

Harte Gold Reports Third Quarter 2020 Results and Provides Corporate Update

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TORONTO, Nov. 12, 2020 - [Harte Gold Corp.](#) ("Harte Gold" or the "Company") (TSX: HRT) (OTC: HRTFF) (Frankfurt: pleased to report its results for the quarter ended September 30, 2020 ("Q3 2020").

The Company's unaudited consolidated interim financial results for the quarter ended September 30, 2020, together with Management's Discussion and Analysis ("MD&A") for the corresponding period, can be accessed under the Company's www.sedar.com and on the Company's website at www.hartegold.com. All currency references in this press release are in Canadian dollars except as otherwise indicated.

Third Quarter 2020 Highlights:

- Restarted Sugar Zone mining operations on July 17 and process plant on August 5, producing 6,218 ounces of gold for the quarter.
- Processed 36,367 tonnes of ore at an average head grade of 5.7 g/t Au, the fourth consecutive operating quarter showing improvement.
- Process plant averaged 649 tonnes per day ("tpd") for the quarter, achieving 800 tpd or more for up to several operating days on several occasions.
- Key mine performance indicators achieved plan for Q3 2020.
- Generated \$12.2 million in net revenues from 4,882 ounces gold sold.
- Mine cash flow¹ of \$4.6 million, before corporate G&A and gold hedge payments.
- EBITDA¹ was negative \$0.5 million for the quarter, though expected to return positive as production growth continues in full quarter of production.
- Initiated transition of mine workforce from contractor to Harte Gold employees.
- Successfully raised US\$30 million in gross proceeds to support working capital and continued mine development.
- Cash on hand of \$21.4 million at September 30, 2020.
- Completed summer prospecting at the TT8 area, with five new mineralized showings discovered, extending the ore mineralized trend to 11 km.
- Continued to advance 1,200 tpd Feasibility Study, with a revised expectation on announcing study results in early 2021.

Frazer Bouchier, President and CEO commented:

"I am pleased with the results the team achieved in Q3 2020, providing us with a base from which to launch continuing operational and financial improvements. Given the quarter was a restart quarter following an extended COVID-19 complete mine shutdown, these results represent about two-thirds of a normal operating quarter. Since joining Harte Gold as President and CEO on September 21, I have been focused on operational oversight and providing support to the team in order to achieve 800 tpd sustainable rate during Q1 2021, delivering a realistic and executable pathway to future financial growth supported by 11 km of mineralized trend and looking to significantly unveil the untapped mineral potential of the property through a systematic approach thereby increasing the probability of exploration success.

I am excited and energized with what I have seen so far, which has merely reconfirmed my findings during my initial due diligence. I am highly committed to the task at hand to deliver value for all stakeholders and will communicate a clear and enhanced strategy with focus on accountable delivery of key milestones in the coming quarters."

¹ Mine operating cash flow and EBITDA are non-IFRS measures, refer to the Company's quarterly MD&A for a reconciliation.

Operating and Financial Summary for Q3 2020:

The following table compares operating and financial performance for Q3 2020 relative to the previous quarter of operations and the preceding year-on-year quarter. In Q2 2020 operations were placed on temporary care-and-maintenance due to the COVID-19 pandemic, so is not considered an operating quarter.

	Q3 2019	Q3 2020
Operating Performance		
Ore Tonnes Mined	37,005	37,005
Mine Operating Days	96	96
Daily Mine Production	378	378
Ore Tonnes Processed	36,565	36,565
Mill Operating Days	96	96
Daily Mill Throughput	379	379
Head Grade	9.6	9.6
Recovery	93.0%	93.0%
Gold Ounces Produced	6,200	6,200
Gold Ounces Sold	7,802	7,802
Key Financial Data		
Net revenues ¹	\$ 10,865	\$ 10,865
Mine Operating Cash Flow ²	\$ 6,820	\$ 6,820
EBITDA ²	\$ (3,428)	\$ (3,428)
Net loss ³	\$ (15,782)	\$ (15,782)
Net increase / (decrease) in cash	\$ (1,579)	\$ (1,579)
Cash and cash equivalents	\$ 10,635	\$ 10,635
Cost Statistics		
Average Realized Gold Price	1,330z	1,330z
Realized Gold Price After Hedge ⁴	1,362z	1,362z
Cash Operating Cost ⁵	230z	230z
Cash Operating Cost ⁵	1,587z	1,587z
AISC ⁵	2,590z	2,590z

1) Gross revenues less treatment and refining costs.

2) Non-IFRS measure. Refer to definition of non-IFRS measures in the Company's quarterly MD&A for a reconciliation.

3) Mine operating profit less corporate expenses, exploration expenses, share based payments, amortization and other expenses.

4) Net revenues less hedge costs divided by ounces sold.

5) Non-IFRS measures, refer to definition of non-IFRS measures in the Company's quarterly MD&A for a reconciliation. USD figures calculated based on a Canadian dollar exchange rate of 0.75 for Q3 2020 and Q1 2020 and 0.76 for Q3 2019.

