

# Elgin Mining Inc. Reports First Quarter 2014 Results

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VANCOUVER, May 13, 2014 - [Elgin Mining Inc.](#) ("Elgin Mining" or the "Company") (TSX:ELG) reports its financial and operational results for the three months ended March 31, 2014. 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 United States dollars<sup>1</sup> (\$) or USD 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).

## First Quarter 2014 Financial Highlights

- Gold production of 10,812 ounces which was ahead of plan for the quarter;
- Cash cost of \$932 and all-in sustaining cost ("AISC") of \$1,161 per gold ounce sold;
- Cash cost of \$1,049 and AISC of \$1,284 per gold ounce produced;
- Cash flow from operating activities was \$2.0 million, and increased to \$4.2 million when non-cash working capital movements are excluded; and
- Cash improved by \$0.1 million during the quarter after debt repayments of \$0.3 million.

## First Quarter 2014 Operational Highlights

- Underground ("UG") mine productivity continued to exceed early expectations with the UG unit mining rate reaching close to 2,000 ore tonnes per day. Lower UG head grades in the quarter were due to a three week delay in mine sequencing to finalize a ventilation raise, with higher planned grades expected for the remainder of the year;
- Open Pit ("OP") head grades were above plan reflecting the benefits of the mine's on-going grade control efforts;
- Unit mining costs in both the UG and OP have trended significantly downwards from elevated levels in 2013 due to the Company's continued focus to reduce costs and optimize operational efficiencies. In the OP, the mine has reverted to the previous lower-cost drill and blast patterns for the full quarter, and in the UG, the transition from contractor to owner-operated mining that commenced in Q4-2013 continues to deliver a high-level of productivity, helping to drive down unit costs;
- Plant reached record daily throughput towards the end of the quarter without any loss in the plant's metallurgical recovery rate, mainly due to improvements in the flotation circuit;
- Permit application to expand the plant's annual throughput limit from 1.3 million tonnes to 1.5 million tonnes remains on track with receipt of the temporary expansion permit anticipated by the end of 2014; and
- Completed a detailed structural and geological review of the deposit which has led to the identification of several potential high-grade UG targets at the Björkdal Mine which the Company will drill test in the coming quarters.

<sup>1</sup>Effective January 1, 2014, the Company changed its presentation currency from the Canadian dollar to the United States dollar to improve comparability of its financial results with those of its gold mining peers and to allow easier comparison of the Company's financial numbers to other measures that are quoted in USD, including the price of gold and key performance indicators used within the gold mining industry.

## Re-affirmation of Björkdal Mine 2014 Guidance

The Björkdal Mine's first quarter gold production is traditionally the weakest quarter of the year due to the cold weather impact on the plant's crushing and milling circuits, and on labour and equipment productivity within the mines, in addition to being the shortest quarter in the year. Despite these factors, production is still

ahead of target and was in fact the best Q1 since the restart of mining operations in 2006.

The ongoing improvements have definitely taken hold and now that the UG mine sequencing is back on track, second quarter gold production to May 12, 2014 (42 days out of the 91 days in the quarter) currently stands at 6,242 gold ounces from the processing of an approximate equal mix of UG and OP ore feed. The strong start to this quarter is attributable to higher UG grades as planned and continued higher OP head grades which have put the Company on track year-to-date to meet or exceed the higher end of production guidance for 2014.

The Company's full year 2014 guidance for gold production and unit cash cost is as follows:

2014 Gold Production Guidance	Production Low-end	Production High-end
Gold production (ounces)	44,000	49,000
Cash cost per gold ounce produced (USD/ounce)	\$982	\$886
AISC per gold ounce produced (USD/ounce)	\$1,227	\$1,106
AISC per gold ounce produced excluding non-cash accretion and share-based payment expense (USD/ounce)	\$1,207	\$1,088
Sustaining capital (USD)	\$7.9 million	\$7.9 million
SEK per USD FX rate assumption	6.50	6.50
CAD per USD FX rate assumption	1.10	1.10

The above AISC guidance includes all capital expenditures (including capitalized exploration) expected to be incurred at the Björkdal Mine for 2014, and all general and administration costs incurred at the Company's corporate office in Canada.

Management forecasts that full year gold production will be at the high end of the range while AISC per gold ounce produced will be at the low-end of the range provided.

Patrick Downey, President and CEO, commented, "We have had a good start to 2014 as our operational improvements have continued to provide increased productivity and improved unit costs. The OP and UG operations are performing extremely well, and we can expect to see greater UG productivity and lower unit costs as final ramp-up is achieved later in 2014. These improvements have continued well into Q2 where our grades to the mill have continued to ramp up and we expect to have a very solid Q2 in terms of gold ounces produced, cash cost per ounce, and AISC per ounce. There are now three expected quarters in a row where the mine and overall operation have performed at or above plan. We are also now proceeding with our 15% mill expansion to increase processing capacity from 1.3 million tonnes to 1.5 million tonnes annually. This additional capacity should increase overall gold production to 55,000 to 60,000 ounces per year with expected low capital expenditures, mainly related to mill upgrades.

Following up on our successful exploration program during 2013, we have recently completed a detailed structural and geological study of the ore body and have now identified some very exciting targets which will be drilled tested in 2014 as part of our exploration budget."

## First Quarter 2014 Financial and Operational Summaries

	For the three months ended March 31, 2014	For the three months ended March 31, 2013
<b>FINANCIAL DATA</b>		
Revenue	\$ 14,884,095	\$ 16,601,659
Production costs, excluding depreciation and depletion	\$ 10,535,150	\$ 13,195,614
Income from mining operations	\$ 1,056,709	\$ 951,485
Exploration expense	\$ 2,939	\$ 122,882
Corporate administration	\$ 703,179	\$ 1,293,904
Lupin care and maintenance	\$ 390,718	\$ 2,485,195
Net loss	\$ (613,961)	\$ (3,569,845)
Net loss per share		
- Basic	\$ (0.00)	\$ (0.02)
- Diluted	\$ (0.00)	\$ (0.02)
Cash flow provided by operating activities	\$ 2,006,167	\$ (2,772,394)
Cash and cash equivalents	\$ 12,501,725	\$ 10,861,475
Working capital	\$ 9,975,100	\$ 16,212,713
Long-term debt, non-current	\$ 3,048,271	\$ 612,470
Capital expenditures	\$ 1,808,910	\$ 2,779,943

**OPERATING DATA**

Gold ounces produced		10,812		10,034
Gold ounces sold		11,136		10,644
Average realized gold price (USD per ounce)	\$	1,384	\$	1,618
Cash cost per gold ounce sold (USD per ounce)	\$	932	\$	1,246
All-in sustaining cost per gold ounce sold (USD per ounce)	\$	1,161	\$	1,606
Cash cost per gold ounce produced (USD per ounce)	\$	1,049	\$	1,347
All-in sustaining cost per gold ounce produced (USD per ounce)	\$	1,284	\$	1,729

**Conference Call Details**

Elgin Mining will host a conference call on Wednesday, May 14<sup>th</sup>, 2014 at 2:00 pm (Eastern Time).

**Live Dial-In Information**

Toronto and International: 416-695-7806 passcode: 7551641

North America (Toll Free): 866-696-5910 passcode: 7551641

**Replay Call Information**

Toronto and International: 905-694-9451 passcode: 9378295

North America (Toll Free): 800-408-3053 passcode: 9378295

The conference call replay will be available from 7 pm (Eastern Time) on May 14<sup>th</sup>, 2014, until 11:59 pm (Eastern Time) on May 28<sup>th</sup>, 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.

**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 21, 2014, 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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