

# Sirocco Mining Inc. Reports Results for Q3 2012

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VANCOUVER, BRITISH COLUMBIA -- (Marketwire) -- 11/09/12 -- [Sirocco Mining Inc.](#) (TSX: SIM) ("Sirocco" or "the Company") is pleased to report financial and operating results for the quarter ended September 30, 2012. The consolidated financial statements together with Management's Discussion and Analysis will be available on the Company's web site ([www.siroccomining.com](http://www.siroccomining.com)) and on SEDAR ([www.sedar.com](http://www.sedar.com)).

In Q3 2012, the Company continued to improve its performance over 2011 with strong production along with solid financial results.

## Highlights of the quarter include:

- Iodine production of 259 tonnes (year-to-date: 941 tonnes)
- Average realized iodine prices of \$63 per kilogram (year-to-date: \$62)
- Gross profit of \$4.3 million (year-to-date: \$20.2 million)
- Cash flow from operations of \$1.9 million (year-to-date: \$15.7 million)
- Bank debt reduction of \$2.6 million (year-to-date: \$8.3 million)

Positive pre-feasibility studies for the production of nitrates and sulphates were received near the end of the third quarter. These studies have indicated the potential to produce up to 90,000 tonnes per annum of sodium nitrate from the existing water supply and current brine concentrations at an estimated production cost of \$175 tonne and an estimated capital cost of \$80 million. Operating margins are robust at current Chilean export sale prices of approximately \$600 per tonne of NaNO<sub>3</sub>. The Board has approved the decision to move to a full feasibility study for the construction of a sodium nitrate processing facility. This study is anticipated to commence before the end of 2012.

The studies also support the potential of producing sodium sulphate at Aguas Blancas. Testwork and processing analysis is continuing, with various production and marketing scenarios being evaluated.

Commenting on the studies, Rick Clark, CEO, stated: "We are very encouraged by the results of the pre-feasibility studies. The Aguas Blancas deposit contains many marketable salts and we believe that there is great potential to develop the mine into a substantial multi-product industrial minerals operation. Sodium nitrate will be the next business at Aguas Blancas, with full feasibility underway. Ultimately, we see Sirocco as a significant cash flow producing Company which will deliver substantial returns to shareholders."

In support of the various development opportunities at Aguas Blancas, a preliminary economic assessment for the installation of a sea water pipeline is underway and is scheduled to be completed by the end of 2012.

## Financial Results

The tables below summarize key financial and operating results of the Company for the Quarter.

	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011
Tonnes Mined (000t)	1,195	1,008
Iodine Grade (ppm)	552	574
Iodine Produced (t)	259	191
 Iodine Sold (t)	 238	 194
Cash operating costs per kg (note 1)	38	43
 Sales Revenue (\$'000)	 14,961	 8,591
Gross Profit (\$'000)	4,347	(676)
Net Income/(loss) (\$'000)	(244)	(809)
Comprehensive Income/(loss) (\$'000)	2,237	(1,985)
Diluted Income/(loss) per share (\$)	0.00	(0.00)
 Total Assets (\$'000)	 189,832	 124,061
Net Assets (\$'000)	162,751	87,749

*Note 1: Cash operating costs per kg is calculated by dividing cost of sales, adjusted for related depreciation and stock-based compensation, by quantities of iodine sold in the period.*

Iodine production in Q3 2012 continues to reflect ongoing operating improvements. Aguas Blancas produced 36% more Iodine in Q3 2012 as compared to Q3 2011.

After three quarters of testwork and operations, the crushing and screening circuit at the agitated leach plant ("ALP") has proved to be impractical due to the highly variable proportion of volcanics in the feed which reduce throughput and cause significant wear in the leach tanks. During the third quarter this issue resulted in four weeks of downtime in the ALP. As a result, the Company has revised the forecast level of production for 2012 to a range of 1,200 to 1,250 tonnes of iodine, a reduction of approximately 12% from previous forecast levels of between 1,350 and 1,450 tonnes.

The solution to the volcanics issue will be the installation of a grinding mill which will produce a clean pebble reject and grind the volcanic chips to minimize wear issues. Testwork is being completed to determine the optimum sizing of the new mill. The Board of Directors has approved the purchase of the mill and operation is slated for 2014. With this new mill and installation of an associated thickener, leach throughput of 400 tonnes per hour is targeted, increasing production rates to over 2,000 tonnes of iodine per annum. The total capital cost is estimated to be approximately \$15 million.

The Company has also initiated temporary measures to maximize production for 2013. The mined product will now be screened at source using mobile screening plants. The screened fines will be trucked to the ALP, slurried and processed in the leach section of the ALP. The screened coarse product will be trucked to the Heap Leach pads. These measures are expected to increase Iodine production rates at Aguas Blancas to approximately 1,600 tonnes iodine per annum in 2013.

The small third quarter loss is mainly attributable to the deferral of two late-September iodine shipments until the fourth quarter in accordance with the Company's revenue recognition policy. The associated net revenue

for these shipments will be recognized in Q4 2012. Additional items affecting the net result included increased exploration costs at Aguas Blancas (\$1.2 million) as the Company continues its program of converting inferred resources to indicated resources, and unrealized CDN-USD foreign exchange losses (\$0.7 million) on US denominated short-term investments held by Sirocco.

Iodine prices realized for the quarter were \$63 per kilogram and are expected to remain robust for 2012.

Sirocco stands at 30 September 2012 with a strong balance sheet that includes \$72.8 million in cash and working capital of \$89.2 million.

Commenting on the results of the third quarter, Rick Clark, CEO, said: "The Aguas Blancas mine continues to perform at highly improved levels compared to past years. Our operating team is now implementing mineral processing changes identified to increase iodine production for 2013. At the same time we are completing final engineering towards the ordering of a mill to further maximise production in 2014. Coupled with the strong financial position of the Company and expansion plans to develop other salt products, we are excited about the future potential of Aguas Blancas."

Exploration at Aguas Blancas is ongoing to convert inferred resources to the indicated category.

A conference call to discuss the financial and operating results will be held at 8am PST on Friday November 9, 2012. Participants should dial in on 1 877 974 0446 or 416 644 3417 and follow the prompts. A replay of the call will be available until midnight on November 16, 2012 by dialing 416 640 1917 or 1 877 289 8525, passcode 4570054#.

## **About the Company**

[Sirocco Mining Inc.](#) is a Canadian company which produces iodine from its Aguas Blancas mine in northern Chile. In addition, the Company has exploration interests in Brazil and West Africa and is actively assessing other opportunities in the resource sector.

## ***Cautionary Statements***

*This news release contains forward-looking statements concerning the Company's plans for its business and properties,. These forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to political risks involving the Company's exploration and development of its properties, the inherent uncertainty of cost estimates and the potential for unexpected costs and expenses, commodity price fluctuations, the inability or failure to obtain adequate financing on a timely basis and other risks and uncertainties, including those described in the Company's periodic filings with the British Columbia Securities Commission. Such information contained herein represents management's best judgment as of the date hereof based on information currently available. The Company does not intend to update this information, except as required by law, and disclaims any legal liability to the contrary.*

On behalf of the Board,

Rick Clark, CEO

## **Contacts:**

### [Sirocco Mining Inc.](#)

Simon Jackson, President  
(604) 689-7842  
(604) 689-4250 (FAX)  
[www.siroccomining.com](http://www.siroccomining.com)

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