

Argonaut Gold Announces Third Quarter 2012 Revenue of \$72.9 Million and Net Income of \$27.2 Million

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Earnings Per Basic Share of \$0.29

TORONTO, ONTARIO -- (Marketwire) -- 11/14/12 -- [Argonaut Gold Inc.](#) (TSX: AR) (the "Company", "Argonaut Gold" or "Argonaut") is pleased to announce its financial and operating results for the third quarter ended September 30, 2012. All dollar amounts are expressed in United States dollars unless otherwise specified.

THIRD QUARTER 2012 & RECENT HIGHLIGHTS

Financials

- Revenue of \$72.9 million (\$22.7 million in Q3 2011).
- Net income of \$27.2 million, \$0.29 per basic share.
- Cash flows from operating activities of \$36.5 million.
- Cash on hand was \$42.8 million at September 30, 2012.
- Repayment of \$6 million debt and the Company is now debt free.

Gold Production and Cost

- Ounces loaded to pads: 53,906 gold ounces.
 - El Castillo: 41,630 ounces (39% increase from Q3 2011).
 - La Colorada: 12,276 gold ounces and 1,164,742 silver ounces.
- Production of 31,074 gold ounces in the third quarter of 2012.
 - El Castillo: 24,575 gold ounces.
 - La Colorada: 6,499 gold ounces and 41,937 silver ounces.
- Cash cost per gold ounce sold - \$577 (Year to date \$601).

Operational Improvements:

- Capital expenditures of \$8.8 million on mineral properties, plant and equipment.
- El Castillo
 - Conveying and stacking system on the East Side Pad was fully functional during the third quarter
 - West Side Pad 8 permit granted, with pad construction to be commenced in fourth quarter
 - Land agreement signed extending term for an additional 10 year period
- La Colorada
 - Explosives permit received to begin full scale mining in 2013
 - Phase 2 pad construction is one-third complete
 - Refining facility completed; now handling all materials from El Castillo and La Colorada
 - During Q3 of 2012, overburden removal commenced to prepare for fresh ore mining

Exploration

- Signed letter of intent with [Bravada Gold Corp.](#) for the Wind Mountain Project in Nevada; the project aligns with jurisdictional focus, low entry risk, reasonable acquisition cost of \$30/ounce and good exploration potential on the project.

This press release should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the third quarter ended September 30, 2012 and associated management's discussion and analysis ("MD&A") which are available from the Company's website, www.argonautgold.com, in the "Investors" section under "Financial Filings", and under the Company's profile on SEDAR at www.sedar.com.

Financials	Three months ended September 30,			Nine months ended September 30,		
	2012	2011	Change	2012	2011	Change
Revenue (\$ millions)	\$ 72.9	\$ 22.7	+221%	\$ 134.8	\$ 70.0	+92%
Net income (\$ millions)	\$ 27.2	\$ 6.0	+360%	\$ 45.8	\$ 17.1	+170%
Income per share - basic	\$ 0.29	\$ 0.07	+329%	\$ 0.49	\$ 0.20	+150%
Income per share - diluted	\$ 0.26	\$ 0.06	+333%	\$ 0.44	\$ 0.19	+132%
Cash flow from operating activities (\$ millions)	\$ 36.5	\$ 7.7	+374%	\$ 49.6	\$ 19.4	+156%
Gold ounces sold	42,534	13,260	+221%	80,279	46,052	+74%
Gold ounces produced	31,074	16,884	+84%	76,081	52,351	+45%
Average realized gold sales price	\$ 1,666	\$ 1,707	-2%	\$ 1,649	\$ 1,517	+9%
Overall Cash cost per gold ounce sold	\$ 577	\$ 628	-8%	\$ 601	\$ 597	+1%

Financial Results - Third Quarter 2012

During the third quarter of 2012, revenue was \$72.9 million from gold sales of 42,534 ounces compared to \$22.7 million from sales of 13,260 ounces in the third quarter of 2011. Cost of sales was \$34.8 million for the quarter compared to \$10.8 million for the third quarter of 2011. Cash cost per gold ounce sold was \$577 compared to \$628 in the same period of 2011. (Cash cost per gold ounce sold is a non-IFRS measure, see note below).

