

# Elgin Mining Reports Fourth Quarter and 2013 Results

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VANCOUVER, Mar 24, 2014 - [Elgin Mining Inc.](#) ("Elgin Mining" or the "Company") (TSX:ELG) (TSX:ELG.WT) reports its financial and operational results for the three months and year ended December 31, 2013. Elgin Mining owns and operates the Björkdal gold mine ("Björkdal Mine") in Sweden, and holds the past-producing Lupin gold mine ("Lupin") and the Ulu gold property in Nunavut, Canada. All figures are in Canadian dollars (\$) or CAD unless otherwise indicated.

A copy of the Company's financial statements and Management's Discussion and Analysis can be viewed on the Company's website at [www.elginmining.com](http://www.elginmining.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

## Fourth Quarter 2013 Highlights

- Record quarterly gold production of 13,818 ounces;
- Cash cost<sup>(1)</sup> per ounce produced of US\$862, an improvement of 24% from Q3-2013 cash cost per ounce produced of US\$1,127;
- Successfully completed a full transition to owner-operated underground ("UG") mining operations at the Björkdal Mine;
- Saw continued improvements in operations in terms of grade and costs in all areas of the Björkdal Mine;
- Cash provided by operating activities of \$2.5 million despite lower gold prices in the quarter; and
- Net loss of \$8.1 million which included non-cash impairment charges of \$4.2 million primarily for Ulu, \$2.0 million in reclamation expense on the Company's US depleted coal properties, and \$0.4 million in Lupin care and maintenance costs.

## Fiscal Year 2013 Highlights

- Gold production of 46,946 gold ounces was at the top end of the Company's revised 2013 guidance, and a record since re-start of operations in 2006;
- Cash cost per gold ounce produced of US\$1,097 per ounce was below the low-end of the Company's revised 2013 guidance of US\$1,125 per ounce; and
- Net loss of \$25.4 million which included non-cash impairment charges of \$9.2 million and \$4.8 million in Lupin care and maintenance costs.

## 2013 Operational Highlights

- Transition from contractor to owner mining in the UG at the Björkdal Mine has exceeded early expectations<sup>(2)</sup>. With owner operated mining, the Björkdal Mine now has full control over all aspects of the UG operations which will lead to better mine planning, pace of UG development, and grade control practices;
- Rectified operational issues in the Open Pit ("OP") by Q4 that had caused significant increases in the cost per tonne mined and the overall cash cost per ounce produced in earlier part of 2013;
- Commenced other operational improvements in Q2-2013 at the Björkdal Mine took effect in the last quarter of 2013 and resulted in higher average mill feed grades and lower per tonne mining costs which management believes will be sustainable over the long-term;
- Released an updated mineral resource and reserve estimate for the Björkdal Mine in June 2013 showing an overall increase in reserves and resources, net of mine depletion, from the previous estimate released in March 2012;

- Continued exploration of the OP and UG extensions of the Björkdal Mine by completing 8,805 metres and 1,631 metres of diamond drilling in the UG and OP, respectively. Assay results of drill intercepts from the 2013 drill program demonstrated that the Björkdal ore body remains open in multiple directions and holds a resource base that is supportive of management's future mine and mill expansion plans;
- Streamlined corporate general and administration costs rapidly in response to the precipitous drop in the gold price starting in April 2013, and the Company's decision to place Lupin back into care and maintenance;
- Secured a Swedish krona ("SEK") 40 million equipment loan facility with a Swedish bank at a favourable variable interest rate below 3.5% per annum to fund approximately US\$6.1 million of new mining equipment. Approximately, SEK 27 million of this facility remains available at the end of 2013; and
- Strengthened the flexibility of the Company's balance sheet upon the completion of a \$2.95 million private placement of 24.6 million units on September 13, 2013 and a \$5.0 million bridge loan facility due March 25, 2015 on September 25, 2013.

Patrick Downey, President and CEO, commented, "We finished 2013 strongly and I am very pleased that the operational improvements that we commenced in Q3 continued through Q4, which was a record in terms of gold production for the Björkdal Mine. The OP is now operating extremely well and the transition to fully owner-operated mining during Q4 has exceeded our expectations. This has resulted in lower unit costs and higher grades to the mill and, at the same time, improved mine planning and reduced sustaining capital development costs. Training of the new underground miners is still on-going and we can expect to see greater productivity and lower unit costs as final ramp-up is achieved later in 2014. Based on this successful transition, we are currently planning a 15% mill expansion to increase processing capacity from 1.3 million tonnes to 1.5 million tonnes annually. This additional capacity could increase overall gold production to 55,000 to 60,000 ounces per year with expected low capital expenditures, mainly related to mill upgrades.

