

Dynacor Announces Net Income of US\$ 0.9 Million (\$0.02 Per Share) in Q1- 2014

14.05.2014 | [Marketwired](#)

MONTREAL, QUEBEC--(Marketwired - May 14, 2014) - [Dynacor Gold Mines Inc. \(TSX:DNG\) \(OTC:DNGDF\) \(Dynacor or the Corporation\)](#) a Corporation with gold and silver ore processing operations and exploration projects in Peru, has released its unaudited condensed consolidated financial statements for the three-month period ended March 31, 2014.

The unaudited condensed interim consolidated financial statements along with the management's discussion and analysis "MD&A" are available on the Company's website www.dynacor.com and the documents have been filed electronically with SEDAR at www.sedar.com.

(All figures in this press release are in millions of US\$ unless stated otherwise. Earnings per share and gross operating margin per ounce are in US\$. All variance % are calculated with rounded figures).

Q1-Overview

In January 2014, the Peruvian Government and its Customs and Excise Agency (Sunat) implemented a series of new vigorous measures to crack-down on illegal gold mining and illegal gold exports. This led to long and unpredictable delays for the sale and export of Dynacor's gold production and consequently impacted the Corporation's cash liquidity and its ability to purchase ore. Because of the uncertainties the Corporation was faced with, management decided to temporarily and voluntarily suspend its ore purchases and slow down its ore processing activities. At one point during Q1-2014, the Corporation had accumulated in excess of 170 kg of unsold finished gold dore bars valued at that time at \$7.5 M.

Dynacor was able to resume its gold sales and exports in early March 2014. Nevertheless, as of March 31, 2014 the Corporation still had approximately 121 kg of produced and unsold gold dore bars. Since then this gold inventory has been exported and sold.

The unexpected delays and their impact on the Corporation's operations have temporarily affected Dynacor's Q1-2014 financial results. Dynacor is currently re-building its ore inventory and as of late April is operating its Huanca plant close to its maximum ore processing capacity.

During the three-month period ended March 31, 2014, Dynacor recorded a net income of \$0.9 M (\$0.02 per share) compared to \$3.0M (\$0.08 per share) in Q1-2013; and a cash flow from operating activities before changes in working capital items of \$1.3M (\$0.03 per share) ⁽¹⁾ in Q1-2014 compared to \$3.1M (\$0.09 per share) ⁽¹⁾ a 58.1% decrease over Q1-2013.

Jean Martineau Dynacor's President and CEO recently stated that "*Under the circumstances and although we had to suspend our ore purchases and reduce production during the first quarter, I am very pleased with our Q1-2014 results and with the way the Corporation handled this difficult business environment in order to maintain a solid financial situation. Our Q1 results demonstrate the strength of our business model and despite all the difficulties we were able to record a net income.*"

Finally, during the month of March, 2014, the association of independent miners triggered a strike with the objective to get the Peruvian government to negotiate and clarify the ongoing formalization process in Peru. On March 25, 2014, the associations of small miners and the Peruvian authorities came to an agreement whereby the formalization process for the independent miners already registered with the Government will be extended for a period of two years. Accordingly, since the Corporation solely purchases ore from Government registered miners, it does not foresee any further issues with respect to our ore purchasing

operations.

Q1-2014 HIGHLIGHTS

- In January 2014, strong measures were taken by the Peruvian authorities to combat illegal gold mining and illegal gold exports from Peru (see overview above);
- Dynacor temporary stopped its ore purchases and gold exports for one month. Ore processing operations resumed in early March 2014;
- Cash on hand of \$8.9 M at March 31, 2014 compared to \$8.5 M at December 31, 2013;
- Gold and silver sales of \$12.3 M compared to \$33.3 M in Q1-2013 a decrease of 63.1 %;
- Gold production of 12,175 oz compared to 20,027 oz in Q1-2013 a decrease of 39.2 %;
- Net income of \$0.9M in Q1-2014 (\$0.02 per share) compared to \$3.0M (\$0.08 per share) in Q1-2013;
- EBITDA of \$1.8 M in Q1-2014 compared to \$4.6M in Q1-2013;
- Cash flow from operating activities before change in working capital items of \$1.3M (\$0.03 per share) ⁽¹⁾ in Q1-2014 compared to \$3.1M (\$0.09 per share) ⁽¹⁾ a 58.1% decrease over Q1-2013;

⁽¹⁾ Cash-flow per share is a non-GAAP financial performance measure with no standard definition under IFRS. It is therefore possible that this measure could not be comparable with a similar measure of another Corporation. The Company uses this non-GAAP measure which can also be helpful to investors as it provides a result which can be compared with the Company market share price.