During the third quarter of 2012, gross profit was \$38.0 million compared to \$11.9 million gross profit in the third quarter of 2011. During the quarter, profit from operations was \$35.7 million compared to \$10.4 million for 2011. Net income for the quarter was \$26.2 million or \$0.29 per basic share versus \$6.0 million or \$0.07 per basic share in 2011.

Cash on hand increased from \$21.4 million at June 30, 2012 to \$42.8 million. Capital expenditures in the third quarter were \$8.8 million primarily as a result of expanding operations at the El Castillo and La Colorada mines. The 2012 capital expenditures and exploration programs for Argonaut Gold includes \$47-\$50 million at El Castillo, La Colorada and San Antonio which includes pre-production stripping at La Colorada of approximately \$3-4 million. Cash flow from operations was \$36.5 million during the quarter, compared to \$7.7 million for the third quarter of 2011.

CEO Commentary

Mr. Pete Dougherty, Argonaut's President and CEO states: "The Company saw both record gold production as well as record gold sales during the third quarter. The record sales during the third quarter provided a nice boost in earnings for our shareholders and allowed us to repay a \$6 million short term debt note. The increase in production is the result of higher grade than that anticipated by the mine plan grade, commissioning of the west side pad and realizing the full benefits of the new stacking and conveying system at El Castillo."

In commenting on the recent announcement regarding the acquisition of Prodigy Gold, Mr. Dougherty added: "Argonaut Gold was created with the idea of building a company that would produce between 300,000-500,000 ounces of gold annually. With the pending addition of the Magino mine in Ontario, we will have the gold resources available to achieve our vision to continue the creation of a gold mining company with a high leverage to gold resources, low capital entry point, low operational costs and a stream of projects that contain hidden value drivers. Execution of that vision will be the result of the Argonaut employees striving to obtain greater results every day, as they have previously demonstrated, since we have been in

operation."

El Castillo Operating Statistics

	3 Months Ended September 30,			9 Months Ended September 30,		
	2012	2011	Change	2012	2011	Change
Mining (000s)						
Total tonnes mined	6,355	4,842	+31%	17,358	14,572	+19%
Tonnes ore mined	3,083	2,908	+6%	8,640	8,233	+5%
Heap Leach Pad (000s)						
Direct ore tonnes to pad	1,811	2,283	-21%	5,528	6,016	-8%
Crushed ore tonnes to pad	1,270	613	+107%	3,273	2,202	+49%
Production						
Gold grade (g/t)	0.42	0.32	+38%	0.40	0.33	+19%
Gold loaded to pad (oz)	41,630	29,997	+39%	112,133	87,777	+28%
Gold loaded to carbon (oz)	24,575	16,884	+46%	61,907	52,351	+18%
Gold sold (oz)	33,839	13,260	+155%	66,286	46,052	+44%
(1) "g/t" is grams per tonne						
(2) "oz" means ounce						

El Castillo Summary of Production Results

Total tonnes mined in the third quarter 2012 were up 31 percent compared to the third quarter 2011. Of note, there was a 107% increase in crushed tonnes during the third quarter of 2012 over the third quarter of 2011. The total ounces loaded to the pad were 41,630 in the third quarter; a 39% increase over the third quarter of 2011.

The strip ratio of waste to ore was 1.06 compared to a strip ratio of 0.66 in the third quarter of 2011.

2012 production guidance at El Castillo has been increased to 84,000-85,000 ounces with a cash cost between \$625 and \$650 per gold ounce.

	3 Months Ended			
	Q3	Q2	%	YTD
La Colorada Operating Statistics	2012	2012	Change	2012
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Mining (000s)				

Total tonnes moved	2,708	840	+222%	4,226
Heap Leach Pad (000s)				

Crushed ore tonnes to pad	848	744	+14%	2,272
Production				

Gold grade (g/t)	0.43	0.43	+0%	0.43
Gold loaded to pad (oz)	12,276	10,173	+21%	31,335
Gold loaded to carbon (oz)	6,499	4,590	+42%	14,174
Silver loaded to carbon (oz)	41,937	25,796	+63%	84,915
Gold sold (oz)	8,695	5,298	+64%	13,993
Silver sold (oz)	52,861	9,748	+442%	62,609
(1) "g/t" is grams per tonne				
(2) "oz" means ounce				

La Colorada Summary of Production Results

Approximately three quarters of the Phase 1 material to be reprocessed has been recrushed and restacked for leaching. Construction on pads 8, 10 & 11 has begun and approximately one-third of the pad has been

completed. The crusher relocation and enhancements are scheduled for Q4 which has led to production estimates of 3-4,000 ounces of gold. Final crushing circuit expansion is scheduled for early in Q2 of 2013.