"We also had a very successful exploration program during 2013. Results have shown that the resource is still wide open along strike to the east and west and down-dip. Exploration results have also shown that there are areas of significantly higher grade that appear to be associated with folding of the main hanging wall, and we plan to focus on expanding those areas and testing new targets down-dip.

"After a tough start to the year, we exited very strongly, have improved our balance sheet, have minimal debt and are well-positioned to generate significant free cash flow in the current gold price environment."

(1) "Cash cost per ounce" is a non-IFRS measure. Refer to the "Non-IFRS Measures" section of the Company's Management's Discussion and Analysis for an explanation and reconciliation of this measure to the Company's financial statements.

(2) The operations have seen a significant decrease in cost per tonne mined and improved head grade to the mill. Monthly production has been above expectations and the Company expects to achieve full ramp-up by end of H1-2014 when all mining positions are filled and equipment utilization is fully achieved.

## Fourth Quarter and 2013 Operational and Financial Summary

*Due to the Company changing its fiscal year end from November 30 to December 31 in the previous fiscal year, the Company's results discussed below are for the three months and year ended December 31, 2013 with comparatives for the three and thirteen months ended December 31, 2012.*

	For the three months ended December 31, 2013	For the three months ended December 31, 2012	For the year ended December 31, 2013	For the thirteen months ended December 31, 2012
<b>FINANCIAL DATA</b>				
Revenue	\$ 16,595,280	\$ 19,910,285	\$ 60,994,073	\$ 75,435,834
Production costs, excluding depreciation and depletion	\$ 12,555,714	\$ 11,566,536	\$ 51,319,196	\$ 45,937,412
Income (loss) from mining operations	\$ 1,590,936	\$ 4,768,278	\$ (846,374 )	\$ 20,859,338
Exploration expense	\$ 7,293	\$ 2,127,794	\$ 362,063	\$ 11,689,783
Corporate administration	\$ 1,309,223	\$ 1,710,141	\$ 5,383,592	\$ 5,662,471
Lupin care and maintenance	\$ 387,128	\$ 1,957,988	\$ 4,840,879	\$ 1,957,988
Net loss <sup>(a)</sup>	\$ (8,110,418 )	\$ (1,833,097 )	\$ (25,385,093 )	\$ (2,584,741 )
Net loss per share				
- Basic	\$ (0.05 )	\$ (0.01 )	\$ (0.16 )	\$ (0.02 )
- Diluted	\$ (0.05 )	\$ (0.01 )	\$ (0.16 )	\$ (0.02 )
Cash flow provided by operating activities	\$ 2,538,822	\$ 4,983,070	\$ 1,235,283	\$ 6,779,891

Cash and cash equivalents	\$ 13,349,614	\$ 15,762,363	\$ 13,349,614	\$ 15,762,363
Working capital	\$ 13,751,883	\$ 20,370,842	\$ 13,751,883	\$ 20,370,842
Long-term debt, non-current	\$ 8,136,540	\$ 620,871	\$ 8,136,540	\$ 620,871
Capital expenditures	\$ 2,884,543	\$ 3,028,115	\$ 18,291,430	\$ 17,239,323
<b>OPERATING DATA</b>				
Gold ounces sold	13,482	12,572	46,535	46,529
Gold ounces produced	13,818	11,401	46,946	46,808
Average realized gold price (USD per ounce)	\$ 1,216	\$ 1,608	\$ 1,324	\$ 1,658
Cash cost per gold ounce sold (USD per ounce) <sup>(1)</sup>	\$ 953	\$ 938	\$ 1,120	\$ 1,023
Cash cost per gold ounce produced (USD per ounce) <sup>(1)</sup>	\$ 862	\$ 1,026	\$ 1,097	\$ 1,034

(a) Net loss of \$8.1 million for Q4-2013 includes \$4.2 million in impairment charges and \$2.0 million in reclamation expense on the Company's US depleted coal properties that are not separately shown in the above table.

## 2014 Outlook

The Company is re-iterating its 2014 production and cost guidance as follows:

	2014 Forecast	2013 Actual	% Change
Gold production (ounces)	44,000 - 49,000	46,946	-6% to 4%
Plant throughput (tonnes)	1,300,000	1,261,368	3%
Open pit	483,200	515,225	-6%
Underground	649,700	699,880	-7%
Stockpile	167,100	46,263	261%
Plant head grade (gold gpt)	1.21 - 1.33	1.32	-8% to 1%
Plant recovery rate (%)	87.7%	87.8%	0%
Capital expenditures (net) at Björkdal (USD)	\$7.9 million	\$14.1 million	-44%
Corporate general and administration costs <sup>(3)</sup> (USD)	\$1.9 million	\$4.2 million	-55%
Debt principal and interest cash payments (USD)	\$1.6 million	\$1.8 million	-11%
SEK per USD exchange rate	6.50	6.51	0%
CAD per USD exchange rate	1.10	1.03	7%

The Company intends to adopt the reporting of "All-in Sustaining Costs"<sup>(4)</sup> ("AISC") per gold ounce produced/sold for its Björkdal Mine commencing in the first quarter of 2014. AISC for 2014 is expected to be in the range of US\$1,100 to US\$1,235 per ounce as detailed in the table below.

