

# LeadFX reports third quarter 2018 financial results

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(All dollar amounts are in thousands and U.S. dollars unless otherwise indicated)

PERTH, Nov. 14, 2018 - LeadFX Inc. (the "Company" or "LeadFX") (TSX: LFX) today reported its third quarter 2018 ("Quarter") financial results. This release summarizes those results. For full details refer to the Company's website.

The Company's principal asset and sole production stage mineral property is the Paroo Station Lead Mine ("Paroo Station" or the "Mine") located 30km west of Wiluna in the mid-west of Western Australia which has been on care and maintenance since the first quarter of 2015. The Company's activities during the Quarter are described in the MD&A and focused on:

- Metallurgical testwork, engineering and environmental permitting for the proposed Hydrometallurgical Facility at the Mine;
- Entering into definitive sale agreements for the Company's interests in Chief Consolidated Mining Company; and
- Undertaking a going private transaction via a plan of arrangement under the Canadian Business Corporation Act.

Financial highlights or the Quarter:

(in thousands of U.S. dollars, except per share amounts)	Three months ended		Nine months ended	
	30 September			
	2018	2017	2018	2017
Cashflow used in operations	(2,018)	(1,103)	(4,356)	(3,837)
Cashflow from (used in) investing activities	(264)	-	(321)	660
Cash flows from financing activities	5,783	798	7,324	2,775
Effect of exchange rate changes on cash and cash equivalents	(11)	(40)	(26)	(16)
Net change in cash	3,490	(345)	2,621	(418)
Cash on hand	3,644	566	3,644	566
Net loss before tax	(936)	(2,637)	(8,634)	(7,950)

The Net loss for the Quarter was \$936 reflecting a number of non-cash items including the forgiveness of indebtedness to the Rincon Group of \$1,500, and a gain on the revaluation of warrants at September 30, 2018 of \$320. The Net loss and for the year to date is consistent with the prior year as gains on the debt forgiveness and the warrants revaluation have been offset by impairment to the property plant and equipment related to the Chief Sale Agreements of \$3,693, impairment of receivables, and foreign exchange movements. Care and maintenance costs for the Quarter and year to date remain in line with the previous year reporting periods with general and administrative costs increasing in the Quarter due to costs

associated with the Plan of Arrangement.

Cash on hand at the end of the Quarter was \$3,644, an increase of \$3,490 from the June 2018 quarter. The Company received \$5,783 in funding during the Quarter from the exercise of Common Share purchase warrants \$565, private placement shares \$2,218, and an advance from Sentient IV (as defined herein) \$3,000. Funding for the nine months ending September 30, 2018 included private placement shares of \$996 and Common Share purchase warrants being exercised of \$545. Cash used in operations and investing activities during the Quarter included Mine care and maintenance costs, general and administration, costs associated with the Arrangement, and metallurgical testwork, engineering and environmental permitting for the proposed Hydrometallurgical Facility at the Mine.

#### Capital Resources, Liquidity and Working Capital Requirements

As at September 30, 2018, Sentient Executive GP I, Limited & Sentient (Aust.) Pty Ltd ("Sentient I"), Sentient Executive GP II, Limited & Sentient Trustees PTC Limited ("Sentient II"), Sentient Executive GP III Limited ("Sentient III") and Sentient Executive GP IV, Limited ("Sentient IV") (collectively "Sentient") owned 46.3% and InCoR Energy Materials Pty Ltd ("IEML") owned 46.5% of the Common Shares outstanding of LeadFX.

As at September 30, 2018, the Company had a working capital deficit of \$26.7 million (December 31, 2017: \$24.2 million) which includes \$20.1 million (December 31, 2017: \$15.9 million) owing to Sentient IV under the Second Amended and Restated Credit Agreement. None of the Company's mineral properties are operational or generating revenue.

Notwithstanding the gross proceeds of the placements from Sentient IV and IEML, Advances from Sentient IV under the Second Amended and Restated Credit Agreement received by the Company during 2017 and 2018, or the Chief Sale Agreements and sale of Mining Data described herein, the Company has limited cash available and will require additional funding in the near term.

The Company's ability to continue as a going concern is dependent on a number of factors. The Company will need to raise funds in order to pay for its ongoing costs of operations as well as service its working capital deficiency, meet its commitments to lenders, and meet the costs of care and maintenance of the Mine. In addition, the Company will require funding for any potential future restart of the Mine and construction of a Hydrometallurgical Facility at the Mine.

The amount of funding required is dependent on several factors including, but not limited to, the nature of any refinancing of the Second Amended and Restated Credit Agreement, the nature of any additional transactions undertaken by the Company to realize the value of the Company's assets, the outcome of further negotiations with the Company's lenders, the costs and duration of care and maintenance of the Mine, any decision to pursue a Hydrometallurgical Facility at the Mine and the cost of bringing the Mine into production or otherwise realising value from it.

