

U.S. Silver & Gold Reports First Quarter Financial and Operational Results

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TORONTO, May 13, 2013 /CNW/ - [U.S. Silver & Gold Inc.](#) (TSX: USA, OTCQX: USGIF) ("U.S. Silver & Gold" or the "Company") today reported financial and operational results for the first quarter of 2013.

This earnings release should be read in conjunction with the Company's MD&A, Financial Statements and Notes to Financial Statements for the corresponding period, which have been posted on SEDAR at www.sedar.com and are also available on the Company's website at www.us-silver.com.

All figures are in U.S. dollars unless otherwise noted.

Highlights of First Quarter

- First quarter production in line with expectations. 2013 guidance re-forecasted to 2.6 to 3.0 million silver ounces at cash costs of \$16 to \$18 per ounce (from 2.7 to 3.0 million silver ounces at cash costs of \$17 to \$19 per ounce).
- Galena Complex revenues of \$17.6 million and net income of \$2.1 million.
- Consolidated revenues of \$22.9 million and net loss of \$3.4 million or \$0.06 per share. The net loss is primarily attributable to under-performance at the Drumlummon Mine, which is scheduled to be put on care and maintenance during Q2, 2013 given current gold prices.
- Consolidated production of 598,139 silver ounces. Strong Galena Complex silver production of 577,095 ounces (a 4.7 percent increase over Q1, 2012) at a silver cash cost of \$20.48 per ounce.
- Realized silver price of \$30.32 per ounce (a nine percent decrease compared to Q1, 2012), copper price of \$3.68 per pound and lead price of \$1.03 per pound.
- Further review of exploration, capital projects and capital development costs increased previously stated 2013 cost reduction targets from \$10 to \$12 million. Implementation of remaining cost-saving and productivity measures at the Galena Complex and the corporate office, and closure of the Drumlummon Mine underway.
- Continuing strong exploration results in the Caladay Zone.

"On January 27, 2013 we completed implementation of a new 24/7 schedule to increase productivity and profitability at the Galena Mine Complex. We began seeing the benefit of that strategy in the first quarter of 2013 with a 3 percent increase in tonnage over the previous quarter. We expect to see increased tonnage as well as budgeted grade over the remainder of 2013, which will positively impact cash costs starting in the second quarter," said Darren Blasutti, President and CEO of U.S. Silver and Gold. "That, in combination with the immediate cost reductions, the fast tracking of the Caladay Zone and a focus on protecting our balance sheet, positions the Company well in an increasing silver price environment."

Production and Operating Costs

As reported in the April 24, 2013 press release, the Company had strong first quarter consolidated silver production totalling 598,139 ounces, along with gold production of 2,161 ounces. Consolidated silver cash costs were \$22.20 per ounce (compared with \$17.65 per ounce in the fourth quarter of 2012) due primarily to the underperformance of the Drumlummon Mine in Q1, 2013 and the expected mining of lower grade material at the Galena Complex during the quarter.

A net loss of \$3.4 million was recorded for the quarter, compared with net income of \$2.9 million in the first quarter of 2012. This decrease was due to lower realized metal prices, higher cost of sales (primarily at the Drumlummon Mine), higher general and administration expenses (including post-merger costs and tax re-organization work) and higher depreciation, depletion and amortization. Cost increases were partially offset by higher year-over-year production and lower income tax expense in connection with the tax re-organization.

Galena Complex

The Galena Mine Complex delivered 577,095 ounces of silver during the first quarter of 2013. Despite transitioning to the 24/7 shift schedule one month into the quarter, a 4.7 percent increase in production over Q1, 2012 resulted. Average grade increased three percent to 9.6 ounces per ton silver, while the realized silver price fell 8.7 percent to \$33.29 per ounce. Please see Table 1 below for further detail.

Table 1 Galena Production Details		
	Q1 2013	Q1 2012
Total Ore Processed (tons milled)	62,826	61,073
Silver - Copper	44,887	42,346
Silver - Lead	17,939	18,727
Silver produced (ounces)	577,095	551,228
Lead produced (pounds)	1,772,256	1,584,143
Copper produced (pounds)	261,618	232,478
Silver recoveries (percent)	96.2	96.0
Lead recoveries (percent)	92.7	92.0
Copper recoveries (percent)	95.9	96.1
Silver head grade (ounces per ton)	9.55	9.40
Silver - Copper	10.83	11.25
Silver - Lead	6.34	5.21
Lead head grade (percent)	5.33	4.60
Copper head grade (percent)	0.30	0.29
Silver sold (ounces)	568,401	569,027
Lead sold (pounds)	1,769,304	1,639,121
Copper sold (pounds)	259,728	238,226
Realized silver price (\$ per ounce)	\$30.40	\$33.29
Realized lead price (\$ per pound)	\$1.03	\$0.95
Realized copper price (\$ per pound)	\$3.68	\$4.12
Silver cash costs (\$ per ounce) ¹	\$20.48	\$19.37