Outlook:

- 2020 guidance maintained: Full year gold production guidance of 20,000 to 24,000 ounces reiterated.
- Achieving 800 tpd mine production: Focus is on increasing mine production to a sustainable run rate of 800 tpd in Q1 2021.
- Priority is mine development:
 - Increasing development rates to over 13 metres per day by Q1 2021, currently averaging approximately nine metres per day.
 - Increasing the number of active mining areas to six by Q1 2021, currently operating from four areas.
- 1,200 tpd Feasibility Study: Work is progressing well on the study and recent mine related scenario analyses present opportunities that require additional time to explore and finalize. The expected completion date has been extended by approximately one month, with study results to be announced in early Q1 2021.

Q3 2020 Operational Performance:

Safety

One lost time incident was reported in July during care and maintenance, in relation to surface work maintenance. No lost time incidents have been reported since the operational restart.

Safety management in the current global COVID-19 pandemic continues to be a top priority of the Company. Strict safety protocols are in place and only essential travel is permitted to site. The Company also recently hired an occupational health nurse to support site health and safety.

Mining

Mining operations were successfully restarted on July 17. Ore production totalled 35,501 tonnes for the quarter, averaging 473 tpd over a 75-day operating period. Mining activities were restarted ahead of the mill such that a sufficient stockpile could be developed to test higher throughput rates to assess the mill's ability to operate at 800 tonnes per day continuously.

The Company is currently mining ore from the Sugar Zone North and South areas. Ramp development to the Middle Zone continued for the quarter and the Company expects to open the Middle Zone for initial ore production by the second half of 2021.

Achieving 800 tpd Mine Production

The Company is confident the Sugar Zone North and South areas are capable of 800 tpd production. However, managing the lead indicators, such as mine development and number of available working areas, as well as longhole drilling and blasted inventory, will be critical to achieving higher mine production.

While the Company was pleased with how capital development indicators trended in Q3 2020, focus remains on further improving these metrics.

The Company continues to expect to achieve a sustainable run rate of 800 tpd in Q1 2021 and will continue to manage leading key performance indicators required to achieve this goal.

Processing

The process plant was restarted on August 5. A total of 36,367 tonnes were processed for Q3 2020. The mill performed as planned, averaging 649 tpd throughput over the 56-day operating period. Following the restart, mill performance also achieved 800 tpd or more for up to seven consecutive days on several occasions. The Company is pleased with these results, which reconfirmed the mill is currently not a bottleneck and will support 800 tpd throughput as mine production is increased.

The average grade processed was 5.7 g/t Au and reconciled within expectations of the mineral resource model. Average recovery for the quarter of 93.4% was also generally inline with plan.

Grade Control

Grade control infill drilling is underway to better define the geometry of the ore body for areas to be mined in both the near and medium term, and to further increase confidence in the mineral resource model.

Grade control infill drilling, first commenced in Q3 2020, exceeded 5,900 metres, targeting both the Sugar Zone from underground and Middle Zone from surface with two drill rigs.

Owner Operator Transition

The transition to owner-operator continued positively in the quarter. The majority of the mine workforce was transitioned from contract miner to employee based, with 84 new fulltime employees added in the quarter.

Exploration:

TT8 Area

Detailed mapping and surface prospecting at the TT8 area has returned five mineralized showings, extending the overall TT8 mineralized trend to 11 km. Prospecting also confirmed the Kabi and Dayohessarah greenstone belts are connected through the TT8-Kabi area.

Some notable prospecting grab samples include:

- Smokin' Aces showing 11; 10 grab samples and 16 channel samples ranging from trace up to 80.9 g/t Au;
- Money Shot showing 11; 7 grab samples and 12 channel samples ranging from trace up to 102.0 g/t Au;
- Long Shot showing 11; 8 grab samples ranging from trace up to 2.3 g/t Au;
- Big Bear showing 11; 4 grab samples ranging from trace up to 36.3 g/t Au; and
- Southern showing 11; 2 grab samples ranging from trace up to 1.4 g/t Au.

Q3 2020 Financial Performance:

Revenues and Realized Gold Price

Revenue of \$12.2 million during Q3 2020 was 18% lower than revenue in Q3 2019 when the mine was operating for the full 3-month period. Revenue during Q3 2020 was derived from the sale of 4,882 ounces of gold. The ounces sold in Q3 2020 were 23% lower than the comparable period in 2019, primarily due to the suspension of operations during Q2 2020 and early in Q3 2020.

The average realized gold price per ounce achieved in Q3 2020 was US\$1,879 per ounce, compared to an average spot gold price of US\$1,909 per ounce (average AM and PM prices reported by the London Bullion Market Association) during the quarter.

Production Costs and Royalties

Production costs of \$7.0 million in Q3 2020 were \$8.1 million lower than in Q3 2019. Production costs include mining, processing, and site general and administrative expenses, adjusted for gold inventory. The reduction in production costs is primarily due to the reduction in ounces of gold sold during Q3 2020 compared to Q3 2019 and the reduction in the cost per ounce sold in 2020 versus 2019.

