

Anaconda Mining Posts \$7.4 Million, or \$0.04 Per Share, in Net Income for Fiscal 2013

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TORONTO, ONTARIO--(Marketwired - Aug 29, 2013) - [Anaconda Mining Inc.](#) ("Anaconda" or "the Company") (TSX:ANX) is pleased to report its financial and operating results for the fiscal year ended May 31, 2013. The Company generated net income of \$7,438,629 or \$0.04 per fully diluted share compared with net income of \$3,298,063 or \$0.02 per fully diluted share for the fiscal year ended May 31, 2012. Fiscal 2013 net income consisted of income from operations of \$3,460,629 or \$0.02 per share and the recording of a deferred income tax recovery of \$3,978,000 or \$0.02 per share. Deferred income tax assets were recorded when the Company removed its going concern note to the financial statements and recognized the tax value of its income tax loss carry forward amounts.

President and CEO, Dustin Angelo, stated, "The Company had another record year in terms of sales volume, revenue, operating cash flow and net income. We generated nearly \$7 million in EBITDA and over \$9 million in mine level cash flow, which is tremendous when you consider our market capitalization. We were also successful in achieving our number one goal for the fiscal year, which was to pay off all of our high cost debt. As at May 31, 2013, we had a very clean balance sheet with only approximately \$260,000 in low cost, government issued loans. The balance sheet will be fortified in September when the Company receives the US\$1 million commercial production milestone payment from our partners in Chile. Going forward, we will also begin to receive royalty payments from Chile so this non-core asset has, once again, become a cash generator."

The Company's core gold mining business continues to improve and management has set challenging goals for fiscal 2014. The Company has budgeted to produce and sell approximately 18,000 ounces of gold for the year and generate nearly \$4 million in net income using a gold price of \$1,400 per ounce and an average head grade of approximately 2.1 grams per tonne. Cash operating costs at the mine level (production, royalty, Pine Cove G&A, etc.) are expected to be approximately \$960 per ounce and all in cash costs including corporate, capital expenditures and exploration are projected to be approximately \$1,200 per ounce.

Highlights for the fiscal year ended May 31, 2013

BALANCE SHEET IMPROVEMENT:

- As at May 31, 2013, the Company had cash and cash equivalents of \$466,899 and net working capital of \$1,333,047.
- During the year ended May 31, 2013, the Company made principal payments of \$4,054,727 and reduced its overall principal amount of debt to \$262,338. Of the total principal paid, \$3,697,280 went against its Series I Debenture, Series II Debenture and the Thorsen loan, paying off these obligations in full.

OPERATING PERFORMANCE:

- For the year ended May 31, 2013, the Company sold 14,879 ounces of gold and generated \$24,173,439 in revenue at an average sales price of \$1,625 per ounce.
- Cash operating cost per ounce sold at the Pine Cove Project for the year ended May 31, 2013 was \$1,004 per ounce.
- Total cash cost per ounce sold, including corporate administration, capital expenditures and exploration and evaluation asset costs for the year ended May 31, 2013 was \$1,341 per ounce.
- At the Pine Cove project, earnings before interest, depreciation and depletion and share based compensation ("EBITDA") for the year ended May 31, 2013 was \$9,233,758.
- On a consolidated basis, EBITDA for the year ended May 31, 2013 was \$6,914,426.

- Net income for the year ended May 31, 2013 was \$7,438,629 or \$0.04 per share basic and \$0.04 per fully diluted share, respectively. Net income attributable to operations was \$3,460,629 or \$0.02 per share and net income related to the recording of a deferred income tax asset was \$3,978,000 or \$0.02 per share.
- Purchase of property, mill and equipment for the year ended May 31, 2013 was \$1,665,632.

GROWTH INITIATIVES:

- Approximately \$1,023,000 was spent at the Pine Cove project on exploration for the year ended May 31, 2013. The Company's exploration initiatives focused on drilling the down-dip and western extensions of the pit, prospecting the properties across the Pine Cove project and obtaining a bulk sample from the Romeo and Juliet prospect.
- During fiscal 2013, the Company entered into 3 option agreements and staked nearly 300 acres, increasing its land package within the Pine Cove project to approximately 4,785 hectares.

