

AMERICAN COMPANY TO INSTALL FACILITY IN CANDIOTA

Source: Jornal MINUANO, Brazil. Edition of June 5th, 2015. By Melissa Louçan.

Open Translation by TransGas Development Brazil.

Chief Executive of TransGas Development Systems responded to an interview request by the MINUANO.

The installation of a new industrial facility in the region was announced in March. The American group TransGas Development Brazil intends to install a facility in Candiota and start the production of fertilizers with the gasification of coal. The goal is the plant to be in full operation by 2019. The Memorandum of Understanding between the company and the Government of the State of Rio Grande do Sul was signed already in March, and follow-up work has been going on in Candiota since then.

The Secretary of Industry and Trade of the Municipality of Candiota, Mr. Anderson Teixeira de Moraes, informs that the City Hall has submitted a Law Project to the City Council requesting the disappropriation of a site for the installation of the company. This proposal has already been voted for, with a positive outcome, and the site of around 100 hectares will be available to the company shortly.

The team of MINUANO newspaper has talked to Mr. Adam Victor, the President and CEO of TransGas Development Systems, headquartered in New York City. Via e-mail, he explained the expectations of the company and how the plant will operate in Candiota.

According to Mr. Victor, the city received preference in the selection because of the abundance of the coal reserves and

the Government's incentives for the installation more coal-based industries here. "We have chosen Candiota because of its proximity to open-pit coal mines that are already licensed and in full operation, and the knowledge and experience of the city in projects in the coal sector", he explains.

The facility will extract Syngas from coal (synthesis gas, composed of carbon monoxide and hydrogen), the raw material for the production of fertilizers (ammonia, which is converted into urea). The Rio Grande do Sul State Mining Company (CRM, *Companhia Riograndense de Mineração*) will provide 2.5 million tons of coal per year to the American group's industrial plant.

As it is a new technology to the country, questions arise about the plant operations in Brazil. However, Mr. Victor reassures that it is a clean technology and it does not violate any environmental regulations in its operation. "It refers to a technology that is clean, widely employed and licensed, and in full operation in the European Union (France, Sweden, Germany, The Netherlands, Italy, Belgium), in the United States, in Japan and South Korea", Mr. Victor affirms.

The construction period of the facility is from 32 to 39 months and the goal is to start the Rio Grande do Sul production of nitrogenous fertilizers in the year of 2019. The confirmation of the start date of construction depends on obtaining the offtake agreements for long-term sales of the fertilizers that will be produced in Candiota. "We will use existing infrastructure to transport the fertilizers to the entire state of Rio Grande do Sul and Brazil", the President of the company points out.

Raising investments of over US\$ 2.8 billion (exceeding R\$ 6 billion), according to presentation given yesterday by the President of TransGas, the project will create five thousand temporary construction jobs. After being completed, the facility will have 300 permanent job posts. Contractors and partners will create more 300 jobs and 600 jobs in the areas of infrastructure and mining.

JORNAL MINUANO

June 4th, 2015

Bagé, Brazil

Original article in Portuguese:

<http://www.jornalminuano.com.br/VisualizarNoticia/18460/em-presa-norte-americana-vai-se-instalar-em-candiota.aspx#prettyPhoto>