

Santa Fe Gold Reports Record \$13.3 Million Revenue for 2013 Fiscal Nine Months

13.05.2013 | [Business Wire](#)

ALBUQUERQUE, N.M. -- (BUSINESS WIRE) -- [Santa Fe Gold Corporation](#) (OTCBB: SFEG) is pleased to announce the financial results for the three and nine months ended March 31, 2013. Santa Fe reported record revenues of \$13.3 million for the nine months ended March 31, representing a 94% increase over the same period of the prior fiscal year. The Company's earnings from mining operations also grew over the period to \$3.6 million, a 23% increase over the comparable nine month period in 2012. Revenues for the three months ended March 31, 2013 were \$3.3 million, a slight increase over the 2012 comparable period. The full version of the financial statements and management's discussion and analysis are available in the Company's Form 10-Q filed with the SEC and available at www.sec.gov.

"We are pleased to see the strong growth in revenues and earnings from mining operations for the nine months ended March 31, 2013," said Pierce Carson, CEO of Santa Fe. "However, financial performance would have been even better except for weak performance in the March quarter. During the quarter, we experienced equipment issues that adversely affected production tonnage. We are working to resolve those issues, which will help us achieve targeted production rates.

"On a positive note, underground development is advancing toward the higher grade portions of the ore body, which will constitute the main source of ore beginning the second half of calendar 2013. We believe the higher grades together with greater tonnages will result in a significant increase in metal production and revenues."

2013 Third Quarter Highlights

- 94% increase in revenue to a record \$13.3 million for the nine months ended March 31, 2013.
- 23% increase in earnings from mining operations to \$3.6 million for the nine months ended March 31, 2013.
- 1.0% increase in revenue to \$3.3 million for the three months ended March 31, 2013.

Production and Cash Costs

	Q1 2013	Q2 2013	Q3 2013	9 Months Ended Mar. 31, 2013
Tons processed	24,384	21,898	15,711	61,993
Average gold grade (oz./ton)	0.087	0.099	0.101	0.093
Average silver grade (oz./ton)	4.368	5.490	4.147	4.675
Gold ounces	2,122	2,108	1,566	5,796
Silver ounces	106,156	119,245	64,387	289,788
Total gold equivalent ounces sold	3,102	2,866	2,221	8,189
Average gold equivalent price realized	\$1,798	\$1,522	\$1,492	\$1,618
Operating cash cost				
per gold equivalent ounce sold	\$1,013	\$1,087	\$1,358	\$1,132

Outlook

- The drive downward to the main ore zone was accelerated during the quarter. The main ore zone contains higher grades 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 continues to sell high-value gold-silver concentrates to two overseas smelters under 2013 sales contracts. The concentrate is produced at the Company's 100% owned Lordsburg flotation mill. In addition to concentrate sales, during 2013 Santa Fe is continuing to sell a substantial portion of Summit output in the form of silica flux material to two smelters in Arizona. Sale of silica flux involves direct shipment of ore with

only minimal processing required.

- 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 Company has applied for permits to drill on ground it controls in the Mogollon Mining District, which is located in southwestern NM within trucking distance of the Lordsburg Mill. Historically the district has been a substantial producer of silver and gold. The drilling program will be focused on known resources that have potential to be mined and processed at the Lordsburg mill.

- In January the Company began a drilling program to test several gold-copper targets near the Lordsburg Mill in the Lordsburg Mining District. The objective of the drilling program is the discovery of additional ore for processing through the Lordsburg Mill. During the quarter 10 diamond core holes totaling 7,288 feet of drilling were completed, aimed at initial testing of 9 targets. Reporting of assay results from the drilling is pending.

- In 2012 Santa Fe engaged an independent geologic engineering firm to prepare a Canadian standard NI 43-101 technical report on two gold deposits located at the Ortiz Gold Project site. The engineering firm completed a resource calculation in November 2012, which was released by International Goldfields Ltd as an Australian - standard JORC compliant resource statement. Results confirm previous estimations that the two deposits contain approximately 1.0 million ounces of gold within the boundary of conceptual open pits. Based on these results, Santa Fe has commissioned a Preliminary Economic Assessment to be completed later in 2013. Currently the Company is conducting technical and baseline environmental studies required for application of mining permits.

