

Santa Fe Gold Reports Record \$9.9 Million Revenue for 2013 Fiscal First Half

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ALBUQUERQUE, N.M. -- (BUSINESS WIRE) -- [Santa Fe Gold Corporation](#) (OTCBB: SFEG) is pleased to announce financial results for the three and six months ended December 31, 2012. Revenues were \$4.4 million for the three months ended December 31, 2012, representing a 127% increase over the same period of the prior year. Earnings from mining operations increased to \$1.1 million for the three month period, a 90% increase over the same period a year ago. Revenues for the six months ended December 31, 2012 increased by 180% to a record \$9.9 million, while earnings from mining operations increased by 142% to \$3.3 million, also a record. The full version of the financial statements and management's discussion and analysis can be viewed on the Company's website at www.santafegoldcorp.com or on EDGAR at www.sec.gov.

"We are pleased with the strong growth in revenue and earnings from Summit mining operations," commented Pierce Carson, President and CEO. "Looking ahead, our high value gold and silver products are in strong demand and we expect a number of positive operational developments to contribute to Santa Fe's continued growth in the second half of fiscal 2013."

2013 Second Quarter and Six Month Financial and Operational Highlights

- 127% increase in revenue to \$4.4 million for the three months ended December 31, 2012.
- 90% increase in earnings from mining operations to \$1.1 million for the three months ended December 31, 2012.
- Gold and silver grades increased from 0.087 opt to 0.096 opt and 4.355 opt to 5.447 opt, respectively from Q1 2013 to Q2 2013.
- Gold equivalent production increased 8% from 4,023 ounces in Q1 2013 to 4,343 ounces in Q2 2013.
- Operating cash cost per gold equivalent ounce sold improved by 9% to US\$916 in Q2 2013 compared to Q1 2013.
- Revenues for the six months ended December 31, 2012 increased 180% to a record \$9.9 million.
- Earnings from mining operations were a record \$3.3 million for the six months ended December 31, 2012, an increase of 142% over the same period a year earlier.
- Loss from Company operations was significantly impacted by higher depreciation and amortization charges and by exploration expenditures at the Ortiz gold project.

Second Quarter 2013 and First Half 2013 Production and Cash Costs

	Q1 2013	Q2 2013	6 Months Ended Dec. 31, 2012
Tons processed	24,384	21,898	46,282
Average gold grade (oz./ton)	0.087	0.096	0.091
Average silver grade (oz./ton)	4.355	5.447	4.872
Gold ounces	2,12	2,108	4,230
Gold equivalent ounces from silver	1,901	2,235	4,135
Total gold equivalent ounces	4,023	4,343	8,365
Total gold equivalent ounces sold	3,122	3,400	6,522
Average gold price realized	\$ 1,637	\$ 1,656	\$ 1,647
Operating cash cost			
per gold equivalent ounce sold	\$ 1,006	\$ 916	\$ 959

Outlook

- In February 2013 the Company began operating its Summit mine seven days a week, up from the previous five day schedule. The accelerated schedule is designed to increase tonnage output and to expedite the drive downward to the main high grade ore zone. The main ore zone has significantly higher grades in resource modeling as compared to the currently active upper mining areas. Mining from the main zone is scheduled to begin in mid-2013 and is anticipated to result in an overall increase in gold and silver production.
- Santa Fe recently announced a \$12 million smelter contract for the sale of high-value gold-silver concentrates produced at its 100% owned Lordsburg flotation mill. The new contract represents an additional market outlet for concentrates from the Summit mine operations. In addition to concentrate sales, during 2013 the Company anticipates continuing to sell a substantial portion of Summit output in the form of silica flux material to smelters in Arizona. Sale of silica flux involves direct shipment of ore with only minimal processing required.
- In October 2012 Santa Fe concluded an option agreement with Columbus Silver Corporation to purchase the Mogollon Project, Catron County, New Mexico, in exchange for payments totaling \$4.5 million through 2014. The Mogollon district has recorded substantial historical production of silver and gold. The Company is focused on known drilled resources that have potential to be mined and processed at the Lordsburg mill.
- The Lordsburg flotation mill constitutes a long term strategic asset with flexibility to handle a variety of ore types and has significant extra processing capacity. In addition to the Summit mine, the Company plans to place a strong emphasis on developing new sources of ore for the mill and thereby build Santa Fe's production profile.
- The Ortiz Gold Project contains undeveloped gold deposits that provide important additional upside to Santa Fe's future. Previous drilling was focused on two deposits estimated to contain approximately 1.0 million ounces of gold within open pit designs. A Canadian standard NI 43-101 technical report is being prepared on these two deposits and will be completed in the near future.
- In October 2012 Santa Fe announced a Heads of Agreement to merge with International Goldfields Ltd (IGS: ASX). Perceived benefits of the merger include enhancement of the combined company's cash position, listing of the company's stock on a senior US exchange as well as continued listing on the ASX, and an expanded portfolio of precious metals properties. The parties expect to finalize the definitive merger agreement shortly and estimate the merger could close in the second calendar quarter of 2013.