Results from operations:

During the three-month period ended March 31, 2014, the Corporation increased its net shareholder equity by 3.1% from \$31.8 M at year-end 2013 to \$32.8 M at March 31, 2014.

During the period, due to the circumstances described above, the Huanca processing plant operated at a reduced pace processing overall 14,002 DMT of ore compared to 18,677 in Q1-2013 a decrease of 25.0% and produced 12,175 ounces of gold compared to 20,027 in Q1-2013 a decrease of 39.2%.

Total sales amounted to \$12.3 M including \$0.4 M in silver sales compared to \$33.3 M including \$0.9 M in silver, a total decrease of 63.1% compared to Q1-2013 due to reduced production and ore grades, reduced average sale price per ounce and accumulation of unsold gold dore produced during the quarter.

The average gold grade for Q1-2014 was 0.92 oz/ DMT compared to 1.14 oz/DMT in Q1-2013 a decrease of 19.3% in the ore grade processed as Q1-2013 provided exceptionally unexpected high grade ore.

During the period, the Corporation completed its 2013 exploration program at Tumipampa and worked on the preparation of the next phase to be initiated in Q2-2014.

At March 31, 2014 the Company's working capital amounted to \$17.8M compared to \$17.4M at December 31, 2013, an increase of 2.3%.

FINANCIAL HIGHLIGHTS

(in \$'000)	For three-months period ended March 31,	
	2014	2013
Sales	12,304	33,342
Cost of sales	9,748	27,700
Gross operating margin	2,556	5,642
General and administrative expenses	812	830
Operating income	1,553	4,286
Net income and comprehensive income	859	2,978
EBITDA ⁽¹⁾	1,834	4,617
Net Cash flow from operating activities before changes in working capital items	1,253	3,135
Cash flow from operating activities	1,253	3,840

Earnings per share		
Basic	\$0.02	\$0.08
Diluted	\$0.02	\$0.08
Reconciliation of Net comprehensive income to EBITDA ⁽¹⁾		
Net comprehensive income	859	2,978
Income taxes	604	1,205
Financial expenses	29	93
Depreciation	342	341
EBITDA	1,834	4,617

⁽¹⁾EBITDA: "Earnings before interest, taxes, depreciation and amortization, revaluation of warrants and impairment" is a non-GAAP financial performance measure with no standard definition under IFRS. It is therefore possible that this measure could not be comparable with a similar measure of another Corporation. The Corporation uses this non-GAAP measure as an indicator of the cash generated by the operations and allows investor to compare the profitability of the Corporation with others by canceling effects of different assets bases, effects due to different tax structures as well as the effects of different capital structures.

CASH FLOW FROM OPERATING, INVESTING AND FINANCING ACTIVITIES AND WORKING CAPITAL

Operating Activities

During Q1-2014, the Company recorded a net income of \$0.9M (\$0.02 per share) compared to \$3.0M (\$0.08 per share) in 2013 a decrease of \$2.1M and 70% compared to Q1-2013.

As explained, the decrease in net income is due the decrease of \$3.0M (54.6%) in the gross operating margin due to reduced processing operations during the period (\$2.6M in Q1-2014 compared to \$5.6M in Q1-2013).

The important decrease in gold production and gold sales compared with last year, explains the decrease in cash flow from operations before changes in working capital items which amounted to \$1.3M for Q1-2014 compared to \$3.1M for Q1-2013.

Total cash generated from operating activities amounted to \$1.3 M compared to \$3.8 M in 2013. At March 31, 2014 ore inventory were of three days of production as the Corporation was resuming purchasing ore to rebuild its ore inventory. Trades and other receivables decreased by \$4.2 M over year-end 2013 figure as the Company recovered Peruvian sales tax related to Q3 and Q4 of 2013.

Investing Activities

During the period, the Company invested \$0.6M (\$0.3M in Q1-2013) to increase the gold recovery rate at 250 tpd and build a new tailing pond at Huanca.

Additions to exploration and evaluation assets amounted to \$0.2 M in Q1-2014 (\$0.5 M in Q1-2013). The Q1-2014 costs related to the final process of the 2013 exploration campaign and the preparation of an environmental impact assessment at Tumipampa.

Liquidity and working capital

As at March 31, 2014, the Company's working capital amounted to \$17.8M including \$8.9M in cash compared to \$17.4M including \$8.5M in cash at December 31, 2013.

As at March 31, 2014, the Company had no financial commitment beside those disclosed in the section Long Term Liabilities and Contractual Obligations and has no restrictions in transferring funds from Peruvian subsidiaries to the parent Company.

2014- Ore processing outlook

Ore processing operations

Due to the uncertainties that prevailed during Q1-2014 in Peru, the Corporation was not in a position to publish any production guidance for 2014.

