

# Cash flow from operations of \$7.6 million for Golden Band Resources Inc.

24.10.2011 | [CNW](#)

SASKATOON, Oct. 24, 2011 - [Golden Band Resources Inc.](#) (TSX-V: GBN) (the Company) released its interim financial and operating results for the quarter ended July 31, 2011 (Q1 2012). All figures are reported in Canadian dollars, unless otherwise noted:

## Financial Highlights:

- The Company reported revenue of \$15.0 million for the quarter ended July 31, 2011, its first full quarter of commercial production, on sales of 10,031 gold ounces, an average realized price of \$1,491/ounce.
- The Company produced 10,933 gold ounces in Q1 2012.
- Cash cost of sales per ounce of gold sold was \$901 for Q1 2012.
- Generated gross profit of \$3.0 million and cash from operations of \$7.6 million in Q1 2012.

## Operational Highlights:

- Production from Roy Lloyd mine in Q1 2012 was 21,956 tonnes ore at a grade of 12.94 grams/tonne (g/t) gold.
- Processed 27,701 tonnes at the Jolu mill in Q1 2012 grading 11.25 g/t gold, producing 10,933 gold ounces.
- Dewatering continued at the Komis underground mine.

"I am very pleased with the financial and operating results", stated Ron Netolitzky, Executive Chairman of the Company. "We have been able to work through the challenges associated with starting up an operation and posted solid results in our first full quarter of commercial production with a gross profit of \$3.0 million and cash flow from operations of \$7.6 million. We also have some positive results from our summer exploration program that are being followed up with additional drilling in Q2 and Q3. "

## Review of Financial Results

The net and comprehensive loss for the quarter ended July 31, 2011 was \$7,470 compared with a net loss of \$625,029 for same quarter in the previous year. Gross profit from the first full quarter of operations was \$3,003,133 while general and administrative expenses were \$1,289,803 for Q1 2012, up from \$775,177 in the same quarter of the previous year, and reflective of the increased level of activity as the Company completed its first full quarter of commercial production. There was also a \$1,002,826 loss on the fair valuation of the notes payable in the quarter ended July 31, 2011 and future income tax expense was \$437,170 versus a recovery of \$129,374 in the same quarter of the previous year.

There was \$7,564,007 cash generated by operations for the quarter ended July 31, 2011 versus \$41,065 for the quarter ended July 31, 2010. There was \$3,968,307 of this cash used in the repayment of the notes payable along with capital and development costs of \$4,097,515 and an increase of \$534,724 in the amount of reclamation bond.

## Exploration

The summer field exploration consisting of bulk till sampling was conducted under the supervision of Dr. Klaus Lehnert-Thiel, P.Eng., P.Geol. This program focused specifically on the Round Lake area (Komis & EP mine area), and was completed at the end of August (see previous news releases of September 7 and 20, 2011). Additional exploration focused on the recently optioned North Lake deposit (news release of June 21, 2011).

## Outlook

Mine development continued to focus on establishing access below existing production areas. The decline

ramp was extended down to the 1220 level. The decline is planned to continue to the 1200 level, representing the lowest level of the existing mineral reserves. Diamond drilling is planned below the 1200 level that will allow the inferred resource below 1200 level to be upgraded to a measured and indicated resource. The drill program is expected to be completed in Q3 2012.

Gold production from the Jolu mill is expected to be 45,000 gold ounces for the first year of commercial production. Production for the first quarter of the 2012 fiscal year was 10,933 gold ounces, including 5,200 gold ounces in July, 2012.

Dewatering of the former Komis mine underground workings was completed in the second quarter. Work has commenced to re-establish ventilation and access to all former mining areas, remapping and re-sampling of the workings is being undertaken, and exploration development of the mineralized areas is being planned for Q3 2012.

Exploration bulk sampling on the Alimak Zone to test the near-surface mining potential of this gold deposit, that is immediately adjacent to the Company's Jolu mill, was completed in Q2 2012. Mining of the EP gold deposit will now proceed, to access the reserve of 51,000 tonnes grading 5.51 grams per tonne gold for Jolu mill feed.

The environmental impact study for the Golden Heart deposit was submitted to the Saskatchewan Ministry of Environment. A technical review is being completed and the Company expects an approval decision from the Ministry in its third fiscal quarter of the 2012 year.

Initial follow-up drilling on the newly discovered Fireweed Prospect (see news release of September 7, 2011) was conducted in September, consisting of four diamond-drill holes (335.5 m) completed comprising two fences approximately 50 metres apart. Two holes (300 m) were also completed to test the 301 Pit target in the Round lake area and the extensive till anomaly situated south of Round Lake (see news release of September 7, 2011). Reporting of these results is pending the final review and compilation of the data.