About Santa Fe Gold

[Santa Fe Gold](#) is a U.S.-based mining and exploration enterprise focused on acquiring and developing gold, silver, copper and industrial mineral properties. Santa Fe controls: (i) the Summit mine and Lordsburg mill in southwestern New Mexico, which began commercial production in 2012; (ii) a substantial land position near the Lordsburg mill, comprising the core of the Lordsburg Mining District; (iii) the Mogollon gold-silver project, within trucking distance of the Lordsburg mill; (iv) the Ortiz gold property in north-central New Mexico; (v) the Black Canyon mica deposit near Phoenix, Arizona; and (vi) a deposit of micaceous iron oxide (MIO) in western Arizona. Santa Fe Gold intends to build a portfolio of high-quality, diversified mineral assets with an emphasis on precious metals.

To learn more about Santa Fe Gold, visit www.santafegoldcorp.com.

FORWARD-LOOKING AND CAUTIONARY STATEMENTS – SAFE HARBOR

This press release contains forward-looking statements, including with respect to the negotiation, implementation and effects of a proposed business combination between Santa Fe Gold Corporation ("Santa Fe") and International Goldfields Limited ("IGS"), that may result from the Heads of Agreement. Those statements and statements made in this release that are not historical in nature, including those related to future benefits, increases in shareholder value, synergies, improved liquidity and profitability, constitute forward-looking statements within the meaning of the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by the use of words such as "expects," "projects," "plans," "will," "may," "anticipates," "believes," "should," "intends," "estimates," and other words of similar meaning. These statements are based on current plans, estimates and projections, and, therefore, you should not place undue reliance on them. These statements are subject to risks and uncertainties that cannot be predicted or quantified, and our actual results may differ materially from those expressed or implied by such forward-looking statements. For Santa Fe, these statements are subject to the

following risks and uncertainties: difficulties, delays, unexpected costs or the inability to reach definitive documents with respect to, or consummate, the proposed business combination with IGS and other transactions referred to in this press release and those described in the documents we file with the U.S. Securities and Exchange Commission, and risks associated with the inherent uncertainty of future financial results, and additional capital financing requirements. All forward-looking statements included in this release are made as of the date of this press release, and Santa Fe assumes no obligation to update any such forward-looking statements.

STATEMENT REGARDING ADDITIONAL INFORMATION THAT MAY BECOME AVAILABLE

If a transaction is to be proposed to the stockholders of Santa Fe and IGS, Santa Fe and IGS would file with the Securities and Exchange Commission and distribute a Registration Statement on Form F-4 covering securities to be issued in the transaction. Santa Fe shareholders would receive a prospectus and proxy/consent solicitation statement in connection with such transaction. The final terms of the prospective merger of Santa Fe and IGS remain subject to change and would only be reflected in a binding definitive agreement that remains to be negotiated between the companies. Santa Fe stockholders would be urged to read these and any other related documents the corporation may issue. If and when these documents are filed, they can be obtained for free at the SEC's website, www.sec.gov. Additional information on how to obtain these documents from Santa Fe would be made available to stockholders if and when a transaction is to occur. IGS would provide disclosure and arrange for solicitation of the votes of its shareholders in accordance with Australian regulations following execution of a binding agreement. Such documents are not currently available.

