

# U.S. Silver & Gold provides third quarter production update

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TORONTO, Oct. 22, 2014 /CNW/ - [U.S. Silver & Gold Inc.](#) (TSX: USA, OTCQX: USGIF) ("U.S. Silver & Gold" or the "Company") today announced third quarter production figures for its Galena Mine Complex in Idaho.

## Highlights

- Production of approximately 358,000 silver ounces and 491,500 silver equivalent ounces[1] for the third quarter of 2014 at a silver cash cost of \$16.43 per ounce and an all-in sustaining cost of \$21.06 per ounce.
- Despite processing both lower tonnage and lower silver grades, cash costs and all-in sustaining costs declined 7% and 9% respectively compared with Q3 2013, and 15% and 22% year-over-year as the Company continued aggressive cost cutting and transitioning to higher silver equivalent ore.
- Lead production increased by 251% while silver and copper production decreased by 23% and 56% when compared to Q3, 2013.
- The transition to predominately silver-lead ore production from silver-copper was completed this quarter as processing of the higher tonnage silver-lead ore was moved to the Galena Mill with the Coeur Mill now handling silver-copper ore. The Coeur Mill was unavailable during the changeover which limited silver-copper production in the quarter.
- As a result of the milling downtime and quicker ramp-up of silver-lead production, 2014 production guidance is reduced to 1.65 – 1.75 million silver ounces, with silver equivalent production between 2.1 – 2.2 million ounces. Cost targets will be maintained at \$14.50 – \$15.50 per ounce in cash costs and \$18.00 – \$19.00 per ounce in all-in sustaining cash-costs.
- As of September 30, 2014, the Company's cash balance totaled approximately \$6.7 million.

The Company expects to release its third quarter financial results on Tuesday, November 11, 2014.

"During the first nine months of the year, we were transitioning to sustainable, multi-year lower-cost delivery of predominately silver-lead ore," said Darren Blasutti, President and CEO of U.S Silver & Gold. "In July, we shifted silver-lead ore processing to our higher capacity 1,000 ton per day Galena Mill and over July and August we transitioned lower volume silver-copper ore to our 500 ton per day Coeur Mill. While this reduced mill availability for silver-copper ore processing during the quarter, we expect normal tonnages to be processed in the fourth quarter. This transition also allowed for the completion of additional shaft maintenance and development work which will benefit the Company in the future. We expect the fourth quarter to have higher silver production and lower costs than we saw in the third quarter. With almost all the necessary infrastructure in place, we will be in a position to access additional higher volume silver-lead stopes in 2015 and beyond."

## Galena Complex Third Quarter Production Details

The Galena Complex produced 357,669 ounces of silver during the third quarter of 2014 at an average silver grade of 9.7 ounces per ton and a cash cost of \$16.43 per ounce of silver. Production for the quarter was reduced while silver-lead processing was shifted from the Coeur Mill to Galena Mill to more efficiently manage the higher volume of silver-lead production. This move is part of the Company's long-term strategy to mine the highest value ore per ton regardless of silver content in order to maximize operating profit. Given the expected mill downtime, maintenance was performed on the Galena Shaft hoist during the quarter which prevented skipping from the high-grade 5200 level for the second half of the quarter, resulting in lower copper grades and production. The work was completed in early October and the shaft is fully operational.

As indicated in Table 1 below, despite drops in tonnage and silver grade year-over-year, silver equivalent grade was maintained due to the increase in silver-lead ore tons milled. Silver-lead production offers overall higher silver equivalent grades and lower mining costs as stopes are typically wider and allow for a greater contribution from mechanized mining. This and the continued focus on cost reductions continued to impact

the bottom line overall with cash costs falling 7% and all-in sustaining costs down 9% when compared to 2013 despite lower silver and silver equivalent production.

	Q3 2014	Q3 2013	Change	Q2 2014	Change
Total Processed Ore (tons milled)	38,911	40,746	-5%	40,166	-3%
Silver-Lead Ore (tons milled)	23,487	8,507	176%	18,469	27%
Silver-Copper Ore (tons milled)	15,424	32,239	-52%	21,697	-29%
Silver Production (ounces)	357,669	464,850	-23%	520,723	-31%
Silver Equivalent Production (ounces)	491,490	529,860	-7%	649,928	-24%
Silver Grade (ounces per ton)	9.72	11.84	-18%	13.49	-28%
Silver Equivalent Grade (ounces per ton)	13.50	13.53	-1%	16.93	-20%
Lead Production (pounds)	2,479,039	795,665	251%	2,040,198	22%
Copper Production (pounds)	107,112	244,653	-56%	215,302	-50%
Cash Costs (\$ per ounce silver)	\$16.43	\$17.67	-7%	\$12.31	33%
All-in Sustaining Costs (\$ per ounce silver)	\$21.06	\$23.11	-9%	\$15.36	37%

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

U.S. Silver & Gold maintains a QA/QC Program for all assays, including the use of standards, blanks and duplicates. All QA/QC results are routinely evaluated using a program of QA/QC monitoring. Details of the program are provided in the Company's NI 43-101 compliant Technical Report on the Galena Project dated March 22, 2013.

### 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](http://www.us-silver.com).

### 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 & 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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<sup>1</sup> Silver equivalent calculation is based on prices of \$20 per ounce silver, \$0.95 per pound lead and \$3.00 per pound copper.

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