

Elgin Mining Releases Full Year 2011 Financial Results

30.03.2012 | [Marketwired](#)

VANCOUVER, 03/29/12 - [Elgin Mining Inc.](#) ("Elgin Mining" or the "Company") (TSX VENTURE: ELG) reported today the release of its financial results for the year ended December 31, 2011 along with an update on the Company's project development activities. The Company's consolidated financial statements for the years ended December 31, 2011 and 2010 and notes thereto, along with its Management's Discussion and Analysis are available at www.sedar.com and www.elginmining.com. Unless otherwise noted, all financial information is expressed in U.S. dollars.

2011 Highlights

- On July 8, 2011, the Company completed its acquisitions of the past-producing Lupin Gold Mine ("Lupin Mine") and the Ulu Gold Project ("Ulu Project"), both located in Nunavut Territory, Canada.
- On July 8, 2011, Patrick Downey, a seasoned mining executive, was appointed the Company's new President and Chief Executive Officer, in addition to his role as a director of the Company. Robert Buchan, the Company's previous Chief Executive Officer retained his role as Chairman of the Board.
- Commenced surface drilling in November 2011 at the Lupin Mine site to test the extensions of the Lupin mineralized body, including the West Zone South of Shaft ("WZSOS") the southern extension of the West Zone. Two sets of drill results from sixteen holes drilled in 2011 and early 2012 were publicly released in early 2012 (see Company's news releases No. 2012-03 and No. 2012-04 dated February 22, 2012 and March 6, 2012, respectively). These results show that the mineralization on the shallow upper portion of the WZSOS extends to surface and could provide easily accessible mill feed upon the potential restart of active mining operations at the Lupin Mine.
- On March 31, 2011, the Company announced that it had entered into an exploration financing agreement with Lincoln Mining Corporation ("Lincoln") with the option to acquire up to a 60% undivided interest in each of Lincoln's Oro Cruz and La Bufa properties by funding expenditures totalling Cdn\$10,000,000 over a maximum four-year period.
- On August 8, 2011, the Company completed the sale of its 68% interest in Silver Reef Resources Ltd. to Angus Mining (Namibia) Inc. ("Angus") in exchange for Cdn\$1,000,000 and 4,411,764 shares of Angus.
- On November 29, 2011, the Company raised \$8.7 million in gross proceeds through the issuance of 6,428,571 flow-through common shares. The related exploration expenditures are to be incurred in 2012.
- The Company also assembled an experienced management team to advance both the Lupin Mine and Ulu Projects and to search for other accretive growth opportunities.
- Subsequent to the 2011 year-end of the Company, due to disclosure requirements with respect to the proposed transaction with Gold-Ore Resources Ltd. (see Company's news release No. 2012-02 dated February 1, 2012), an independent National Instrument 43-101 ("NI 43-101") technical report has been completed for the Lupin Mine, which includes a mineral resource estimate for the WZSOS area only, entitled "Technical Report on the Lupin Mine Property, Kitikmeot Region, Nunavut for Elgin Mining Inc." dated March 02, 2012 and filed on March 29, 2012. The inferred mineral resources are presented as two estimates of tonnage and grade, due to the uncertainty related to possible unrecorded mining activity in the vicinity of the shaft and WZSOS. The base case estimate for this zone is stated as an inferred mineral resource of 1,110,000 tonnes grading 11.32 grams per tonne ("g/t") gold containing approximately 403,600 ounces of gold. A second case assumes that 8-10% of the resource in some areas has been mined and not recorded, and estimates an inferred

mineral resource of 1,027,000 tonnes grading 10.73 g/t gold containing approximately 354,300 ounces of gold. Both estimates were completed using a cut-off grade of 5 g/t gold. Neither of the above estimates includes the upper portion of the WZSOS, which is the focus of the Company's recent and ongoing drilling campaign. The Company plans to continue drilling of the WZSOS from surface and underground, and to complete data compilation and drilling of the M1, M2 and the main mineralized zones during 2012 in preparation for an updated mineral resource estimate of all mineralized zones and a NI 43-101 technical report.

2011 Financial Results

- For the year ended December 31, 2011, the Company reported a net loss attributable to common shareholders of \$10.5 million compared with net income of \$6.0 million for 2010. The net loss for 2011 was primarily due to exploration and evaluation costs, general and administrative expenses, non-cash share-based payment expense and revisions of the Company's reclamation and rehabilitation obligations on its depleted US coal sites. For the 2010 year, the Company generated net income primarily from the result of gains realized on the sales of the Company's US coal assets offset by general and administrative expenses including change-of-control and severance payments to the former employees of the Company's US coal business.
- At December 31, 2011, the Company had cash and cash equivalents of \$16.5 million and restricted cash of \$29.3 million compared with cash and cash equivalents of \$47.0 million and restricted cash of \$3.6 million as at December 31, 2010.