This communication shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended. Santa Fe, its directors and executive officers, may be deemed to be participants in the solicitation of proxies or consents from Santa Fe's stockholders in connection with any transaction that might be proposed to such stockholders. Information about the directors and executive officers of Santa Fe and their ownership of IGS and Santa Fe stock will be included in the prospectuses and proxy/consent solicitation statements if and when they become available.

See Accompanying Tables

The following information summarizes the financial condition of Santa Fe Gold Corporation at December 31, 2012, including its balance sheets at December 31, 2012 and June 30, 2012, respectively, its results of operations for the three months and six months ended December 31, 2012 and 2011, respectively, and its cash flows for the six months ended December 31, 2012 and 2011. The summary data for the three and six months ended December 31, 2012 and 2011, respectively, are unaudited; the summary data for the financial year ended June 30, 2012 are taken from our audited financial statements contained in our annual report on Form 10-K for the financial year ended June 30, 2012, but do not include the footnotes and other information that is included in the complete financial statements. Readers are urged to review the Company's Form 10-K in its entirety, which can be found on the SEC's website at www.sec.gov.

SANTA FE GOLD CORPORATION CONSOLIDATED BALANCE SHEETS

December June 30,
31,
ASSETS 2012 2012
(Unaudited)
CURRENT ASSETS:

Cash and cash equivalents \$ 506,581 \$ 614,385
Accounts receivable 5,659,666 2,442,399
Inventory 802,280 951,458
Marketable securities 40,125 48,776
Prepaid expenses and other current assets 327,773 329,466
Total Current Assets 7,336,425 4,386,484
MINERAL PROPERTIES 599,897 579,000

PROPERTY, EQUIPMENT, AND MINE DEVELOPMENT, net 22,557,536 24,139,166

OTHER ASSETS:

Idle equipment, net 1,223,528 1,223,528
Restricted cash 231,716 231,716
Mogollon option payments 450,000 -
Deferred financing costs, net 997,580 1,102,070
Total Other Assets 2,902,824 2,557,314
Total Assets \$ 33,396,682 \$ 31,661,964

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts payable 1,998,381 \$ 2,199,026
Accrued liabilities 5,039,505 2,505,785
Derivative instrument liabilities 2,393,173 1,026,765
Current portion, notes payable 8,107,395 9,931,468

Current portion, senior subordinated convertible notes payable, net of
discount of \$-0- and \$5,564, respectively
450,000 444,436
Current portion, capital leases 24,570 41,487
Completion guarantee payable 3,359,873 3,359,873
Total Current Liabilities 21,372,897 19,508,840

LONG TERM LIABILITIES:

Notes payable, net of current portion 411,016 936,996
Convertible notes payable 4,044,690 -
Capital leases, net of current portion - 3,545
Asset retirement obligation 164,299 159,048
Total Liabilities 25,992,902 20,608,429
STOCKHOLDERS' EQUITY :

Common stock, \$.002 par value, 300,000,000 shares authorized;
117,537,970 and 111,143,684 shares issued and outstanding, respectively

235,076

222,287

Additional paid in capital 76,476,114 74,846,754
Accumulated (deficit) (69,249,477) (63,966,224)
Accumulated other comprehensive (loss) (57,933) (49,282)
Total Stockholders' Equity 7,403,780 11,053,535
Total Liabilities and Stockholders' Equity \$ 33,396,682 \$ 31,661,964

SANTA FE GOLD CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE (LOSS)
(Unaudited)

Three Months Ended Six Months Ended
December 31, December 31,

2012

2011

2012

2011

SALES, net \$ 4,363,264 \$ 1,918,495 \$ 9,941,918 \$ 3,551,834

OPERATING COSTS AND EXPENSES:

Costs applicable to sales 3,245,602 1,329,192 6,613,712 2,178,681
 Exploration costs 544,965 57,357 672,386 172,528
 General and administrative 1,017,945 727,841 1,791,986 1,638,913
 Depreciation and amortization 1,116,700 658,312 2,202,045 1,316,719
 Accretion of asset retirement obligation 2,520 4,000 5,251 6,127
 Total Operating Costs and Expenses 5,927,731 2,776,702 11,285,380 5,312,968
 LOSS FROM OPERATIONS (1,564,467) (858,207) (1,343,462) (1,761,134)

