

EUROPEAN GOLDFIELDS LIMITED - RESULTS FOR 2010

15.03.2011 | [CNW](#)

WHITEHORSE, March 15 /CNW/ --

WHITEHORSE, March 15 /CNW/ - European Goldfields Limited (TSX / AIM: EGU) ('European Goldfields' or the 'Company') today announces its results for the year ended 31 December 2010. The financial statements, as well as the accompanying management's discussion and analysis, are available for review at <http://www.egoldfields.com/egoldfields/en/financials/annuals> and should be read in conjunction with this news release.

2010 Highlights

Greece

- EIS public consultation concluded with unanimous local government approval in December 2010
- US\$300m Hellas Gold financing - Banks mandated

Romania

- Final EIS submitted and public consultation underway
- US\$135m financing package secured

Exploration

- Greece - Piavitsa drill results confirm high grade mineralisation
- Romania - Significant assay results in the vicinity of Certelj
- Turkey - Exploration confirms high grades at Salinbas
- US\$15m budget for 2011

Financial

- Sales of US\$49.9m
- Gross profit of US\$4.8m
- Q4 Stratoni financial performance the best since 2007
- Project investment of US\$47m in 2010
- Working capital of US\$80m as at 31 December 2010

Martyn Konig, Executive Chairman and President, commented:

'Underpinned by another year of solid performance at our Stratoni mine in Greece, which had its best financial performance in Q4 2010 since 2007, mostly due to higher realised base metal prices, we have made exceptional progress in advancing the permitting process of our development projects in both Greece and Romania. We were delighted to receive the unanimous approval of the local Prefectural Council for our Greek projects at the end of the year and are now initiating the same public consultation process in Romania. Quite rightly, the environmental permitting of our development projects has been a technically detailed and exhaustive process. We are pleased that this work is now largely complete, with our Greek EIS approval imminent and the Romanian EIS going through the public consultation process. We therefore look forward to commencing construction on all of our development projects in 2011, which will be a transformational year for the Company.'

SELECTED FINANCIAL DATA

	Year ended 31 December	
(in thousands of US dollars, except per share amounts)	2010 \$	2009 \$
Statement of profit and loss		
Sales	49,855	62,712
Gross profit	4,816	11,670
(Loss)/Profit before income tax	(42,620)	(8,351)
Income taxes	(623)	(3,376)
(Loss)/Profit after income tax	(43,243)	(11,727)
Non-controlling interest	436	(56)
(Loss)/Profit for the period	(42,807)	(11,783)
(Loss)/Earnings per share	(0.23)	(0.07)

(in thousands of US dollars)	31 December 2010 \$	31 December 2009 \$
Balance sheet		
Working capital	79,635	146,799
Total assets	718,813	744,100

European Goldfields' operations in 2010 were limited to the base metal operation at Stratoni, as the Olympias gold concentrate sales ceased after the end of 2009. Sales therefore declined by 21% in 2010, as no high margin gold sales were achieved. However, improved base metal prices allowed the Stratoni mine to record earnings before interest, taxation, depreciation and amortisation ('EBITDA') of \$13.0m and a gross profit of \$5.5m for 2010. Higher expenses, primarily relating to the corporate build-out in preparation for the development of our projects and non cash share-based compensation, resulted in a larger loss before tax of \$42.6 million for 2010 compared to a loss of \$8.4 million in 2009.

European Goldfields' audited consolidated financial statements and management's discussion and analysis for the years ended 31 December 2010 and 2009 are filed on SEDAR at www.sedar.com.

OPERATIONAL AND DEVELOPMENT HIGHLIGHTS

GREECE SUMMARY

- EIS public consultation concluded with unanimous support
- Production from Stratoni mine above schedule for year
- Update of Skouries and Olympias Resources and Reserves underway
- Rehabilitation of the Olympias Plant well advanced

EIS - Public consultation concluded with unanimous support - In December, the Company was pleased to announce that the public consultation process for the development of the Project concluded with unanimous support from the local Prefectural Council for the Environmental Impact Study ('EIS'). This was the conclusion of the formal public consultation process as required by law. The endorsement of the Prefectural Council was sent to the Ministry of Environment, Energy and Climate Change for its final approval of the EIS.