There is no guarantee or assurance that the Company will be able to (i) refinance the Second Amended and Restated Credit Agreement, (ii) secure sufficient financing to fund its commitments to its lenders, general and administrative costs and the costs of ongoing care and maintenance of the Mine, the costs of any potential future restart of operations at the Mine or otherwise realising value from it, or (iii) complete any further transactions.

If the Company is unable to obtain sufficient funds and repay debts from either one or more of these actions, it would affect its ability to continue as a going concern. A decision to restart the Mine and construct a Hydrometallurgical Facility will be contingent on several factors including, but not limited to, the outcomes of ongoing technical studies and economic assessments, forecast capital and operating costs, the LME lead price, and the USD:AUD foreign exchange rate and obtaining funding to finance the re-start of the Mine.

These material uncertainties cast significant doubt as to the Company's ability to continue as a going concern. As at September 30, 2018, the unaudited condensed interim consolidated financial statements (the "financial statements") do not reflect any adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary should the going concern assumption be inappropriate. Such adjustments could be material.

## Shares issued and outstanding

As at September 30, 2018, there are 79,008,721 Common Shares, of which Sentient own 36,724,155 (46.3%) and IEML own 36,828,614 (46.5%), 244,104 Warrants, 2,008,000 Options and 327,000 Performance Share Units outstanding.

## Forward looking statements

Certain statements contained in this press release are forward-looking information within the meaning of applicable securities laws. All statements included herein (other than statements of historical facts) which address activities, events or developments that management anticipates will or may occur in the future are forward-looking statements, including statements as to the following: the timing and length of care and maintenance at the Mine and future sales, future targets and estimates for production and sales, the receipt of required additional financing to restart and operate the Mine, statements relating to the business and future activities of, and developments related to LeadFX and its subsidiaries, including the development of water, lead, silver, industrial minerals and aggregates assets, future business acquisitions, future lead production, the Company's ability to meet its working capital needs and debt repayments in the near term, the circumstances or timing and costs surrounding a restart of the Mine, forbearance by Sentient pursuant to the Second Amended and Restated Credit Agreement, as amended in February 2018, timing of and ability to secure project financing favourable to the Company (if at all) regarding the proposed Hydrometallurgical Facility, satisfaction of conditions to the funding of debt facilities regarding the proposed Hydrometallurgical Facility, design and construction of the proposed Hydrometallurgical Facility, environmental approvals regarding the proposed Hydrometallurgical Facility, projections with respect to cash flows and working capital, the cost and timing for completion of capital projects necessary for any future operations, the Company's ability to comply with the transportation and operating conditions for the Mine, capital expenditures, operating costs, cash costs, all in sustaining cost estimates, metallurgical recovery rates, commodity price forecasts, modification and improvement plans for mining and processing lead ore at the Mine, tailings management at the Mine, implementation schedules and forecasts, Mineral Resources, Mineral Reserves, life of mine, recovery rates, grades and prices, business strategies and measures to implement such strategies, competitive strengths, estimated goals and plans for LeadFX's future business operations, commodity prices outlook and other such matters. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "contemplate", "target", "believe", "plan", "estimate", "expect", and "intend" and statements that an event or result "may", "will", "can", "should", "could" or "might" occur or be achieved and other similar expressions. These statements are based upon certain reasonable factors, assumptions and analyses made by management in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. However, whether actual results and developments will conform with management's expectations is subject to a number of risks and uncertainties, including factors underlying management's assumptions, such as, expected concentrate sales when in operations, the costs and other capital expenditures required to maintain operations and transportation, the timing, need and ability to raise any additional financing and the risks relating to ramping up mining and milling throughput and operations, funding requirements, operations being placed on care and maintenance, the restart of mining and milling operations, matters relating to regulatory compliance and approvals, shareholder dilution, matters relating to public opinion, presence of majority shareholders, matters related to the Esperance settlement and shipments through the Port of Fremantle, regulatory proceedings and litigation and general operating risks such as metal price volatility, lead carbonate concentrate treatment charges, exchange rates, the fact that the Company has a single production stage mineral property, health and safety, environmental factors, mining risks, metallurgy, labour and employment regulations, government regulations, insurance, dependence on key personnel, constraints on cash distribution from the Mine, the nature of mineral exploration and development and common share price volatility. Additional factors and considerations are discussed in the notes to the Company's annual audited consolidated financial statements for the year ended December 31, 2017 and its accompanying management's discussion and analysis and elsewhere in other documents filed from time to time by LeadFX with Canadian securities regulatory authorities. While LeadFX considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. These factors may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and there can be no assurance that the actual results or developments anticipated by management will be realized or, even if substantially realized, that they will have the expected results on the Company. Undue importance should not be placed on forward-looking information nor should reliance be placed upon this information as of any other date. Except as required by law, while it may elect to, LeadFX is under no obligation and does not

undertake to update this information at any particular time.

SOURCE [LeadFX Inc.](#)

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