

# RB Energy Reports Q1 2014 Results

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VANCOUVER, BRITISH COLUMBIA--(Marketwired - May 13, 2014) - [RB Energy Inc.](#) (the "Company" or "RBI" or RB Energy") (TSX:RBI)(OTCQX:RBEIF) is pleased to report financial and operating results for the three months ended March 31, 2014. The consolidated financial statements together with Management's Discussion and Analysis will be available on the Company's web site ([www.rb-e.com](http://www.rb-e.com)) and on SEDAR ([www.sedar.com](http://www.sedar.com)).

## FIRST QUARTER HIGHLIGHTS

### Corporate

The Company's acquisition of [Sirocco Mining Inc.](#) ("Sirocco"), first announced on December 4, 2013, closed on January 31, 2014 at which time the Company acquired all of the issued and outstanding common shares of Sirocco in exchange for approximately 294 million common shares of the Company. At the same time, the Company completed a post-acquisition share consolidation on the basis of one new share for three existing shares.

In March 2014, RB Energy negotiated amendments to the \$75.0 million debt facility put in place for the construction of the Québec Lithium operation, to better align the repayment terms with the revised commissioning schedule. As a result, the four 2014 principal repayments have been reduced from \$24.3 million to \$11.4 million. The deferred payments have been rescheduled to the periods from March 2015 to March 2017.

Subsequent to the end of the quarter, the Company announced a \$22 million bought-deal equity financing to increase its current treasury. The financing is expected to close on or about May 21, 2014.

### Québec Lithium

Unusually cold temperatures in northern Québec during the first three months of 2014 made the operation of the crushing and grinding circuit problematic, with fine ore freezing in the storage silos. Consequently, the Company elected not to operate the concentrator and focused on the commissioning of the hydro-metallurgical circuit of the plant using the spodumene concentrate stockpiled during the 2013 commissioning of the concentrator circuit. The hydro-metallurgical circuit was operated in commissioning mode for over six weeks and produced high quality battery grade lithium carbonate (99.9% lithium carbonate).

Subsequent to quarter end, with the onset of warmer temperatures, RBI re-started the concentrator with the objective of achieving continuous battery grade lithium production and first sales by the end of May.

### Aguas Blancas

For the full three months ended March 31, 2014, Aguas Blancas produced 318 tonnes of iodine at a cash cost of US \$25 per kg and sold 256 tonnes at an average price of US \$38 per kg. Sales and shipments of iodine in the quarter were negatively impacted by both a port strike and an earthquake in Chile. Over the last 12 months the iodine price has softened due to an imbalance of supply over demand. Most recently however, prices have shown signs of firming up and demand is improving.

## RESULTS FROM OPERATIONS

Québec Lithium is in the commissioning stage and has yet to generate sales and revenues. The financial results from Aguas Blancas are included in the consolidated financial statements of RB Energy from January 31, 2014, the closing date of the acquisition of Sirocco by the Company. Further, IFRS requires RBI to value Sirocco's iodine inventory acquired on January 31, 2014 at its fair value on the date of acquisition. As a result, the operating margin in the statement of operations will not reflect normal course of business until such time as the effect of the fair value of the acquired inventory is absorbed under the Company's weighted average cost methodology applied under its accounting principles.

During the three months ended March 31, 2014, the Company incurred a net loss of \$7.5 million (\$0.04 per share) compared with a net loss of \$2.6 million (\$0.02 per share) in the same period in 2013. One-time transaction costs associated with the acquisition of Sirocco account for \$3.3 million of the net loss. In addition, general and administrative expenses of \$1.8 million (2013: \$2.3 million) include costs to maintain offices and staff in Vancouver, Toronto and Montreal. A decision to close the Toronto and Montreal offices was made on January 31, 2014 with all corporate functions consolidated in Vancouver effective April 30, 2014.

The foreign exchange loss of \$1.8 million (2013: \$142,000) is due principally to the negative impact of the weaker Canadian dollar against the US dollar on the carrying value of the US dollar denominated convertible debentures and cash advances from a customer. Interest expense of \$0.8 million (2013: nil) relates mainly to the debt supporting iodine operations and interest accrued on cash advances from a customer. Interest on the debt for Québec Lithium is capitalized during commissioning.

Three Months Ended	Mar-14	Mar-13
Total revenues (\$000's) (Note 1)	5,044	-
Net loss (\$000's)	7,474	2,555
Loss per share, basic and diluted (\$)	0.04	0.02
Total assets (\$000's) (Note 2)	477,484	344,076
Total liabilities (\$000's) (Note 2)	218,895	163,337
Iodine produced (t) (Note 1)	211	-
Iodine sold (t) (Note 1)	126	-
Iodine avg. price (\$/kg) (Note 1)	40	-
Iodine cash operating cost (\$/kg) (Note 1, 3)	27	-

Note 1: revenues and iodine data are from February 1 to March 31, 2014, the period post acquisition of Sirocco.

Note 2: comparative data provided as at December 31, 2013.

Note 3: this is a non-GAAP measure. It was calculated by dividing cost of sales (\$4.7 million), adjusted for the change in inventory (\$1.4 million) and the related depreciation (\$0.4 million), by quantities of iodine produced in the period.