The Project consists of:

Α. Continuation of operations at the Mavres Petres deposit of the Stratoni Mine.

Β. The next stages of the Olympias project, namely the mining and processing of ore and metallurgical treatment of the concentrate, in accordance with the business plan as originally submitted. This includes the reprocessing of previously mined tailings.

C. The development of mining and processing at the Skouries project; and

D. The expansion of port facilities at Stratoni in service of the above projects' operations.

Project Finance - Mandate for \$300m Hellas Gold debt financing signed - The Company has signed a mandate letter with a group of financial institutions (collectively, the 'MLAs') to arrange a US\$300 million secured term and revolving facility for its Greek subsidiary Hellas Gold SA ('Hellas Gold'). The Facility will be used to fund the development of the Skouries open pit and associated processing facilities, the Olympias concentrator and underground mine refurbishment and general corporate purposes.

The mandate letter has been signed on the basis of a term sheet which has been agreed between the Company and the MLAs, each of which has received approval to proceed with the mandate through their respective initial credit processes. The terms of the facility include no gold or silver hedging requirement and a scheduled tenor of seven years. Since the year end, two additional banks have received initial approvals to join the facility. SRK has also been appointed to undertake technical due diligence on behalf of the MLAs and has recently visited site in that capacity.

Skouries Project - European Goldfields in conjunction with URS/Scott Wilson Mining have undertaken a new National Instrument 43-101 technical study to revise the Resources and Reserves in line with current metal prices and operating and capital costs. The update will be in line with the EIS documentation currently being evaluated by the Greek authorities.

The final phase of the basic engineering of the process plant by Greek engineering group, Enoia, is effectively complete and detailed tender packages to carry out the civil engineering work have been prepared.

Olympias mine and plant rehabilitation in progress - In preparation for tailings reprocessing to produce pyrite arsenopyrite gold rich concentrate, repair work to the concentrator building and plant is nearing completion. A mechanical and electrical audit of the plant has been carried out and the necessary purchase orders prepared ready for placement. Production of the pyrite arsenopyrite gold rich concentrate is scheduled to commence later in 2011.

The refurbishment and enlargement of the mine access decline has also progressed in preparation for the commencement of extending the mine development to allow ore production once the reclamation of tailings is finished.

The Company is currently working toward updating the resources and reserves for Olympias. The update will reflect current metal prices as well as updating operating and capital costs and be in line with the EIS documentation currently being evaluated by the Greek authorities.

Production at Stratoni - Production from the underground mine was higher than scheduled for 2010. The processing plant continued to perform well in terms of throughput, recovery and concentrate quality. In financial terms, the Stratoni operation had its best performance in Q4 2010 since 2007, generating EBITDA of \$5.92 million in the quarter, and \$13.0 million for the year.

The Company's 95%-owned subsidiary Hellas Gold mined a total of 235,674 wet tonnes in 2010 (2009 - 231,397). Sales from Stratoni were as follows:

	2010	2009
Production		
Ore mined (wet tonnes)	235,674	231,397
Sales		
Zinc concentrate (tonnes)	40,892	37,132
- Containing payable Zinc (tonnes)*	16,842	15,276
Lead concentrate (tonnes)	16,759	17,001
- Containing Lead (tonnes)* payable:	11,073	10,867
Silver (oz)*	836,718	823,191
Inventory (end of period)		
Ore mined (wet tonnes)	24	1
Zinc concentrate (tonnes)	2,517	2,817
Lead/silver concentrate (tonnes)	1,740	824

* Net of smelter payable deductions

ROMANIA

- Public consultation underway
- Project Implementation Strategy has commenced
- Technical Project nears completion
- Tender packages prepared

Public consultation underway - Following submission of the EIS for the Company's Certej Project in Romania the final public consultation will take place in April and will be conducted in accordance with EU Directives and Conventions and Romanian Law. Upon the satisfactory conclusion of this final public consultation process, the environmental authorities will re-convene the Technical Analysis Committee to confirm the decision regarding the issuance of the environmental permit.