¹The Company reports the cash cost per ounce of silver produced, a non-GAAP measure, in accordance with measures widely reported in the silver mining industry as a benchmark for performance measurement. These measures do not have any standardized meaning and may differ from methods used by other companies with similar descriptions. The method does not include depletion, depreciation, exploration or corporate administrative costs and is therefore not directly reconcilable to costs as reported under International Financial Reporting Standards

At \$20.48, cash costs were higher during the first quarter of 2013 than in the prior year. This is due to an increase in labour costs following the addition of personnel to accommodate the new 24/7 schedule. Productivity increased as a result, and a subsequent rise in March and April productivity has also been noted. This trend is expected to positively impact ounce production and cash costs beginning in the second quarter and continue throughout fiscal 2013. Additionally, production and development miners from the Coeur mine were re-deployed late in the first quarter in order to achieve what the Company expects will be more profitable production from the higher grade Caladay areas by the third quarter of the year.

Drumlummon Mine

The Drumlummon Mine produced 2,161 ounces of gold and 21,044 ounces of silver during the first quarter of the year at a by-product cash cost of \$2,289.73 per ounce gold.

As previously announced, given current gold prices and recent mine performance, production at Drumlummon is being discontinued and the mine will be put on care and maintenance. A small, ongoing exploration program will be maintained and the Company will move the remaining equipment, materials inventory, and supplies to the Galena Complex in Idaho.

Exploration Update

As per the Company's April 24, 2013 press release, recent drilling in the Caladay Zone at the Galena Complex has uncovered higher grade silver-lead mineralization and extended silver-copper veins on the 4900 and 5200 levels along strike and down dip. Over the remainder of 2013, the exploration drill program will extend and better define these areas and focus on: 1) developing resources that are close to existing infrastructure; 2) continuing underground exploration diamond core drilling in the Caladay Zone; 3) defining additional reserves; 4) adding to resources; and, 5) identifying viable new silver veins within the greater Galena Complex.

Financial Position

U.S. Silver & Gold's cash and cash equivalents at March 31, 2013 totaled \$11.0 million compared to \$18.9 million at December 31, 2012, while net working capital totaled \$11.7 million compared to \$16.0 million for the same dates, respectively. The decrease in net working capital primarily reflects net cash inflows from operations less drilling, underground development, and exploration costs, purchase of property, plant and equipment, rehabilitation and access development activity, and other changes in non-cash working capital.

Adjusting for the Company's credit facility of \$7.9 million, the Company's working capital was \$20 million as at March 31, 2013. Management is currently reviewing options for refinancing the debt.

About U.S. Silver & Gold Inc.

[U.S. Silver & Gold Inc.](#) is a newly formed silver and gold mining company focused on growth from its existing asset base and the execution of targeted accretive acquisitions. It owns and operates the Galena Mine Complex in the heart of the Silver Valley/Coer d'Alene Mining District, Shoshone County, Idaho. It produces high-grade silver and is the second most prolific silver mine in U.S. history, delivering over 200 million ounces to date. The Caladay Zone is being evaluated for bulk mining development. U.S. Silver & Gold Inc. also owns the Drumlummon Mine Complex in Lewis and Clark County, Montana.

Mr. Jim Atkinson, Vice President, Exploration and a Qualified Person under Canadian Securities Administrators guidelines, has approved the contents of this news release.

For further information please see SEDAR or www.us-silver.com for the NI 43-101 compliant Technical Report on the Galena Project dated March 22, 2013.

Cautionary Statement Regarding Forward Looking Information:

This news release contains "forward-looking information" within the meaning of applicable securities laws. Forward-looking information includes, but is not limited to, the Company's expectations, intentions, plans, and beliefs with respect to, among other things, the Galena Complex and the Drumlummon Mine. Often, but not always, forward-looking information can be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may", and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions, or statements about future events or performance. Forward-looking information is based on the opinions and estimates of the Company as of the date at which such information is provided and is subject to known and unknown risks, uncertainties, and other factors that may cause the actual results, level of activity, performance, or achievements of the Company to be materially different from those expressed or implied by such forward looking information. This includes the ability to develop and operate the Galena and Drumlummon properties, risks associated with the mining industry such as economic factors (including future commodity prices, currency fluctuations and energy prices), failure of plant, equipment, processes and transportation services to operate as anticipated, environmental risks, government regulation, actual results of current exploration activities, possible variations in ore grade or recovery rates, permitting timelines, capital expenditures, reclamation activities, social and political developments and other risks of the mining industry. Although U.S. Silver and Gold has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated, or intended. Readers are cautioned not to place undue reliance on such information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, and projections of various future events will not occur. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking

information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

SOURCE U.S. Silver & Gold Inc.

[U.S. Silver & Gold Inc.](#)

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