Operations overview

During the year ended May 31, 2013, the gold sales volume of 14,879 ounces represented a 24% increase over the same period in 2012. Average sales price for the year was \$1,625 per ounce versus \$1,662 per ounce for the year of fiscal 2012, a 2% decrease. As a result of the higher sales volume, gross revenue during the year ended May 31, 2013, of \$24,172,439, was significantly higher than the same period in the previous fiscal year by \$4,266,683. The higher overall gold output compared to the previous year was a result of higher grade and recovery.

The following table summarizes the key operating metrics for fiscal 2013 and 2012.

	May 31 2013	May 31 2012
OPERATING STATISTICS:		
Mill		
Operating days	323	314
Availability	87%	85%
Dry tonnes processed	287,747	286,139
Tonnes per 24-hour period	890	925
Grade (grams per tonne)	1.99	1.81
Overall mill recovery	83%	80%
Gold sales volume (troy oz.)	14,879	11,978
Mine		
Operating days	234	239
Ore production (tonnes)	309,059	272,854
Waste production (tonnes)	1,649,408	1,306,163
Total production (tonnes)	1,958,467	1,579,017
Waste: Ore ratio	5.34	4.80

MILLING OPERATIONS

The Pine Cove mill operated for 323 days during the year at 87% availability. The mill processed 287,747 dry tonnes of ore (890 tonnes per operating day) at an average head grade of 1.99 grams per tonne ("g/t"), higher than the 1.90 g/t projected for the year. Overall mill recovery averaged 83% for the year, which was on budget.

Mill availability and throughput was best in the second and fourth quarters when there were no significant weather issues or maintenance down time. In the first quarter, the mill was down in August 2012 for a two week maintenance period, slightly longer than planned. In the third quarter, significant snowfall followed by extended periods of rain and freezing rain contributed to some mechanical failures and lower availability of the crushing plant during the winter. In addition, there were two weather related power outages/incidents causing site shutdowns. Subsequent mechanical improvements together with an extension in the crushing schedule alleviated availability issues going into the final quarter of fiscal 2013. These improvements allowed the site to achieve crushing capacity in excess of the mill capacity. Consequently, the site maintained

consistent feed to the ball mill and several days of crushed ore for unscheduled mechanical downtime. The following table summarizes the key mill operating statistics for the year ended May 31, 2013.

	Q1 '13	Q2 '13	Q3 '13	Q4 '13	Total/ Avg.
OPERATING STATISTICS:					
Operating days	74	86	77	86	323
Availability	77%	94%	85%	94%	87%
Dry tonnes processed	62,865	76,292	63,822	84,768	287,747
Tonnes per 24-hour period	854	884	830	982	890
Grade (grams per tonne)	1.84	1.76	2.17	2.18	1.99
Overall mill recovery	84%	83%	83%	84%	83%
Gold sales volume (troy oz.)	4,217	3,194	3,101	4,367	14,879

MINING OPERATIONS

Mining activities operated for a total of 234 days during the year and excavated a total of 1,958,467 tonnes of ore and waste. Ore production totaled approximately 309,000 tonnes which was right at budget, while waste was approximately 1,649,000 tonnes for a strip ratio of 5.3 : 1, also very close to plan. Operating days were reduced in the final two quarters as a result of over production relative to budget in the first two quarters. The following table summarizes the key mine operating statistics for the year ended May 31, 2013.

	Q1 '13	Q2 '13	Q3 '13	Q4 '13	Total/ Avg.
OPERATING STATISTICS:					
Operating days	66	64	52	52	234
Ore production (tonnes)	88,159	61,172	86,025	73,703	309,059
Waste production (tonnes)	517,021	494,856	335,669	301,862	1,649,408
Total production (tonnes)	605,180	556,028	421,694	375,565	1,958,467
Waste: Ore ratio	5.86	8.09	3.90	4.10	5.34

EXPLORATION

The Company, through a combination of staking and option agreements holds mineral exploration rights to approximately 4,785 hectares comprising the Pine Cove Project. These rights cover highly prospective rocks of the Point Rousse ophiolite complex which is known to host "Mother-Lode-Style" gold mineralization. The fiscal 2013 exploration program had three objectives:

- 1) to re-evaluate the exploration potential immediately north and west of the Pine Cove deposit;
- 2) to identify trenching and diamond-drill targets regionally across the Pine Cove project; and
- 3) to obtain a bulk sample from the Romeo and Juliet prospect for metallurgical testing.

