

# European Goldfields Limited - RESULTS FOR Q1 2011

15.06.2011 | [CNW](#)

WHITEHORSE, June 15, 2011 /CNW/ --

WHITEHORSE, June 15, 2011 /CNW/ - European Goldfields Limited (TSX / AIM: EGU) ('European Goldfields' or the 'Company') today reports its results for the quarter ended 31 March 2011. 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/quarterlies> and should be read in conjunction with this news release.

## Operational and development highlights

### Greece

- Minister Birbili confirms final Joint Ministerial Decision to be delivered within 3 weeks
- Ministry confirms full technical and environmental review complete
- New equipment orders for the Olympias Mill ready for placement
- Invitation to bid package finalised for the Skouries EPC contract

### Romania

- Local public consultation process complete and CONSIB approval
- Engineering for Technical Project complete
- Construction of second weir commenced

### Corporate activity

- SRK audit of the Certej project advancing
- Working towards ICMM accreditation

### Financial

- Sales of US\$13.5 million
- Working capital of US\$70 million
- IFRS reporting adopted

Martyn Konig, Executive Chairman and President, commented:

'We had hoped by this point to have been able to announce the approval of our EIS, and with it the inward investment and job creation that is clearly much needed by the Greek economy. We are of course disappointed that this is not yet the case, however we are pleased that Minister Birbili has informed us that a final Joint Ministerial Decision will be made within 3 weeks. In anticipation of approval, we have been diligently preparing, both at a corporate and operational level, so that we are well placed for the efficient and expeditious build-out of the projects as soon as it is granted.'

#### SELECTED FINANCIAL DATA

Quarter ended 31 March

(in thousands of US dollars, 2011 2010  
except per share amounts) \$ \$

### Statement of profit and loss

Sales	13,531	10,435
Gross profit	2,793	896
Profit/(loss) before income tax	(4,933)	(5,686)
Income taxes	2,354	(1,048)
Profit/(loss) after income tax	(2,579)	(6,734)
Non-controlling interest	9	(77)
Profit/(loss) for the period	(2,570)	(6,811)
Earnings/(loss) per share	(0.01)	(0.03)

(in thousands of US dollars) 31 March 2011 31 December 2010  
\$ \$

Balance sheet

Working capital	70,483	79,555
Total assets	512,739	507,293

## OPERATIONAL AND DEVELOPMENT HIGHLIGHTS

### GREECE

Permitting - Minister for Environment, Energy and Climate Change, Ms Birbili, has informed the Company that the Joint Ministerial Decision will be made within the next 3 weeks. This follows a comprehensive review and evaluation by the Ministry of Environment, which has confirmed it is now complete.

Olympias - The Company plans to place orders for the new equipment required for the reprocessing of tailings at the Olympias Mill immediately after receiving the EIS approval. Once approval has been received, first gold production is scheduled for Q1 2012 from the reprocessing of tailings at 63,000 oz per annum, with primary underground gold production expected to commence Q4 2015 at an initial rate of 125,000 gold equivalent ounces per annum.

Skouries - The invitation to bid package for the Engineering, Procurement and Construction ('EPC') contract for the Skouries Project has been completed and is ready for submission to prospective contractors directly upon receipt of EIS approval. Once the EIS has been received, open pit production at Skouries is expected to commence in Q1 2014 at an annualised average rate of 350,000 gold equivalent ounces.