Merger with International Goldfields Ltd

In October 2012 Santa Fe announced a heads of agreement to merge with [International Goldfields Limited](#) (ASX: IGS). In accordance with the agreement, IGS advanced the Company AUD3.9 million by way of three year convertible notes. In February 2013 the parties signed a definitive merger agreement, which among other terms was subject to IGS closing an equity financing by March 14, 2013, that would have resulted in IGS having at least AUD10 million in available cash net of transaction fees.

IGS did not consummate the required equity financing by March 14, 2013, and Santa Fe and IGS do not anticipate that the merger will proceed. As an alternative to the merger, the parties are exploring transaction structures whereby IGS would have the right to make additional investments into Santa Fe, although no assurances can be given that an acceptable structure will be agreed upon.

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.

Cautionary Note Regarding Forward-Looking Statements:

This press release contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable US securities legislation. All statements, other than statements of historical fact, included herein are forward-looking statements. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or are those, which, by their nature, refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future results or performance, and that actual results may differ materially from those in

forward looking statements as a result of various factors, including, but not limited to, variations in the nature, quality and quantity of any mineral deposits that may be located, variations in the market price of any mineral products the Company may produce or plan to produce, the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, the Company's inability to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies, and other risks and uncertainties disclosed in the Company's Annual Report on Form 10-K for the year ended June 30, 2012 and its most recent quarterly reports filed with the United States Securities and Exchange Commission (the "SEC"), and other information released by the Company and filed with the appropriate regulatory agencies. All of the Company's US public disclosure filings may be accessed via www.sec.gov and readers are urged to review these materials.

See Accompanying Tables

The following information summarizes the financial condition of Santa Fe Gold Corporation at March 31, 2013, including its balance sheets at March 31, 2013 and June 30, 2012, respectively, its results of operations for the three months and nine months ended March 31, 2013 and 2012, respectively, and its cash flows for the nine months ended March 31, 2013 and 2012. The summary data for the three and nine months ended March 31, 2013 and 2012, 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

March 31, June 30,
ASSETS

2013

2012

(Unaudited)

CURRENT ASSETS:

Cash and cash equivalents	\$ 396,479	\$ 614,385
Accounts receivable	4,202,931	2,442,399
Inventory	592,100	951,458
Marketable securities	34,382	48,776
Prepaid expenses and other current assets	390,124	329,466
Total Current Assets	5,616,016	4,386,484
MINERAL PROPERTIES	599,897	579,000

PROPERTY, EQUIPMENT, AND MINE DEVELOPMENT, net 22,006,202 24,139,166

OTHER ASSETS:

Idle equipment, net	1,223,528	1,223,528
Restricted cash	231,716	231,716
Mogollon option payments	750,000	-
Deferred financing costs, net	945,335	1,102,070
Total Other Assets	3,150,579	2,557,314
Total Assets	\$ 31,372,694	\$ 31,661,964

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts payable	2,551,444	\$ 2,199,026
Accrued liabilities	5,859,050	2,505,785
Derivative instrument liabilities	1,309,342	1,026,765
Current portion, notes payable	8,031,465	9,931,468
Current portion, senior subordinated convertible notes payable, net of discount of \$-0- and \$5,564, respectively	- 444,436	
Current portion, capital leases	- 41,487	
Completion guarantee payable	3,359,873	3,359,873

Total Current Liabilities 21,111,174 19,508,840

LONG TERM LIABILITIES:

Notes payable, net of current portion 370,892 936,996

Convertible notes payable, net of discounts of \$69,728 and \$-0-, respectively 4,442,629 -

Capital leases, net of current portion - 3,545

Asset retirement obligation 166,217 159,048

Total Liabilities 26,090,912 20,608,429

STOCKHOLDERS' EQUITY :

Common stock, \$.002 par value, 300,000,000 shares authorized; 117,599,598 and 111,143,684 shares issued and outstanding, respectively

235,199

222,287

Additional paid in capital 76,893,476 74,846,754

Accumulated (deficit) (71,783,217) (63,966,224)

Accumulated other comprehensive (loss) (63,676) (49,282)

Total Stockholders' Equity 5,281,782 11,053,535

Total Liabilities and Stockholders' Equity \$ 31,372,694 \$ 31,661,964

SANTA FE GOLD CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

AND COMPREHENSIVE (LOSS)

(Unaudited)