The outlook for the next three quarters is now clearer and the Corporation can now confidently set a processing target of 75,000 DMT and a production target of 70,000 ounces of gold for 2014.

Total gold production in 2013, which was uninterrupted, was 76,883 ounces (78,681 DMT of ore processed). Production exceeded the initial 2013 guidance of 66,000 ounces of gold, since throughout the year overall grades of purchased ore continued to exceed forecasts. In 2013, the plant capacity was increased from 220 tpd at the beginning of 2013 to 230 and then 240 tpd during the third and fourth quarter of 2013.

2014- Exploration outlook

Following the high gold grade results obtained in 2013 from the cross cut and underground drilling of the Manto Dorado and the three other high grade veins Dynacor is planning to intensify its exploration of Tumipampa in 2014 and 2015. Further data is required in order to be able to publish a National Instrument 43-101 resource report.

The 2014 exploration campaign will begin immediately after the rainy season in Q2-2014 and will initially entail improving and hardening the 20-km access road to the property, building a safe storage area for sterile cross cut excavation rock as well as the construction of a new Tumipampa exploration camp with better facilities.

Exploration activities for 2014-2015 will include the following:

- Geochemical and geological surface mapping of the disseminated gold area (120 ha);
- Geophysical studies of the disseminated gold area (120 ha);
- Excavation of a 420-meter extension of the cross cut towards the Rosa, A, Tumi veins;
- Underground drilling from the extended cross cut (12 drill holes ?? 2000m)
- Surface drilling targeting the disseminated gold mineralization (6 drill holes ?? 1800m)

Exploration expenditure for 2014 is budgeted at \$3.0M within an overall program to continue into 2015 estimated at \$4.5 M.

Chala Mill

With the current situation prevailing in Peru, the Corporation is facing additional delays in the obtaining of its construction permit at Chala. The Corporation will inform of any development as they occur.

ABOUT DYNACOR GOLD MINES INC.

Dynacor is a gold and silver ore processing and a gold exploration and mining Corporation active in Peru through its subsidiaries since 1996. The Corporation differentiates itself from pure exploration companies as it also generates income and cash flow from its wholly owned gold ore processing plant in Peru. The Corporation's assets include five exploration properties, including the Tumipampa property, as well as its now 250 tpd gold and silver ore processing mill at Huanca. Dynacor's mill produces gold from the processing of ore purchased from many registered miners. Dynacor's strength and competitive advantage comes with the experience and knowledge the Corporation has developed while working in Peru. Its pride remains in maintaining respect and positive work ethics toward its employees, partners and local communities.

FORWARD LOOKING INFORMATION

Certain statements in the foregoing may constitute forward-looking statements, which involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Dynacor, or industry results, to be materially different from any future result, performance or achievement expressed or implied by such forward-looking statements. These statements reflect management's current expectations regarding future events and operating performance as of the date of this news release.

[Dynacor Gold Mines Inc.](#) (TSX: DNG)

Website: <http://www.dynacorgold.com>

Twitter: <http://twitter.com/DynacorGold>

Facebook: <facebook.com/DynacorGoldMines>

Shares outstanding: **36,373,587**

Contact

Jean Martineau
President and CEO
T: 514-288-3224 ext. 228
Dale Nejmelden
Investor Relations
[Dynacor Gold Mines Inc.](#)
T: 604.492.0099 or M: 604.562.1348
E: nejmeldeen@dynacor.com

Dieser Artikel stammt von [Rohstoff-Welt.de](#)

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/173615--Dynacor-Announces-Net-Income-of-US-0.9-Million-0.02-Per-Share-in-Q1--2014.html>

Für den Inhalt des Beitrages ist allein der Autor verantwortlich bzw. die aufgeführte Quelle. Bild- oder Filmrechte liegen beim Autor/Quelle bzw. bei der vom ihm benannten Quelle. Bei Übersetzungen können Fehler nicht ausgeschlossen werden. Der vertretene Standpunkt eines Autors spiegelt generell nicht die Meinung des Webseiten-Betreibers wieder. Mittels der Veröffentlichung will dieser lediglich ein pluralistisches Meinungsbild darstellen. Direkte oder indirekte Aussagen in einem Beitrag stellen keinerlei Aufforderung zum Kauf-/Verkauf von Wertpapieren dar. Wir wehren uns gegen jede Form von Hass, Diskriminierung und Verletzung der Menschenwürde. Beachten Sie bitte auch unsere [AGB/Disclaimer!](#)

Die Reproduktion, Modifikation oder Verwendung der Inhalte ganz oder teilweise ohne schriftliche Genehmigung ist untersagt!
Alle Angaben ohne Gewähr! Copyright © by Rohstoff-Welt.de -1999-2026. Es gelten unsere [AGB](#) und [Datenschutzrichtlinien](#).