The Company's 95%-owned subsidiary, Hellas Gold, mined a total of 50,282 wet tonnes in Q1 2011 (Q1 2010 - 63,294). Sales from Stratoni were as follows:

		Q1 2011	Q1 2010
Production			
Ore mined (wet tonnes)		50,282	63,294
Sales			
Zinc concentrate (tonnes)		8,337	8,830
- Containing payable Zinc (tonnes)*		3,392	3,633
Lead concentrate (tonnes)		3,653	3,759
- Containing payable:	Lead (tonnes)*	2,512	2,385
	Silver (oz)*	188,304	178,184
Inventory (end of period)			
Ore mined (wet tonnes)		3,826	14,089
Zinc concentrate (tonnes)		2,232	2,839
Lead/silver concentrate (tonnes)		1,387	1,105

\* Net of smelter payable deductions

Production at Stratoni - Production from the underground mine was under budget for the quarter due to poor geotechnical conditions. This is due to the convergence of the main Stratoni and footwall faults bounding the orebody, which have affected mining in the upper levels of the mine. The mine has therefore suffered from fewer faces being available than anticipated and a greater dependence on lower grade areas than originally scheduled. Plans have been redrawn and a revision is in progress to recoup metal production in the second quarter.

## ROMANIA

Local public consultation process complete and CONSIB approval - The local public consultation process for the Certej Project in Romania held in April has now concluded. Consultations were conducted by authorities from the regional environmental department and were held in two villages. The local public consultation followed confirmation from the Romanian authorities that the EIS complies with all Romanian legislation, both from a technical and legal perspective. Most notably, this included the 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. The cross border consultation process is well advanced and any public meetings will be established by the Romanian and neighbouring country authorities. Once the consultation process has been completed the environmental authorities will re-convene the Technical Analysis Committee to confirm the decision regarding the issuance of the environmental permit.

Engineering for Technical Project complete - The engineering for the Technical Project which has been prepared by Cepromin, and is a key component of the requirements under Romanian legislation for the award of the construction permit, is complete. The necessary approval process by the relevant authorities has commenced with the submission of designs for the process plant facilities for fire prevention and fire fighting systems.

Construction of second weir commenced - The construction of the second of two large reinforced concrete rectangular notch weirs has commenced (first weir completed Q4 2010) along the stream valley, below the site of the planned tailings facilities. These will allow accurate flow measurements to be taken as part of the planned environmental monitoring programme.

## EXPLORATION

Greece - Surface work continues at the Piavitsa site with infill soil geochemistry and detailed mapping being carried out prior to drilling to enhance target definition. Other targets identified by a compilation of all existing data and local knowledge are also being prioritised.

Romania - Having identified several promising targets using surface geochemistry and geophysics, the Company is now seeking to upgrade its prospecting licences to exploration licences to the west of Certej. The Company received an operating licence for the Baita Craciunesti licence adjacent to its Certej mining licence and exploration is underway that aims to define satellite reserves for the main Certej deposit by the end of this year.

Turkey - Drilling continues at the Company's Salinbas target, focused on investigating a potential South West extension to known mineralisation. In addition, a geochemical survey of the area has produced encouraging results, providing additional targets for the 2011 drilling programme and a regional exploration programme over the Pontide Belt is ongoing.

## CORPORATE ACTIVITY

SRK are continuing to complete the necessary Technical, Environmental and Social Audit of the Certej project in order to under-pin and finalise the structure of the Company's financing package.

Led by the Executive Chairman and President, supported by Company specialists, the Company continues to work towards International Council on Metals and Mining ('ICMM') accreditation. This organisation promotes best practice throughout the industry, to which we lend our full support. We are currently working with a third party sustainability consultancy to aid us in the process and have completed a materiality and gap analysis exercise, the output of which is now under internal review.

## 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 Stratoni 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.

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 the Company's Vice President of Projects and Exploration.

## 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 conversion of mineral resources to mineral reserves, the timing and amount of estimated future production, costs and timing of development of the Skouries, Olympias and Certej projects, 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 receipt in a timely fashion of any further permitting for the Company's 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 2010, filed on SEDAR at [www.sedar.com](http://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](http://www.egoldfields.com)

To view this news release in HTML formatting, please use the following URL:  
<http://www.newswire.ca/en/releases/archive/June2011/15/c6025.html>

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/106040--European-Goldfields-Limited---RESULTS-FOR-Q1-2011.html>

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