

Dalradian reports Q2 2018 results with cash of \$120 million at June 30, 2018

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TORONTO, Aug. 09, 2018 - [Dalradian Resources Inc.](#) (TSX:DNA; AIM:DALR) (“Dalradian” or the “Company”) announces results for the three and six months ended June 30, 2018, including closing cash and cash equivalents of \$120 million (all amounts are quoted in Canadian dollars).

Proposed Transaction

On June 21, 2018, Dalradian and Orion Mine Finance announced that the Company and certain affiliates of Orion Mine Finance (collectively, “Orion”) entered into a definitive arrangement agreement (the “Arrangement Agreement”), whereby Orion has agreed to acquire all of the issued and outstanding common shares of the Company (“Dalradian Shares”) by way of a statutory plan of arrangement under the *Business Corporations Act* (Ontario) (the “Transaction”). Under the terms of the Arrangement Agreement, the Dalradian Shares held by certain members of the Dalradian senior management team, Sean Roosen and [Osisko Gold Royalties Ltd.](#) (collectively, the “Remaining Shareholders”) will not be acquired by Orion. Completion of the Transaction is subject to shareholder, court, regulatory and other approvals. The special meeting of Dalradian shareholders to consider the Transaction has been scheduled for August 31, 2018. The effect of Dalradian shareholders voting for the resolution to approve the plan of arrangement and it becoming effective will be the cancellation of the Dalradian Shares from trading on the Toronto Stock Exchange (“TSX”) and AIM Market of the London Stock Exchange (“AIM”) following closing of the Transaction. The Transaction is expected to close in the third quarter of 2018. More details on the Transaction can be found in the press releases of June 21, 2018 and August 3, 2018. The notice of meeting and information circular in respect of the Transaction will be mailed to the Dalradian shareholders of record and will also be available on Dalradian’s profile on SEDAR ([www.sedar.com](#)) and Dalradian’s website ([www.dalradian.com/investor-centre/Shareholder-Meetings](#)).

Operational highlights as of August 7, 2018

- Continuation of public and statutory consultation processes for the permitting application to build a mine at the Curraghinalt deposit.
- Completion of an updated NI 43-101 Mineral Resource Estimate (“Mineral Resource”) that delivered expansion of the overall contained gold ounces in the Curraghinalt deposit and a 46% increase in gold ounces in the Measured and Indicated categories.
- Continued progression of the technical work program for an updated feasibility study, including an optimized geotechnical model reinforced by more drilling data, ore sorting variability testing for the ten main veins of the deposit, updates to the mine design based on the expanded Measured and Indicated resources within the updated Mineral Resource, and enhancements to the processing flowsheet.
- Drilling to date in 2018 includes the completion of approximately 4,960 metres in 17 holes to test potential extensions of the Curraghinalt deposit and the completion of approximately 3,400 metres in 17 holes to test two regional gold in soil anomalies.

Corporate and financial highlights for Q2 2018

- Cash and cash equivalents were \$120.2 million at June 30, 2018 compared with \$138.0 million at December 31, 2017.

- Net loss of \$3.8 million (\$0.01 per share) for the three months ended June 30, 2018 compared with a net loss of \$2.7 million (\$0.01 per share) for the comparable period of 2017. For the six months ending June 30, 2018, the Company had a net loss of \$5.2 million (\$0.01 per share) compared to a net loss of \$4.0 million (\$0.02) in the same period of 2017.
- Expenditures on mineral property under development for the three months ended June 30, 2018 were \$4.5 million compared with \$4.3 million during the comparable period in 2017. In Q2 2018, permitting and technical studies were the largest spending categories as work focused on supporting the Planning Application and work on the Mineral Resource and updated feasibility study compared with Q2 2017 where activity focused on finalizing the ESIA and Planning Application as well as completing the underground infill drilling program.
- During the six months ended June 30, 2018, expenditures on mineral property under development were \$10.6 million compared with \$6.8 million, net of receipt from processing of mineralized material, in the comparable period of 2017.
- As of August 7, 2018, Dalradian had 355,493,448 Common Shares issued and outstanding.

Outlook

Taking Curraghinalt to production continues to be the Company's primary goal and is being advanced in 2018 through drilling, engineering and geological studies, and environmental and permitting activities. The Company expects to release an updated feasibility study by the end of 2018. In addition, Dalradian will also continue to explore its large land package to delineate targets for drilling. Permitting activities includes preparation and submission of applications for ancillary permits and consents and continued stakeholder engagement to support the Planning Application.