OTHER INCOME (EXPENSE):

Interest income 1,632 7,551 1,632 10,300
 Foreign Currency Translation (59,690) - (59,690) -
 Gain (loss) on derivative instrument liabilities 529,824 (89,636) (322,308) 2,798,124
 Accretion of discounts on notes payable (1,703) (550,740) (5,564) (1,059,586)
 Financing costs - commodity supply agreements (937,288) (250,830) (2,268,725) (426,855)
 Interest expense (829,075) (910,900) (1,285,136) (1,372,323)

Total Other (Expense) Income
 (1,296,300) (1,794,555) (3,939,791) (50,340)

LOSS BEFORE PROVISION FOR INCOME TAXES (2,860,767) (2,652,762) (5,283,253) (1,811,474)
 PROVISION FOR INCOME TAXES - - - -

NET LOSS (2,860,767) (2,652,762) (5,283,253) (1,811,474)
 OTHER COMPREHENSIVE (LOSS)

Unrealized gain (loss) on marketable securities (10,696) 47,002 (8,651) 78,981
 NET COMPREHENSIVE LOSS \$ (2,871,463) \$ (2,605,760) \$ (5,291,904) \$ (1,732,493)

Basic and Diluted Per Share data Net (Loss) - basic and diluted \$ (0.02) \$ (0.03) \$ (0.05) \$ (0.02)

Weighted Average Common Shares Outstanding: Basic and diluted 117,537,970 95,877,564 115,916,060
 95,217,238

SANTA FE GOLD CORPORATION
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 (Unaudited)

Six Months Ended
 December 31,

2012

2011

Net (loss) \$ (5,283,253) \$ (1,811,474)
 Adjustments to reconcile net (loss) to net cash used in operating activities:

Depreciation and amortization 2,202,045 1,316,719
 Stock-based compensation 812,988 337,641
 Accretion of discount on notes payable 5,564 1,338,686
 Accretion of asset retirement obligation 5,251 6,127
 Foreign currency translation 59,690 -
 Loss (gain) on derivative instrument liabilities 322,308 (2,798,124)
 Loss on disposal of assets - 152,587
 Amortization of deferred financing costs 104,490 335,312
 Net change in operating assets and liabilities:
 Accounts receivable (3,217,267) 460,775
 Inventory 149,178 66,366
 Prepaid expenses and other current assets 123,905 (522,223)
 Mogollon option payments (450,000) -

Accounts payable and accrued liabilities 2,333,075 (421,765)
Deferred revenue - (451,654)
Net Cash Used in Operating Activities (2,832,026) (1,991,027)

CASH FLOWS FROM INVESTING ACTIVITIES:

Decrease to restricted cash - 178,658
Proceeds from disposal of assets - 25,000
Notes receivable and accrued interest - (4,089)
Additions of property, equipment, and mine development (641,312) (799,734)
Construction in progress - (2,668,896)
Net Cash Used in Investing Activities (641,312) (3,269,061)

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from issuance of stock 1,873,261 -
Proceeds from convertible notes payable 3,985,000 -
Proceeds from notes payable - 15,105,119
Payments on notes payable (2,472,265) (5,103,490)
Payments on capital leases (20,462) (64,015)
Payment of financing costs - (1,370,000)
Net Cash Provided by Financing Activities 3,365,534 8,567,614

(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS (107,804) 3,307,526

CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD 614,385 172,531

CASH AND CASH EQUIVALENTS, END OF PERIOD \$ 506,581 \$ 3,480,057

SUPPLEMENTAL CASH FLOW INFORMATION:

Cash paid for interest \$ 504,312 \$ 675,039

Cash paid for income taxes \$ - \$ -

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:

Stock issued for conversion of convertible notes payable \$ - \$ 13,432,424

Stock issued for services \$ 39,000 \$ 48,000

Insurance financed with notes payable \$ 122,212 \$ 105,121

Contacts

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