Note 4: for complete details, refer to the March 31, 2014 interim consolidated financial statements and MD&A.

The increase in total assets and liabilities from December 31, 2013 is due to the acquisition of Sirocco and the consolidation of its net assets as well as the ongoing construction and commissioning of the lithium processing plant in Québec. Capitalized items include borrowing and operating costs for Québec Lithium during the period.

## OUTLOOK

### Québec Lithium

RB Energy's focus is on completing the commissioning of the processing plant and ramp up to name plate production before the end of 2014. The 2014 timetable includes four operating objectives:

1. commissioning of the hydro-metallurgical circuits - completed in Q1 2014;
2. achieve continuous production of battery-grade lithium carbonate on a continuous basis by the end of Q2 2014 - on target;
3. install a primary optical ore sorter (to reduce ore dilution) during Q2, with commissioning completed in early Q3, thereby increasing concentrate grade in Q3 2014 - installation commenced; and
4. reach name plate production capacity before the end of 2014 - on schedule.

The extent of 2014 revenue will depend on the timing of achieving commercial production and the ramp up of production volumes. Based on the information currently available to the Company, 2014 lithium production is

estimated to be in the 9,000 - 11,000 tonne range. As 2014 will be the first year of operations of the plant, substantially involving commissioning, the estimate of production may have a degree of variability. Operating costs for 2014 will be capitalized until commercial production has been achieved, currently estimated in late Q3 or Q4.

As part of the commissioning process, various plant improvements have been identified and are in progress, including the installation of an optical sorter (\$5.6 million), completion of mill construction (\$3.3 million), rerouting the local access road from the open pit area (\$1.5 million), and construction of a natural gas pipeline (\$4.2 million). In addition, RB Energy estimates that several individually smaller capital upgrades will also be warranted.

### Aguas Blancas

Production at Aguas Blancas was reduced in late 2013 by placing the Agitated Leach Plant ("ALP") on care and maintenance in response to softening prices in the market. As a result, operations in 2014 will be limited to heap leaching. In 2014, production of iodine is estimated at 1,000 tonnes at a cash cost of approximately US \$29/kg. Aguas Blancas expects to supplement the sales of its 2014 production by reducing the level of its approximate 800 tonnes of finished product inventory.

Also late in 2013, the completion of the expansion of the ALP was deferred to 2015. The majority of the equipment for the completion of the expansion is on site. Capital costs in 2014 will be limited to settling the balance of payment of equipment orders (\$1.2 million) for the expansion, completion of the chemical plant upgrade (\$0.9 million) and sustaining capital of \$1.4 million.

### **About RB Energy Inc.**

RBI is a Canadian company formed pursuant to the arrangement involving [Sirocco Mining Inc.](#) and [Canada Lithium Corp.](#) It currently owns Aguas Blancas, an iodine producing mine in northern Chile, and Québec Lithium near Val d'Or, the geographical heart of the Québec mining industry. The Aguas Blancas mine is currently in production. The Québec Lithium has completed construction and is in the commissioning phase. For more information regarding RBI, please refer to its public filings available at [www.sedar.com](http://www.sedar.com).

The technical contents of this release have been reviewed by Mr. Kevin Ross, Eur. Ing., a Qualified Person pursuant to NI-43-101. Mr. Ross is Chief Operating Officer of the Company and a Member of The Institute of Materials, Minerals and Mining.

### **Forward-Looking Statements**

Certain information contained in this news release, including any information relating to the state of the lithium and iodine industries; statements regarding our ability and the timing to achieve and sustain commercial production and name-plate production levels of iodine; our ability to secure commercial orders from our customers; and our ability to become a material player in the lithium market are "forward-looking statements". These forward-looking statements relate to future events or future performance and reflect the Company's expectations regarding the future growth, results of operations, business prospects and opportunities of RBI. These forward-looking statements also reflect the Company's current internal projections, expectations or beliefs and are based on information currently available to the Company. In some cases forward-looking information can be identified by terminology such as "may", "will", "should", "expect", "intend", "plan", "anticipate", "believe", "estimate", "projects", "potential", "scheduled", "forecast", "budget" or the negative of those terms or other comparable terminology. The estimates and assumptions of RBI underlying the forward-looking statements in this news release may prove to be incorrect. Assumptions upon which such forward looking information include, among other things, successful and timely commissioning, ramp-up and production at the Québec Lithium Project; the lack of any further significant capital expenditures during the commissioning stage or to bring the hydrometallurgical process plant into production; the continuing support and cooperation of RBI's off-take partners; as well as financial predictions premised on such assumptions. Although the Company believes that the forward-looking information contained in this news release is based on reasonable assumptions, readers cannot be assured that actual results will be consistent with such statements. Accordingly, readers are cautioned against placing undue reliance on forward-looking information. RBI expressly disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, events or otherwise, except in

accordance with applicable securities laws.

On behalf of the Board,

Richard P. Clark, President and CEO

## Contact

[RB Energy Inc.](#)  
Sophia Shane  
(604) 689-7842  
(604) 689-4250  
[sophias@namdo.com](mailto:sophias@namdo.com)

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