals, industrial minerals have lower pricing variances, easier permitting, and fewer overall development costs. The industrial minerals Fairmont mines are used in applications for infrastructure, agricultural, chemical, and metallurgical projects.

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In addition to the assets that are part of the Grabasa purchase, Fairmont controls numerous areas of high-grade titaniferous magnetite with vanadium and three quartz/quartzite properties in Quebec: one near Lac Saint Jean and two along the North Shore of the St. Lawrence River. The Forestville and Baie-Comeau quartzite properties were acquired in January 2015 and optioned with the goal of using quartzite as a raw material for silica metal, high purity glass, fibre optics, and ferrosilicon.

For additional information visit :



<http://fairmontresources.ca/>

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