

Shore Gold Inc. Announces Third Quarter 2010 Results

10.11.2010 | [CNW](#)

SASKATOON, Nov. 10 - [Shore Gold Inc.](#) ("Shore" or the "Company") reports that the unaudited results of Shore's operations for the quarter ended September 30, 2010 will be filed today on SEDAR and may be viewed at www.sedar.com once posted. A summary of key financial and operating results for the quarter is as follows:

Highlights

- Announced the purchase of the three percent Net Profits Interest ("NPI") for \$1.0 million
- Announced an information gathering agreement with certain First Nation communities
- Increase to diamond prices of 11% to 19% and improvement to the long-term outlook for the diamond market improve Star - Orion South Diamond Project economics
- Working capital of \$21.7 million at September 30, 2010
- Issued and outstanding shares of 224,454,242 at September 30, 2010

Overview

Star - Orion South Diamond Project

During the quarter, Shore exercised its right to purchase the three percent NPI held by a third party (See SGF News Release August 9, 2010). Fifteen claims, three of which are directly associated with the Star Kimberlite, were originally staked by a third party in 1995. These were subsequently transferred to Shore in 1997 for a consideration of the grant of a three percent NPI, payable should a positive production decision be made and the property achieve commercial mineral production. Shore had the option to purchase the NPI any time prior to 90 days after a positive production decision on any of the claims, for \$1.0 million. Based on the current economics of the Star - Orion South Diamond Project, the Company exercised its right prior to a production decision being made.

The Company was also pleased to announce it had reached an agreement with James Smith Cree Nation, Chakastaypasin Band of the Cree and Peter Chapman First Nation ("the Bands") to gather information on traditional aboriginal land use and traditional knowledge in the Fort à la Corne forest (See SGF News Release August 18, 2010). This information will be used in preparation of Shore's Environmental Impact Statement ("EIS") for the Star - Orion South Diamond Project that will be submitted to federal and provincial authorities later this year and will form part of the Environmental Impact Assessment. The agreement with the Bands follows similar agreements reached earlier this year with four other aboriginal parties, namely Sturgeon Lake First Nation, Métis Nation - Saskatchewan Eastern Region II and Western Region II, and Red Earth Cree Nation.

Quarterly Results

For the quarter ended September 30, 2010, the Company recorded a net loss of \$1.0 million or \$0.00 per share compared to a net loss of \$1.3 million or \$0.01 per share for the same period in 2009. The loss for the quarters ended September 30, 2010 and 2009 were primarily due to ongoing operating costs incurred by the Company exceeding interest revenue earned on cash and cash equivalents and short-term investments.

Year to Date Results

For the nine-month period ended September 30, 2010, the Company recorded a net loss of \$1.9 million or \$0.01 per share compared to a net loss of \$7.4 million or \$0.04 per share for the same period in 2009. The

loss during 2010 was primarily due to ongoing operating costs incurred by the Company exceeding interest revenue earned on cash and cash equivalents and short-term investments. Also contributing to the loss during the nine-month period ended September 30, 2010 was the \$0.4 million write-down of mineral property expenditures incurred by the Company on certain of its mineral properties as well as the \$0.9 million equity accounting loss on the Company's investment in Wescan Goldfields Inc. The net loss for the comparative period in 2009 was primarily due to the \$6.3 million write-down of mineral property expenditures incurred by the Company on certain of its mineral properties.

Selected financial highlights include:

Consolidated Balance Sheets As at
September 30,
2010 As at
Dec 31,
2009

Current assets \$ 24.1 M \$ 40.5 M
Capital and other assets 243.7 M 230.8 M
Current liabilities 2.4 M 2.1 M
Long-term liabilities 1.5 M 1.5 M
Share capital 792.0 M 795.3 M
Contributed surplus 28.0 M 26.6 M
Deficit 556.1 M 554.2 M

Consolidated Statements of Income Three months

Ended

September 30,
2010 Three months
Ended

September 30,
2009 Nine months
Ended

September 30,
2010 Nine months
Ended

September 30,
2009

Interest and other income \$ - M \$ - M \$ 0.1 M \$ 0.1 M
Operating expenses 1.1 M 1.4 M 4.6 M 4.2 M
Loss for the period before other items (1.1) M (1.4) M (4.5) M (4.1) M
Change in fair value of investments 0.1 M 0.1 M 0.4 M (0.4) M
Write-down of mineral properties - M - M (0.4) M (6.3) M
Loss from Wescan Goldfields Inc. - M - M (0.9) M - M
Future income taxes - M - M 3.5 M 3.4 M
Net and comprehensive loss for the period (1.0) M (1.3) M (1.9) M (7.4) M
Loss per share (0.00) (0.01) (0.01) (0.04)