Plan of Arrangement with Gold-Ore Resources Ltd. ("Gold-Ore")

On February 1, 2012, the Company announced that it had executed an arrangement agreement whereby the Company would acquire all of the issued shares of Gold-Ore, owner of the Bjorkdal gold mine in Northern Sweden, by way of a plan of arrangement. Under the arrangement agreement, each Gold-Ore shareholder will be entitled to receive, for each Gold-Ore common share, one common share of the Company and one half of one common share purchase warrant of the Company exercisable at a strike price of Cdn\$1.30 per share for a term of two years.

The transaction is expected to close in early May 2012, subject to the receipt of all necessary approvals. A copy of the arrangement agreement is available under the Company's profile on SEDAR and further details on this proposed business combination can be found in the Company's news release dated February 1, 2012.

2012 Outlook

The Company anticipates its proposed business combination with Gold-Ore will close in the second quarter of 2012, thereby, creating a larger, more diversified gold mining company with operations and development projects in the politically safe and stable jurisdictions of Sweden and Canada.

The Company's other key priorities for 2012 will include:

Lupin Mine

The Company intends to aggressively advance the Lupin Mine towards a restart of production in the first half of 2014. In working towards this goal, the Company will:

- Continue with its surface drilling campaign in the upper portions of the WZSOS;
- Develop or rehabilitate underground access into the WZSOS at approximately the 200 metre level in order to perform closer-spaced drilling for mine planning purposes above and below this level;
- Mobilize a second drill rig in order to drill on-lease and regional drill targets that were identified through a review of the data compiled by the Lupin Mine's previous owners;
- Engage qualified and experienced engineering groups to conduct engineering studies in the second half of 2012 to advise on the work program, schedule, and budget needed to rehabilitate the existing underground mine shaft and workings, mill and surface infrastructure for a planned restart of operations within the first half of 2014.

Ulu Project

The Company intends to commence a regional exploration program at the Ulu Project.

Bjorkdal Gold Mine

The Bjorkdal gold mine has a long operating history of over twenty years having recently produced its first million ounces of gold in 2010. The gold mine is located in the prolific Skelleftea mining district in northern Sweden, providing the mine with the advantages of excellent infrastructure, a well-trained and knowledgeable local workforce, and supportive communities with a strong mining tradition.

The mine operates as a combined open pit and underground operation with a surface mill that produces four gold concentrates that are sold to nearby smelters. The mine has excellent exploration upside with the main ore body open in several directions and at depth.

Management intends to review mining methods and procedures and study options to reduce cash costs and improve production at the mine which may include:

- a review of underground mining methods in order to reduce dilution;
- a continuation towards owner-operated equipment for the underground operations to reduce contractor costs and improve efficiency; and
- a trade-off study of the cost-benefit of moving towards an owner-operated fleet for the open pit operations.

The Bjorkdal gold mine generates strong cash flow and earnings which will provide the platform to improve ongoing operations and to accelerate exploration activities at the mine, and at the same time, will help fund the drive for future growth with the acceleration of the restart of the Lupin Mine. The Company will also continue to look for accretive opportunities within the mining industry.

Patrick Downey, President and CEO, commented, "2011 was a transformational year for the Company with the acquisition of the Lupin Mine and the Ulu Project, and the recruitment of an experienced mining team. With the proposed combination of the Company and Gold-Ore, we are excited about the challenge ahead of us in terms of the opportunities to optimize the operations of Bjorkdal and the plan to accelerate the restart of operations at the Lupin Mine. The Company is on its way to becoming a larger, more diversified, international gold mining company in mine-friendly jurisdictions, and is well-positioned to meet its stated business objectives in the current strong gold price environment."

Qualified Person

Ms. Vivian Park, P.Geo., the Manager, Exploration of the Company and a Qualified Person as defined by NI 43-101, has reviewed and approved of the written technical disclosure contained in this news release.

Elgin Mining Inc.

Elgin Mining is a Canadian based company focused on the exploration and development of the Lupin Gold Mine and Ulu Gold Project, both located in Nunavut Territory, Canada. In addition, the Company's portfolio includes a 37% interest in Auracle Resources, which is exploring the Mexican Hat property in Arizona and an exclusive right and option to earn a 60% interest in Lincoln's Oro Cruz (California) and La Bufa (Mexico) gold projects. The Company will also selectively review opportunities to add advanced stage development projects to its portfolio.

For further information, please visit the Company's web site at www.elginmining.com.

Forward-Looking Statements

Certain information set forth in this press release contains "forward-looking statements", and "forward-looking information" under applicable securities laws. Except for statements of historical fact, certain information contained herein constitutes forward-looking statements which include management's assessment of Elgin Mining's future plans and operations and are based on Elgin Mining's current internal expectations, estimates, projections, assumptions and beliefs, which may prove to be incorrect. Some of the forward-looking statements may be identified by words such as "expects", "anticipates", "believes", "projects", "plans", and similar expressions. These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause Elgin Mining's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Elgin Mining undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.

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