1. **Pine Cove Down-Dip and Western Extension Exploration:** Historic drilling immediately north of the Pine Cove deposit indicated potential for additional gold mineralization down-dip of the Pine Cove deposit. In 2011 and 2012, drilling was completed approximately 100 meters north of the mine. Drill hole PC-11-181 intersected 2.50 grams per tonne gold over 40.8 meters and PC-12-189 intersected 32 meters grading 0.848 grams per tonne. During the fiscal year, the Company completed a twenty-hole, 3,296-metre program successfully exploring the area immediately west and down-dip of the Pine Cove deposit. Subsequent to the end of fiscal 2013, a review and compilation of diamond-drill results from the winter drill program was completed. A detailed structural interpretation was recommended to guide future exploration efforts. A structural study of the Pine Cove mine area was initiated in late July, 2013. Results are anticipated by the fall of 2013.

Highlights:

Western Extension Area

- Hole PC-13-196 intersected 11.4 metres of 2.19 grams per tonne ("g/t") gold from a depth of 26.6 meters;
- Additional mineralization in hole PC-13-196 was intersected at 63.9 metres and again at 96.0 metres;
- Hole PC-13-202 intersected 26.87 metres of 1.81 g/t from a depth of 73 metres and 12.7 metres of 1.28 g/t gold from a depth of 108.9 metres;
- Hole PC-13-210 intersected 41 metres of 2.34 g/t gold from a depth of 51 metres.

Down-dip Extension Area

- Hole PC-13-195 intersected 12.06 metres of 3.32 g/t gold from a depth of 168.66 metres;
- Hole PC-13-199 intersected 3.06 metres of 7.69 g/t gold from a depth of 147.2 metres;
- Four, widely spaced drill holes all intersected mineralization up dip from PC-11-181, which assayed 2.50 g/t gold over a core length of 40.8 metres (Anaconda Press Release, July 27, 2011).

1. **Regional Exploration:** Past mineral exploration activities in the Ming's Bight area on the Baie Verte Peninsula, dating mainly from the period 1985-1990, resulted in an extensive collection of archived data that includes more than 30,000 gold-in-soil geochemical analyses. Much of this data has never been adequately followed up and many anomalies have not been explained. Compilation and digitizing of this historic geophysical and soil geochemical data was initiated by Tenacity and completed by Anaconda. Prospecting teams have followed up much of the historic soil data and completed infill sampling in some areas.

As a result of the positive sampling results, trenching targets have been identified in the Ming's Bight and Goldenville areas. Because of positive sampling results from the Goldenville area, Anaconda optioned three mineral licenses from local prospectors (Press Release dated December 11, 2012) and now controls a 4-kilometer strike length of the Goldenville iron formation.

Trenching has also been completed in the Pine Cove North area. Three trenches exposed shear-related, strongly silicified and iron-carbonitized mafic volcanic rocks locally containing disseminated pyrite. These altered zones are anomalous in gold over exposed trench lengths of greater than 30 meters with assay values up to 820 ppb over one meter channel intervals.

Additional work is planned for both the Pine Cove North and Goldenville areas.

In June, after the fiscal year end, Fugro Airborne Services completed a helicopter-borne Electromagnetic/Magnetic survey over the entire Pine Cove Project. The Dighem EM/Horizontal Magnetic Gradiometer survey targeted ophiolitic and cover sequence rocks of the Point Rousse Complex. The survey covered approximately 700 line kilometers at a flight line spacing of 75 meters. The data will be used in conjunction with archived gold-in-soil geochemical data and prospecting to further delineate exploration targets.