Overburden removal began in the third quarter of 2012 with approximately 1.8 million tonnes moved. 2012 production guidance at La Colorada was been increased to 17,000 -18,000 ounces with a cash cost between \$625 and \$650 per gold ounce.

Looking Forward - 2012:

The Company plans on investing a total of between \$48 million to \$50 million on capital expenditures and exploration initiatives in 2012.

- \$33-34 million of capital expenditure investments
 - El Castillo - Capital expenditures are primarily for expanding West heap leach pad capacity and operational improvements including a conveying and stacking system.
 - La Colorada - Capital expenditures are primarily for new infrastructure including crushing, screening and conveying, heap leach pad construction, a gold recovery plant and refinery, and other infrastructure. Additional expenditures are expected to include land acquisition, and permitting.
 - San Antonio - Capital expenditures are allocated for engineering and environmental studies, land and water rights purchases, permitting for the project and infrastructure improvements.
- \$5 million for La Colorada pre-production stripping costs
- \$10-11 million exploration program
 - El Castillo - 1,400 metre core drilling program to collect mineralized sulphide ore for further metallurgical test work.
 - La Colorada - 35,000 metre drill program to expand resource areas and test multiple exploration targets within the Company's land position is in progress. Planned drilling on mine dumps and stockpiles was completed during the quarter. The main resource targets for 2012 are El Creston and Veta Madre.
 - San Antonio - 10,500 metre drill program to test multiple exploration targets and complete condemnation drilling in areas of planned processing facilities is ongoing.

Non-IFRS Measures

The Company included the non-IFRS measure "Cash cost per gold ounce sold" in this press release to supplement its financial statements which are presented in accordance with International Financial Reporting Standards ("IFRS"). Cash cost per gold ounce sold is equal to cost of sales less silver sales divided by gold ounces sold. The Company believes that this measure provides investors with an improved ability to evaluate the performance of the Company. Non-IFRS measures do not have any standardized meaning prescribed under IFRS. Therefore they may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Please see the MD&A for full disclosure on non-IFRS measures.

Technical Information and Mineral Properties Reports

The technical information contained in this document has been prepared under supervision of, and reviewed and approved by Mr. Thomas H. Burkhart, Argonaut's Vice President of Exploration, and a qualified person as defined by National Instrument 43-101 ("NI 43-101"). For further information on the Company's properties please see the reports as listed below on the Company's website or on www.sedar.com:

El Castillo Mine	NI 43-101 Technical Report on Resources and Reserves, Argonaut Gold Inc. , El Castillo Mine, Durango State, Mexico dated November 6, 2010
La Colorada Property	NI 43-101 Preliminary Economic Assessment La Colorada Project, Sonora, Mexico dated December 30, 2011
San Antonio Gold Project	Technical Report and Mineral Resource Estimate on the San Antonio Gold Project, Baja California Sur, Mexico dated June 30, 2011
La Fortuna Property	La Fortuna, Durango, Mexico, Technical Report dated October 21, 2008

About Argonaut Gold

Argonaut is a Canadian gold company engaged in exploration, mine development and production activities. Its primary assets are the production-stage El Castillo Mine in the State of Durango, Mexico, the La Colorada Mine in the State of Sonora, Mexico, the advanced exploration stage San Antonio project in the State of Baja California Sur, Mexico, and several exploration stage projects, all of which are located in Mexico.

Creating Value Beyond Gold

Cautionary Note Regarding Forward-looking Statements

This news release contains forward-looking statements that involve risks and uncertainties that could cause results to differ materially from management's current expectations. Actual results may differ materially due to a number of factors. Except as required by law, [Argonaut Gold Inc.](#) assumes no obligation to update the forward-looking information contained in this news release.

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