The overall budget for 2018 is approximately \$49 million for operational activities in Northern Ireland and Canada, including general and administrative costs. The two major items that represent approximately 50% of the operational budget are exploration and permitting, with planned expenditures roughly similar for the two areas. Mine design and engineering work to produce an updated feasibility study is the third-largest component at approximately 10% of the overall budget. Operational and general and administrative spending during the three months ended June 30, 2018 totalled approximately \$9 million and \$18 million during the six months ended June 30, 2018. Spending in the first half of the year is below budgeted levels and an updated forecast is planned during Q3 2018.

Working capital at June 30, 2018 was \$114 million compared to \$132 million at December 31, 2017. This financial strength supports 2018 plans to continue exploration and development planning, while simultaneously moving Curraghinalt through the permitting process.

Supporting Documents

The Q2 2018 Financial Statements (not including notes) can be found below. The full Q2 2018 Management Discussion and Analysis and Financial Statements are available on www.dalradian.com and on www.sedar.com.

Condensed Consolidated Statement of Financial Position (Expressed in Canadian dollars) (Unaudited)

(in thousands)	As at June 30, 2018	As at Dec. 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 120,166	\$ 137,963
Amounts receivable	595	651

Prepaid expenses and other assets	547	685
	121,308	139,299
Non-Current assets:		
Restoration deposit	1,083	1,058
Property, plant and equipment	178,554	166,347
Exploration and evaluation assets	5,722	4,601
	185,359	172,006
	\$ 306,667	\$ 311,305
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 6,876	\$ 7,141
Provision for reclamation	-	356
	6,876	7,497
Non-Current liabilities:		
Provision for reclamation	929	695
Shareholders' equity:		
Share capital	359,753	359,737
Warrants	-	48
Contributed surplus	16,145	15,146
Accumulated deficit	(77,036)	(71,818)
	298,862	303,113
	\$ 306,667	\$ 311,305

Condensed Consolidated Statement of Loss and Comprehensive Loss
(Expressed in Canadian dollars)
(Unaudited)

(in thousands, except per share amounts)	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Operating expenses:				
Salaries and related benefits	\$ 1,218	\$ 1,115	\$ 2,072	\$ 1,599
Professional fees and consulting	1,854	265	1,982	494
Share-based payments	336	962	829	1,207
Investor relations and travel	390	185	730	427
Office, regulatory and general	281	236	564	429
Interest and bank charges	3	4	6	8
Depreciation	1	1	2	2
Foreign exchange loss (gain)	173	5	(61)	(49)
	\$ 4,256	2,773	\$ 6,124	4,117
Interest income	451	55	906	118
Loss and comprehensive loss for the period	\$ (3,805)	\$ (2,718)	\$ (5,218)	\$ (3,999)
Loss per share – basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)

Condensed Consolidated Statement of Shareholders' Equity
(Expressed in Canadian dollars)
(Unaudited)

(in thousands)	Six months ended June 30, 2018	Six months ended June 30, 2017
Share capital:		
Balance, beginning of period	\$ 359,737	\$ 195,975
Warrants exercised	-	12,782
Share-based payments exercised	16	863
Balance, end of period	\$ 359,753	\$ 209,620
Warrants:		
Balance, beginning of period	\$ 48	\$ 10,746
Warrants exercised	-	(2,477)
Warrants expired	(48)	(48)
Balance, end of period	\$ -	\$ 8,221
Contributed surplus:		
Balance, beginning of period	\$ 15,146	\$ 12,315
Increase from share-based payments	967	1,365
Warrants expired	48	48
Share-based payments exercised	(16)	(696)
Balance, end of period	\$ 16,145	\$ 13,032
Accumulated deficit:		
Balance, beginning of period	\$ (71,818)	\$ (64,114)
Loss and comprehensive loss for the period	(5,218)	(3,999)
Balance, end of period	\$ (77,036)	\$ (68,113)
Total shareholders' equity	\$ 298,862	\$ 162,760

Condensed Consolidated Statement of Cash Flows
(Expressed in Canadian dollars)
(Unaudited)