2014 AISC Guidance (table \$ figures are in USD's)	AISC Low-end	AISC High-end
Cash cost of production	\$ 43.4 million	\$ 43.2 million
Cash cost per gold ounce produced (USD/ounce)	\$ 886	\$ 982
Sustaining capital (includes capitalized exploration)	\$ 7.9 million	\$ 7.9 million
Exploration	\$ 0.0 million	\$ 0.0 million
Reclamation cost accretion (non-cash)	\$ 0.1 million	\$ 0.1 million
Corporate general and administrative expense <sup>(5)</sup>	\$ 2.8 million	\$ 2.8 million
All-in sustaining costs	\$ 54.2 million	\$ 54.0 million
Forecasted gold production (ounces)	49,000	44,000
All-in sustaining costs per gold ounce produced (USD/ounce)	\$ 1,106	\$ 1,227
AISC per gold ounce produced excluding non-cash accretion and share-based remuneration expense (USD/ounce)	\$ 1,088	\$ 1,207

(3) Costs shown exclude non-cash stock-based compensation.

(4) "All-in sustaining costs" per gold ounce is a non-IFRS measure and has been calculated using the guidance established by the World Gold Council in June 2013. The Company believes that AISC is a more transparent measure of the overall costs of producing an ounce of gold, including the cost of replacing reserves through exploration and the cost of on-going capital requirements needed to maintain current production levels. A full reconciliation of this measure will be shown when the Company commences the reporting of AISC in the first quarter of 2014.

(5) Corporate general and administration costs shown include USD 0.9 million in non-cash share-based remuneration expense.

## Conference Call Details

Elgin Mining will host a conference call on Monday, March 24th, 2014 at 2:00 pm (Eastern Time).

### Live Dial-In Information

Toronto and International: 416-340-8527  
North America (Toll Free): 800-766-6630

### Replay Call Information

Toronto and International: 905-694-9451 passcode 5295680  
North America (Toll Free): 800-408-3053 passcode 5295680

The conference call replay will be available from 7 pm (Eastern Time) on March 24, 2014, until 11:59 pm (Eastern Time) on April 7, 2014.

## Elgin Mining Inc.

[Elgin Mining](#) is a Canadian based company focused on production at the Björkdal gold mine in Sweden. In addition, Elgin Mining's portfolio includes the Lupin and Ulu gold projects located in Nunavut, Canada.

For further information, please visit the Company's web site at [www.elginmining.com](http://www.elginmining.com).

## **Cautionary Note Regarding Forward-Looking Information**

*This news release contains "forward-looking information" within the meaning of Canadian securities legislation and "forward- looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. Except for statements of historical fact relating to the Company, information contained herein constitutes forward-looking statements, including any information as to the Company's strategy, plans or future financial or operating performance. Forward-looking statements are characterized by words such as "plan," "expect", "budget", "target", "project", "intend," "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made, and are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in the forward-looking statements.*

*These factors include risks relating to variations in the mineral content within the material identified as mineral reserves and mineral resources from that predicted, changes in development or mining plans due to changes in logistical, technical or other factors, the impact of general business and economic conditions, global liquidity and credit availability on the timing of cash flows and the values of assets and liabilities based on projected future conditions, fluctuating metal prices and currency exchange rates, possible variations in ore grade or recovery rates, changes in accounting policies, changes in the Company's corporate resources, changes in project parameters as plans continue to be refined, changes in project development and production time frames, the possibility of project cost overruns or unanticipated costs and expenses, higher prices for fuel, steel, power, labour and other consumables contributing to higher costs and general risks of the mining industry, failure of plant, equipment or processes to operate as anticipated, unexpected changes in mine life, unanticipated results of future studies, seasonality and unanticipated weather changes, costs and timing of the development of new deposits, success of exploration activities, successful completion of proposed acquisitions, permitting time lines, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and timing and possible outcome of pending litigation and labour disputes as well as those risk factors discussed or referred to in the Company's Annual Information Form dated March 22, 2013, a copy of which is filed on SEDAR at [www.sedar.com](http://www.sedar.com). Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended.*

*There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates, assumptions or opinions should change, except as required by applicable law. The reader is cautioned not to place undue reliance on forward-looking statements. The forward-looking information contained herein is presented for the purpose of assisting investors in understanding the exploration and development plans and objectives and may not be appropriate for other purposes.*

## Contact

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