Consolidated Statements of Cash Flows Three months

Ended

September 30,
2010 Three months
Ended

September 30,
2009 Nine months
Ended

September 30,
2010 Nine months
Ended

September 30,
2009

Cash flows from operating activities \$ (1.0) M \$ (1.1) M \$ (3.9) M \$ (3.4) M
Cash flows from investing activities 1.4 M 0.9 M 4.8 M (16.5) M
Cash flows from financing activities - M 0.1 M - M 0.1 M
Net increase (decrease) in cash 0.4 M (0.1) M 0.9 M (19.8) M
Cash - beginning of period 3.1 M 2.9 M 2.6 M 22.6 M
Cash - end of period 3.5 M 2.8 M 3.5 M 2.8 M

Outlook

As of November 5, 2010, the Company had approximately \$22.1 million in cash and cash equivalents and short-term investments. The Company is focused on advancing the Star - Orion South Diamond Project based on the positive results of the combined pre-feasibility study and Mineral Reserve estimate ("Combined PFS") which was announced earlier in the year (See SGF News Release February 10, 2010). The updated modeled diamond prices obtained during the second quarter of 2010 will have a significant positive effect on the future economics of the Star - Orion South Diamond Project. These updated prices will enable a recalculation and optimization of the Star and Orion South open pits, resulting in a probable increase in mineral reserves. In addition, since the completion of the diamond revaluation, prices for rough diamonds have continued to rise. The positive outlook for the future of diamond prices and related improved economics of the Combined PFS support the Company's view that the Star and Orion South Kimberlites have the potential to be developed into a world class diamond mine.

The Company's cash and cash equivalents and short-term investments will be used to complete certain required exploration and engineering work based on recommendations in the Combined PFS which will facilitate a production decision on the Star - Orion South Diamond Project. This will include desk-top engineering, data analysis, geotechnical and hydrogeological programs, recalculation and optimization of the Star and Orion South open pits based on the updated diamond price valuation and advancing the EIS. Final field work, detailed desktop engineering and permitting are on track to support a production decision in 2011. The Company's funds will also be used to complete planned exploration programs on Buffalo Hills and for general corporate matters. Cash and cash equivalents and short-term investments may also be used to fund various other exploration activities, to purchase certain construction assets or to acquire and explore additional properties as opportunities warrant.

Technical Information

All technical information in this press release has been prepared under the supervision of George Read, Senior Vice-President of Exploration and Development, Professional Geoscientist in the Provinces of Saskatchewan and British Columbia, and Shawn Harvey, Geology Manager, Professional Geoscientist in the Province of Saskatchewan, who are the Company's "Qualified Persons" under the definition of NI 43-101.

Caution Regarding Forward-looking Statements

This news release contains forward-looking statements within the meaning of certain securities laws, including the "safe harbour" provisions of Canadian securities legislation and the United States Private Securities Litigation Reform Act of 1995. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," and words and expressions of similar import are intended to identify forward-looking statements, and, in particular, statements regarding Shore's future operations, future exploration and development activities or other development plans contain forward-looking statements. Forward-looking statements in this news release include, but are not limited to, forecasts related to the impact of future diamond prices, the use of funds to fund exploration activities or the purchase of construction assets, potential increases in mineral reserves and the exploration of additional properties.

These forward-looking statements are based on Shore's current beliefs as well as assumptions made by and information currently available to it and involve inherent risks and uncertainties, both general and specific. Risks exist that forward-looking statements will not be achieved due to a number of factors including, but not limited to, developments in world diamond markets, changes in diamond valuations, risks relating to fluctuations in the Canadian dollar and other currencies relative to the US dollar, changes in exploration, development or mining plans due to exploration results and changing budget priorities of Shore or its joint venture partners, the effects of competition in the markets in which Shore operates, the impact of changes in the laws and regulations regulating mining exploration and development, judicial or regulatory judgments and legal proceedings, operational and infrastructure risks and the additional risks described in Shore's most recently filed Annual Information Form, annual and interim MD&A, news releases and technical reports. Shore's anticipation of and success in managing the foregoing risks could cause actual results to differ materially from what is anticipated in such forward-looking statements.

Although management considers the assumptions contained in forward-looking statements to be reasonable based on information currently available to it, those assumptions may prove to be incorrect. When making decisions with respect to Shore, investors and others should not place undue reliance on these statements and should carefully consider the foregoing factors and other uncertainties and potential events. Unless required by applicable securities law, Shore does not undertake to update any forward-looking statement that may be made.

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