## **About Golden Band**

Golden Band Resources, already Saskatchewan's leading gold explorer, is now also its newest gold producer. Golden Band is a Saskatchewan-based, publicly listed company (TSX-V: GBN) whose focus is the long-term, systematic exploration and development of its 100%-owned La Ronge Gold Belt properties. Since 1994, Golden Band has assembled through staking and strategic acquisition a land package of more than 875 km<sup>2</sup>, including 12 known gold deposits, four former producing mines, and a licensed gold mill. Golden Band's key value drivers are the methodical and systematic targeting of primary to advanced-stage exploration while progressing along a parallel path of being a sustainable gold producer. The Company is aggressively pursuing its near-term goal of commercial production of its Bingo, Komis, and EP deposits with processing at the 100%-owned Jolu mill. The Company's objective, supported by a positive Pre-Feasibility Study completed in January 2009, is the annual production of at least 75,000 ounces of gold over a ten-year project life. Other longer-term objectives include the continuation of its highly successful exploration and acquisition strategy.

On behalf of the Board of Directors of Golden Band Resources Inc.,

"Ronald K. Netolitzky"

Ronald K. Netolitzky, Executive Chairman

All of Golden Band's exploration programs and pertinent disclosure of a scientific nature are prepared and/or designed and carried out under the supervision of Charlie Harper, P.Geo., who serves as the qualified person (QP) under the definitions of National Instrument 43-101. All of Golden Band's development-related programs and pertinent disclosure of a development nature are prepared and/or designed and carried out under the supervision of Gary Haywood, P.Eng., Golden Band's VP of Operations and COO, who serves as the qualified person (QP) under the definitions of National Instrument 43-101.

## **Caution Regarding Forward-Looking Information and Statements**

*This document includes statements and information about the Company's expectations for the future. When Golden Band's strategy, plans, and future financial and operating performance, or other things that have not yet taken place, are discussed, the Company is making statements considered to be forward-looking*

information or forward-looking statements under Canadian and United States securities laws. Such forward-looking information and statements in this document are referred to as "forward-looking information".

Generally, forward-looking information can be identified by the use of forward-looking terminology such as, for example, "plans", "expects" or "does not expect", "is expected", "budget", "goal", "target", "project", "potential", "strategy", "outlook", "scheduled", "predicts", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes", and similar expressions, or the negative connotation thereof or variations of such words and phrases or statements that certain actions, events or results, "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative connotation thereof. Forward-looking information contained in this document includes, but is not necessarily limited to, statements with respect to the Company's expectation of being able to conduct the necessary work to complete its obligations under the agreement discussed herein.

Readers are cautioned that the forward-looking information in this document represents Golden Band's current views and can change significantly. Forward-looking information contained in this document is based on certain material assumptions, including, but not limited to:

- geological and other conditions that may affect exploration, development, and the amenability for mining;
- the Company's ability to comply with current and future environmental, safety and other regulatory requirements, and to obtain and maintain required regulatory approvals; and,
- the Company's operations not being significantly disrupted as a result of political instability, nationalization, terrorism, sabotage, blockades, breakdown, natural disasters, governmental or political actions, litigation or arbitration proceedings, or other development or operating risks;

Readers are cautioned that such assumptions are not exhaustive and may prove to be incorrect. Although the Company believes that the assumptions on which the forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking statements because Golden Band can give no assurance that they will prove to be correct.

Actual results and events may be significantly different from those currently expected due to a number of material risks. These include, but are not limited to:

- the Company's inability to enforce its legal rights, or its being subject to litigation or arbitration that has an adverse effect on the Company;
- defects in title to the Company's properties;
- unexpected or challenging geological, hydrological, or mining condition;
- environmental, safety and regulatory risks, including increased regulatory burdens or delays;
- the Company's inability to obtain or maintain necessary permits or approvals from government authorities or other third parties;
- changes to government regulations or policies, including, but not limited to, tax and trade laws and policies;
- natural phenomena, including, but not limited to, inclement weather, fire, and flooding; and,
- operational disruption of the Company due to problems and other developments and operating risks.

In addition, Golden Band's annual and interim MD&A, which are available on SEDAR at [www.sedar.com](http://www.sedar.com), include a discussion of other material risks that could cause actual results to differ significantly from the Company's current expectations.

Forward-looking information is designed to help the reader understand management's current views of the Company's near and longer-term prospects, and it may not be appropriate for other purposes. The forward-looking information contained in this document is made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

The forward-looking information is expressly qualified by these cautionary statements.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

**For further information:**

Mark J. Thiel, CA  
Golden Band Resources Inc.  
Phone: 306 385 7128  
Fax: 306 955 0788  
Email: [mark.thiel@goldenbandresources.com](mailto:mark.thiel@goldenbandresources.com)

**Investor Relations:**

Raju Wani: 403 240 0555

Tony Perri 604 682 6852

Email: [info@goldenbandresources.com](mailto:info@goldenbandresources.com)

[www.goldenbandresources.com](http://www.goldenbandresources.com)

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