Three Months Ended Nine Months Ended
March 31, March 31,

2013

2012

2013

2012

SALES, net \$ 3,313,077 \$ 3,270,538 \$ 13,254,995 \$ 6,822,372

OPERATING COSTS AND EXPENSES:

Costs applicable to sales 3,001,655 1,676,148 9,615,367 3,854,829

Exploration costs 786,045 125,874 1,458,431 298,402

General and administrative 1,149,088 867,605 2,941,075 2,506,518

Depreciation and amortization 1,035,972 668,454 3,238,017 1,985,173

Accretion of asset retirement obligation 1,918 - 7,169 6,127

Total Operating Costs and Expenses 5,974,678 3,338,081 17,260,059 8,651,049

LOSS FROM OPERATIONS (2,661,601) (67,543) (4,005,064) (1,828,677)

OTHER INCOME (EXPENSE):

Interest income - 2,662 - 7,747

Miscellaneous income 12,434 - 14,066 5,328

Foreign currency translation (17,825) - (77,515) -

Gain (loss) on derivative instrument liabilities 1,127,873 1,301,722 805,565 4,099,846

Accretion of discounts on notes payable (7,108) (3,567) (12,672) (1,063,153)

Financing costs - commodity supply agreements (561,282) (327,691) (2,830,007) (754,546)
Interest expense (426,230) (369,506) (1,711,366) (1,741,942)
Total Other (Expense) Income 127,862 603,620 (3,811,929) 553,280

INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES (2,533,739) 536,077 (7,816,993)
(1,275,397)
PROVISION FOR INCOME TAXES - - - -

NET LOSS (2,533,739) 536,077 (7,816,993) (1,275,397)
OTHER COMPREHENSIVE GAIN (LOSS)

Unrealized gain (loss) on marketable securities (5,743) 14,401 (14,394) 93,382

NET COMPREHENSIVE LOSS \$ (2,539,482) \$ 550,478 \$ (7,831,387) \$ (1,182,015)

Basic and Diluted Per Share data

Net (Loss) Income - basic and diluted \$ (0.02) \$ 0.00 \$ (0.07) \$ (0.01)

Weighted Average Common Shares Outstanding:

Basic and diluted 117,598,228 108,675,592 116,468,597 99,670,730

SANTA FE GOLD CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

Nine Months Ended
March 31,

2013

2012

Net (loss) \$ (7,816,993) \$ (1,275,397)

Adjustments to reconcile net (loss) to net cash used in operating activities:

Depreciation and amortization 3,238,017 1,985,173
Stock-based compensation 1,197,678 635,199
Accretion of discount on notes payable 12,672 1,447,358
Accretion of asset retirement obligation 7,169 6,127
Loss (gain) on derivative instrument liabilities (805,565) (4,099,846)
Loss on disposal of assets - 152,587
Foreign currency translation 77,515 -
Amortization of deferred financing costs 156,733

360,393

Net change in operating assets and liabilities:

Accounts receivable (1,760,532) (419,049)
Inventory 359,358 34,608
Prepaid expenses and other current assets 61,554 (1,076,958)
Mogollon option payments (750,000) -
Accounts payable and accrued liabilities 3,705,683 (383,527)
Deferred revenue - (755,442)
Net Cash Used in Operating Activities (2,316,869) (3,388,774)

CASH FLOWS FROM INVESTING ACTIVITIES:

Decrease to restricted cash - 179,658
Proceeds from disposal of assets - 25,000
Notes receivable and accrued interest - (6,111)
Additions of property, equipment, and mine development (1,125,950) (1,461,780)
Construction in progress - (4,150,334)
Net Cash Used in Investing Activities (1,125,950) (5,413,567)

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from issuance of stock 1,873,261 700,000
Proceeds from convertible notes payable 3,985,000 -
Proceeds from notes payable - 15,105,120
Payments on notes payable (2,588,474) (5,133,565)
Payments on capital leases (45,032) (73,874)
Payment of financing costs - (1,370,000)
Net Cash Provided by Financing Activities 3,224,913 9,227,681

(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS (217,906) 425,340

CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD 614,385 172,531
CASH AND CASH EQUIVALENTS, END OF PERIOD \$ 396,479 \$ 597,871

SUPPLEMENTAL CASH FLOW INFORMATION:

Cash paid for interest \$ 677,988 \$ 1,319,807

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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