1. **Romeo and Juliet Bulk Sample:** The Romeo and Juliet prospect is a gold-bearing quartz vein system located 1.5 kilometers northwest of the Pine Cove mine. The veins were discovered in 1988 and have been trenching and tested by 18 shallow diamond-drill holes. The veins contain very fine, free gold making sampling a challenge ("nugget effect") as historic chip and channel samples returned quite variable assay values including 1.15 grams per tonne gold over 6 metres from the Romeo zone up to 23 grams per tonne over 1.0 metre from the Juliet zone. In 1993, a 10-tonne "mini" bulk sample was collected from the Juliet zone and 3,035 kilograms were processed returning a head grade of 36.68 grams per tonne gold (this data is historic in nature and has not been verified by the Company). In August 2012, 24 grab samples were collected from the Juliet zone and assay results ranged from a low of 10 parts-per-billion gold up to 130.7 grams per tonne gold. In the late fall of 2012 Anaconda extracted a 1,000-tonne bulk sample from the Juliet zone and stockpiled the broken quartz vein material at the Pine Cove mine where it was crushed.

Five representative samples of crushed quartz, averaging 12.6 kg, were processed at Accurassay Laboratories in Thunder Bay by cyanide extraction (bottle roll testing). The weighted average assay of the five samples is 5.71 g/t gold and is representative of the gold grade within the near surface portion of the Juliet zone where the bulk sample was extracted. Table 1 contains the head grade assay results for the five samples.

Table 1. Gold head grade assay results from Anaconda's Romeo and Juliet bulk sample.

Sample	Mass (grams)	Grade (g/t gold)
68956	11,842	6.32
68957	12,774	5.14
68958	12,299	5.15
68959	13,061	4.91
68960	13,018	7.05

Romeo and Juliet Project Plan

The Company initiated metallurgical testing and pilot milling of the Romeo and Juliet material. Ideally, the quartz vein hosted mineralization would supplement the current sulfide hosted mineralization to maximize the current circuit configuration of the mill. The Company is also planning to calculate a preliminary resource estimate after receiving the results from the 2,000 metre in-fill diamond-drill program that was initiated in July and completed by mid-August, 2013. Pending a favorable resource estimate, Anaconda is considering an underground exploration program, to better define grades and geometry.

The information in this release has been reviewed and approved by David Evans, P. Geo., with Silvertip Exploration Consultants Inc., a "Qualified Person" under National Instrument 43-101.

ABOUT ANACONDA

Headquartered in Toronto, Canada, Anaconda is a growth oriented, gold mining and exploration company with a producing asset located on the Baie Verte Peninsula in Newfoundland, Canada called the Pine Cove mine.

FORWARD-LOOKING STATEMENTS

This document contains or refers to forward-looking information. Such forward-looking information includes, among other things, statements regarding targets, estimates and/or assumptions in respect of future production, mine development costs, unit costs, capital costs, timing of commencement of operations and future economic, market and other conditions, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to: the final approval of the private placement by the Toronto Stock Exchange; the grade and recovery of ore which is mined varying from estimates; capital and operating costs varying significantly from estimates; inflation; changes in exchange rates; fluctuations in commodity prices; delays in the development of the any project caused by unavailability of equipment, labour or supplies, climatic conditions or otherwise; termination or revision of any debt financing; failure to raise additional funds required to finance the completion of a project; and other factors. Additionally, forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Forward-looking statements may include words such as "plans", "may", "estimates", "expects", "indicates", "targeting", "potential" and similar expressions. These forward-looking statements, including statements regarding Anaconda's beliefs in the potential mineralization, are based on current expectations and entail various risks and uncertainties. Forward-looking statements are subject to significant risks and uncertainties and other factors that could cause actual results to differ materially from expected results. Readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and we assume no responsibility to update them or revise them to reflect new events or circumstances, except as required by law.

Contact

[Anaconda Mining Inc.](#)

Dustin Angelo

President and CEO

(647) 260-1248

dangelo@anacondamining.com

www.anacondamining.com

ProConsul Capital Ltd.

Andreas Curkovic

Investor Relations

(416) 577-9927

acurkovic@proconsulcapital.com

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