(in thousands)	Six months ended June 30, 2018	Six months ended June 30, 2017
Cash flows from (used in) operating activities:		
Loss and comprehensive loss for the period	\$ (5,218)	\$ (3,999)
Items not affecting cash:		
Unrealized foreign exchange gain on cash	(124)	(37)
Interest income	(906)	(118)
Depreciation	2	2
Share-based payments	829	1,207
Change in non-cash operating working capital:		
Amounts receivable	61	84
Prepaid expenses and other assets	(27)	(104)
Accounts payable and accrued liabilities	1,531	(961)
Cash disbursements related to reclamation	(147)	-
Cash flows used in operating activities	\$ (3,999)	\$ (3,926)
Cash flows from financing activities:		
Exercise of warrants	\$ -	\$ 10,008
Exercise of options	-	167
Cash flows from financing activities	\$ -	\$ 10,175
Cash flows from (used) in investing activities:		
Expenditures on exploration and evaluation assets	\$ (660)	\$ (89)

Additions to property, plant and equipment	(14,162)	(7,007)
Deferred acquisition costs	-		(413)
Interest received	900		123	
Cash flows used in investing activities	\$ (13,922)	\$ (7,386)
Net change in cash and cash equivalents	(17,921)	(1,137)
Cash and cash equivalents, beginning of period	137,963		35,719	
Effect of exchange rate fluctuations on cash held	124		37	
Cash and cash equivalents, end of period	\$ 120,166		\$ 34,619	

About Dalradian Resources Inc.

[Dalradian Resources Inc.](#) is a mineral exploration and development company that is focused on advancing its high-grade Curraghinalt Gold Project located in Northern Ireland, United Kingdom. The Curraghinalt Project is in permitting, with various technical studies ongoing to build on the positive feasibility study released in January 2017.

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FORWARD LOOKING STATEMENTS

This press release contains "forward looking information" which may include, but is not limited to, statements with respect to management's assessment of the benefits to shareholders of the proposed Transaction (as defined below), anticipated shareholder meeting date, timing for completion of the Transaction and delisting from both the TSX (as defined below) and AIM (as defined below), the timing and review process in connection with the Planning Application and PLI (as defined herein), the future financial or operating performance of the Company (as defined herein) its subsidiaries and its mineral project, the future price of metals, test work and confirming results from work performed to date, the estimation of mineral resources and mineral reserves, the realization of mineral resource and mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage, the timing and possible outcome of pending regulatory matters and the realization of the expected production, economics and mine life of the Curraghinalt gold deposit. Often, but not always, forward looking statements can be identified by the use of words and phrases such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking statements are based on the opinions and estimates of management as of the date such

statements are made and are based on various assumptions that management believes are reasonable, which may include but are not limited to, the receipt of all shareholder, court and regulatory approvals, no undue delays with respect to the Transaction, effects of general economic conditions, changing foreign exchange rates and actions by government authorities, including the outcome of any judicial review, the continued political stability in Northern Ireland, that the timing and review process in connection with the Planning Application and PLI remaining in line with expectations, that permits required for the Company's operations will be obtained on a timely basis in order to permit Dalradian (as defined herein) to proceed on schedule with its planned exploration and mine development, construction and production programs, that skilled personnel and contractors will be available as Dalradian's operations commence and continue to grow towards production and mining operations, that the price of gold will be at levels that render Dalradian's mineral project economic, that the Company will be able to continue raising the necessary capital to finance its operations and realize on mineral resource and mineral reserve estimates and current mine plans, that the assumptions contained in the Company's Technical Report (as defined herein) are accurate and complete and that a permitting application for mine construction will be approved.

Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Dalradian to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, the risk that the required Dalradian shareholder approval or necessary court or regulatory approvals may not be obtained in connection with the Transaction, uncertainties associated with negotiations, misjudgments in the course of preparing forward-looking information, the Transaction may not close when planned or at all or on the terms and conditions set forth in the Arrangement Agreement (as defined below), the benefits expected from the Transaction not being realized, risks related to the integration of acquisitions, general business, economic, competitive, political and social uncertainties; the actual results of current and future exploration activities; the actual results of reclamation activities; conclusions of economic evaluations; meeting various expected cost estimates; changes in project parameters and/or economic assessments as plans continue to be refined; future prices of metals; possible variations of mineral grade or recovery rates; the risk that actual costs may exceed estimated costs; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political instability; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the section entitled "Risk Factors" in the Company's Annual Information Form for the year ended December 31, 2017 dated March 15, 2018. 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 to differ from those anticipated, estimated or intended. Forward looking statements contained herein are made as of the date of this Press Release and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results, except as may be required by applicable securities laws. 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. Accordingly, readers should not place undue reliance on forward-looking statements.

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