The final public consultation follows confirmation from the Romanian Authorities that the EIS complies with all Romanian legislation, both from a technical and legal perspective. Notably the Company recently received approval from CONSIB (the National Committee for Large Embankments), a specialist committee constituted under the Ministry of Environment, for the design of the Tailings Management Facilities for the Certej project.

Certej Implementation Strategy Underway - The Certej Project team has finalised the procurement and implementation strategy for the process plant, which divides the flow sheet into three discrete sections: Minerals Processing, Albion oxidation and gold recovery. Invitations to bid have been prepared on this basis for the provision of the equipment and specialist engineering services. Major international equipment companies have already been engaged in a pre-qualification exercise and have confirmed their intention to bid on this basis. As part of their technical due diligence for the project lenders, SRK have reviewed the Company's implementation strategy and is satisfied with its progress to date.

It is also planned that the civil engineering and earth moving works will be awarded to a single contractor to cover the initial construction of the tailings facilities and the preparation of the plant, dump and stockpile areas. Corresponding engineering design work is effectively complete by Cepromin for the Technical Project report, which is a key requirement under Romanian legislation in order to obtain the Construction Permit. Pre-qualification documentation is being prepared to allow early engagement with suitable contracting groups.

Final geotechnical site investigation including drilling and associated engineering studies for the process plant, tailings management facilities and open pits have been completed by the Company in cooperation with Golder Associates UK.

As part of the ongoing preparation for site establishment and mobilisation activities, the project team has identified the critical path items to establish site access. These will be prioritised as soon

as site preparation can commence.

Project Finance - During 2010, the Company significantly advanced the credit committed US\$135 million financing package to part fund the development costs of the Certej gold-silver Project in Romania, through legal documentation and technical, environmental and social due diligence. The structure of the financing package consists of an eight year US\$120 million secured limited recourse debt facility and a US\$15 million secured equipment lease facility. The commitments are on the basis of detailed term sheets which have been agreed with the Company and a Technical, Environmental and Social Audit of the Project conducted by SRK Consulting on behalf of the banks. The terms of the facility include no hedging that limits upside exposure of shareholders to gold prices.

EXPLORATION

The Board of Directors has approved a group-wide, results driven exploration budget of US\$15 million for 2011.

Greece - Work has focused on the Piavitsa prospect, which historic drilling has shown to be an Olympias look-alike target with high grade polymetallic mineralisation in massive sulphides. New sampling of previously drilled core has confirmed that the previously identified high grade massive sulphide mineralisation occurs within a lower grade halo. Further drilling is planned in 2011 with the objective of delineating a preliminary resource on this target. Soil geochemical samples have also been taken and these have confirmed extensions to the known Piavitsa mineralisation, indicated by conductive units which were revealed by an airborne geophysical survey. The extension targets will also be drill tested in 2011.

Romania - Four exploration boreholes were drilled to test potential gold mineralisation that is close to, but currently outside, the planned Certej open pit footprint. Significant assay results include 17m grading 3.40 g/t gold and 3.76 g/t silver west of the open pit and 16m grading 2.24 g/t gold and 2.94 g/t silver northwest of the pit. Further drilling and trenching is planned in early 2011.

A new exploration survey located 12km northwest of Certej, within the vicinity of an historic gold mining area, has identified a number of significant anomalies, supported by ground geophysics soil geochemistry and mapping. The anomalies potentially represent previously undiscovered extensions to zones of gold mineralisation. Preparations are currently being made to drill the most significant anomalies in 2011.

Turkey - Exploration has focused on three targets: the Salinbas Gold Zone, the Ardala copper-gold porphyry within the Ariana joint venture and the Derinkoy gold target in the Aldridge Minerals joint venture. Regional sampling aimed at selecting other targets for licence applications has also continued across the Pontide region. Results from the trenching and initial drilling programme in Turkey have been highly encouraging and continued drilling is expected to yield further results in the coming months

About European Goldfields

European Goldfields is a developer-producer with globally significant gold reserves located within the European Union. The Company generates cash flow from its 95% owned Straton operation, a high grade lead/zinc/silver mine in North-Eastern Greece. European Goldfields will evolve into a mid-tier producer through responsible development of its project pipeline of gold and base metal deposits at Skouries and Olympias in Greece and Certej in Romania. The Company plans future growth through development of its highly prospective exploration portfolio in Greece, Romania and Turkey.

