

U.S. Silver & Gold Provides Third Quarter Production Update; Cash Costs Reduced by 13%; Average Grade Mined Increased by 18%

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TORONTO, Oct. 22, 2013 /CNW/ - [U.S. Silver & Gold Inc.](#) (TSX: USA, OTCQX: USGIF) ("U.S. Silver & Gold" or the "Company") today announced production figures for its Galena Mine Complex in Idaho.

Highlights

- Production for the quarter of 529,860 silver equivalent ounces¹ including 464,850 silver ounces which represents a 15% decrease in silver production compared with Q3, 2012, and production of 1.67 million ounces for the first 9 months of 2013, an increase of 3% year-to-date.
- Cash costs of \$17.67 per ounce silver for the quarter and \$18.16 year-to-date, which represent reductions of 13% over Q3, 2012 and 5% year-over-year.
- Average mill feed grade for the quarter rose 18% to 11.84 ounces per ton silver, comprising 36,359 tons grading 12.83 ounces per ton silver from production areas and 7,676 tons of incremental development muck grading 1.75 ounces per ton silver.
- Production from silver/copper areas adjacent to the Caladay Zone commenced in the third quarter. Although installation and commissioning of additional cooling capacity has impacted mining activities in the area, consistent production rates are expected to be achieved before year-end and the Company continues to target a production rate of 100 tons per day.
- The previously announced Small Mine Plan² was implemented, reducing production, eliminating more than 100 positions and adding one-time severance costs. It will result in lower cash and overall costs going forward and increase grade mined to be profitable at current silver prices.
- Silver guidance for 2013 remains at 2.1 - 2.2 million ounces with production at the Galena Complex during the second half of the year on track to deliver 850,000 - 1,000,000 ounces at a cash cost of \$15.50 - \$17.50 per ounce.

The Company expects to release its third quarter financial results on Wednesday November 13, 2013.

"We made a strategic decision to implement the Small Mine Plan early in the quarter knowing the elimination of more than 100 positions would reduce production, create some disruption and temporarily increase costs due to severance payments," remarked Darren Blasutti, President and CEO of U.S. Silver and Gold. "In light of this, I am pleased with the quarterly results we achieved and would like to thank Management and our employees for their effort and commitment. We expect the fourth quarter to have lower cash costs and expect to meet our full year production guidance. In addition, we remain focused on doing what is necessary to keep costs low and production profitable in order to protect our balance sheet and position the Company well for an increase in silver prices."

¹ Silver equivalent calculation is based on prices of \$22 per ounce gold, \$0.90 per pound lead and \$3.25 per pound copper.

² Please see press release dated July 16, 2013.

Galena Complex Third Quarter Production Details

The Galena Complex produced 464,850 ounces of silver during the third quarter of 2013 at a grade of 11.84 ounces per ton and a silver cash cost of \$17.67 per ounce. Overall tonnage and production for the quarter decreased by 28% and 15% respectively; however, this was expected due to staffing reductions following implementation of a Small Mine Plan ("SMP"), which aimed to reduce production and costs and increase grade to be profitable at current silver prices. The decrease in tonnage was partially offset by an 18% increase in average grade mined for the quarter. Cash costs for Q3 2013 were significantly below costs during the third quarter and the first nine months of 2012.

Table 1 Galena Production Highlights						
	Q3 2013	Q3 2012	Change	YTD 2013	YTD 2012	Change
Processed Ore (tons milled)	40,746	56,488	-28%	162,157	170,999	-5%
Production (ounces)	464,850	544,104	-15%	1,671,172	1,623,231	+3%
Grade (ounces per ton)*	11.84	10.03	+18%	10.71	9.91	+8%
Cash Costs (\$ per ounce silver)**	\$ 17.67	\$ 20.29	-13%	\$ 18.16	\$ 19.17	-5%
Lead (pounds)	705,665	1,429,449	-51%	5,114,010	3,860,542	+32%
Copper (pounds)	244,653	259,445	-6%	774,663	729,750	+ 6%

* Comprises 36,359 tons of production ore grading 13.06 ounces per ton silver and 7,676 tons of development material grading 1.75 ounces per ton silver.

** During 2012, the Company changed its presentation of cash costs to report under a payable ounces basis to conform to presentation used by other comparable entities within the silver mining industry. Previous disclosures have been restated to conform with the amended presentation.

Small Mine Plan Updat

A SMP was implemented during Q3 2013, reducing fixed and variable costs as follows:

- The number of operating stopes was reduced from over twenty to approximately fifteen;
- Staffing at the Galena Mine Complex was reduced from 351 to 240 and appropriate severance costs paid;
- The Coeur Shaft was put on care and maintenance;
- Levels 2800, 3000, 3200, 4300 and 5500 were put on care and maintenance;
- Capital expenditures are limited to mine development activities that directly support the SMP;
- Exploration is focused on increasing confidence of high-grade resources adjacent to current mine infrastructure.

The Company's outlook for silver/lead ore production was recently reviewed and based on anticipated operating activity, a decision was made to periodically use the Coeur Mill to process any high grade silver/lead ore on a campaign basis with staff temporarily relocated from the Galena Mill.

Quality Assurance / Quality Control ("QA/QC")

U.S. Silver & Gold maintains a QA/QC Program for all assays, whether completed at the Drumlummon laboratory or at a contract laboratory including the use of standards, blanks and duplicates. All QA/QC results are evaluated using a program of QA/QC monitoring. Both the contract laboratory and the Drumlummon laboratory maintain programs of QA/QC as well. Assays for the Caladay Zone were prepared by a commercial laboratory located in Osburn, Idaho.

About U.S. Silver & Gold Inc.

[U.S. Silver & Gold](#) is a silver and gold mining company focused on growth from its existing asset base and execution of targeted accretive acquisitions. It owns and operates the Galena Mine Complex in the heart of the Silver Valley/Coeur d'Alene Mining District, Shoshone County, Idaho which 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 also owns the Drumlummon Mine Complex in Lewis and Clark County, Montana.

Mr. Daren Dell, Vice President, Technical Services and a Qualified Person under Canadian Securities Administrators guidelines, has approved the applicable 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 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 those 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.

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