In Turkey, European Goldfields operates an exploration programme through two Joint Venture ('JV') companies. The JV with Ariana Resources is focused on the Greater Pontides region of Turkey, a highly prospective geological terrain containing several major deposits. The JV with Aldridge focuses on the Derinkoy properties which are adjacent to the Ardala property in N.E Turkey and show very encouraging styles of gold mineralisation. The properties lie within an area of interest known as the 'Pontid JV' which is defined as part of the Ariana JV agreement.

Patrick Forward supervised and prepared the scientific and technical information included in this press release. Mr. Forward is a 'qualified person' for purposes of National Instrument 43-101. Mr. Forward is an employee of European Goldfields.

Disclosure of mineral resources and reserves for Deva Gold's Certej deposit is derived from a technical report dated 26 February 2009 prepared under the supervision of Patrick Forward, the Company's Vice President, Projects and Exploration, a 'Qualified Person' under NI 43-101. The report discloses the data verification procedures that have been used in collecting, compiling, interpreting and processing the data used to estimate resources and reserves. The data verification procedures for the exploration boreholes are similar to those described in such report. The data verification process includes quality assurance and quality control procedures put in place by the Company as described in the report, and reviews by independent consultants of drill hole information on geological sections prepared by the Company and previous owners.

Forward-looking statements

Certain statements and information contained in this document, including any information as to the Company's future financial or operating performance and other statements that express management's expectations or estimates of future performance, constitute forward-looking information under provisions of Canadian provincial securities laws. When used in this document, the words 'anticipate', 'expect', 'will', 'intend', 'estimate', 'forecast', 'planned' and similar expressions are intended to identify forward-looking statements or information. Forward-looking statements include, but are not limited to, the estimation of mineral reserves and resources, the timing and amount of estimated future production, costs and timing of development of new

deposits, permitting time lines and expectations regarding metal recovery rates. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies.

The Company cautions the reader that such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of the Company to be materially different from its estimated future results, performance or achievements expressed or implied by those forward-looking statements and the forward-looking statements are not guarantees of future performance. These risks, uncertainties and other factors include, but are not limited to: changes in the price of gold, base metals or certain other commodities (such as fuel and electricity) and currencies; uncertainty of mineral reserves, resources, grades and recovery estimates; uncertainty of future production, capital expenditures and other costs; currency fluctuations; financing and additional capital requirements; the successful and timely permitting of the Company's Skouries, Olympias and Certej projects; legislative, political, social or economic developments in the jurisdictions in which the Company carries on business; operating or technical difficulties in connection with mining or development activities; the speculative nature of gold and base metals exploration and development, including the risks of diminishing quantities or grades of reserves; the risks normally involved in the exploration, development and mining business; and risks associated with internal control over financial reporting. For a more detailed discussion of such risks and material factors or assumptions underlying these forward-looking statements, see the Company's Annual Information Form for the year ended 31 December 2009, filed on SEDAR at www.sedar.com. The Company does not intend, and does not assume any obligation, to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by law.

For further information please see the Company's website at www.egoldfields.com

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European Goldfields

Steve Sharpe, SVP Business Development
e-mail: info@egoldfields.com
Tel: +44 (0)20 7408 9534

Liberum Capital Limited

Simon Atkinson
Tom Fyson
Tel: +44 (0)20 3100 2000

Brunswick

Carole Cable / Fiona Micallef-Eynaud
e-mail: egoldfields@brunswickgroup.com
Tel: +44 (0)20 7404 5959

Evolution Securities Limited

Rob Collins
Tim Redfern
Tel: +44 (0)20 7071 4300

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/100904--EUROPEAN-GOLDFIELDS-LIMITED---RESULTS-FOR-2010.html>

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