Royalties and selling expenses increased to \$0.6 million in Q3 2020 up from \$0.4 million in Q3 2019. The increase in these expenses is primarily due to the additional Appian NSR commencing at 1.5% in December 2019 and increasing to 2.0% effective from July 13, 2020. This was partially offset by the reduction in gold

revenues for Q3 2020 as compared to Q3 2019.

Impact of the Hedge

During Q3 2020, gold hedge payments of \$3.4 million (Q3 2019 - \$nil) were made in respect of the gold hedges. As each hedge position matures, any unrealized gains or losses will be realized and be offset by the opposite effect on the physical gold sales in each period.

The Company's net realized gold price after giving effect to the gold hedge was US\$1,354 for the quarter.

Reconciliation of Mine Operating Cash Flow¹ and EBITDA¹

Figures in C\$000	Sep 30 2020	Mar 31 2020	Sep 30 2019
Revenues net of treatment, refining	12,215	15,667	14,888
Royalties	(552)	(704)	(412)
Production costs	(6,973)	(11,072)	(15,138)
Mine Operating Cash Flow	4,690	3,891	(662)
Corporate general and administrative expense	(1,823)	(1,971)	(1,476)
Gold Hedge Payments	(3,409)	(709)	0
EBITDA	(542)	1,210	(2,138)

1. Non-IFRS measures, refer to definition of non-IFRS measures in the Company's quarterly MD&A for further information

Cash Costs and AISC

Cash costs for Q3 2020 were US\$1,177 per ounce sold, inline with cash costs for Q1 2020 and lower than Q3 2019. Cash costs are defined as production costs, treatment and refining charges and royalties.

AISC was US\$2,532 per ounce sold for Q3 2020 and reflect continued investment in mine development (\$4.4 million) and plant and equipment (\$2.6 million).

Both Cash cost and AISC are reported on a per ounce sold basis. As Q3 2020 was a partial operating quarter during which time the Company was rebuilding its sales cycle, costs were allocated over a lower number of ounces produced relative to previous quarters. As the number of ounces sold increases, cash cost and AISC are expected to decline. Cash cost and AISC are non-IFRS measures and a full reconciliation is provided in the Company's quarterly MD&A.

Liquidity and Capital Resources

The Company raised US\$30 million in July through a financing arrangement with an affiliate of Appian. Net proceeds are to be used for mine restart, working capital, and general corporate purposes. As at September 30, 2020, cash on hand was \$21.4 million.

Cash on hand, together with cash generated from operations, is expected to be sufficient to fund the working capital requirements as well as planned sustaining capital investment activities through 2021, but the Company may not have sufficient liquidity to fully cover scheduled senior debt principal repayments in 2021.

The Company is reliant on a positive outcome in its discussions with BNP regarding the deferral of principal repayments due during 2021. In the event that the principal repayments due during 2021 are not deferred, the Company will likely need to raise funding in order to make the required principal repayments.

Quality control

Analytical work was performed by Activation Laboratories of Thunder Bay (Ontario), a certified commercial laboratory (Accredited Lab #673). Sample preparation was done at Activation Laboratories of Thunder Bay (Ontario). Assaying was done by fire assay methods with an atomic absorption finish. Any sample assaying >3 g/t Au was rerun by fire assay method with gravimetric finish, and any sample assaying >10 g/t Au was rerun with the metallic sieve method. Grab samples are selective by nature and are not necessarily representative of the mineralized zones. The sampling procedure and interpretation of the results were done by qualified employees using a QAQC program conformed to the best practices in the industry. In addition to laboratory internal duplicates, standards and blanks, the exploration department inserts blind duplicates, standards and blanks into the sample stream to monitor quality control.

Technical Information

Scientific and technical information contained in this news release was reviewed and approved by Vincent Cardin-Tremblay, P.Geo., who is a "qualified person" as defined by National Instrument 43-101 - Standards of Disclosure for Mineral Projects.

The Company has implemented a quality assurance and control program to ensure sampling and analysis of mine and exploration work is conducted in accordance with industry standards. Drill core is sawn in half with one half of the core shipped to Activation Laboratories located in Thunder Bay, ON, while the other half is retained at the Company's core facilities in White River, ON, for future verification. Gold analysis is performed by fire assay using atomic absorption, gravimetric or pulp metallic finish.

About Harte Gold Corp.

Harte Gold holds a 100% interest in the Sugar Zone mine located in White River, Canada. The Sugar Zone Mine entered commercial production in 2019. Production guidance is 20,000 to 24,000 oz Au for 2020 and 60,000 to 65,000 oz Au for 2021. The Company has further potential through exploration at the Sugar Zone Property, which encompasses 79,335 hectares covering a significant greenstone belt. Harte Gold trades on the TSX under the symbol "HRT", on the OTC under the symbol "HRTFF" and on the Frankfurt Exchange under the symbol "H4O".

Cautionary note regarding forward-looking information:

This news release includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Specific forward-looking statements in this press release include, but are not limited to, cash on hand, together with cash generated from operations, being expected to sufficiently fund working capital requirements as well as planned sustaining capital investment activities through 2021; announcing Feasibility Study results in early Q1 2021; communicating a clear and enhanced strategy with focus on accountable delivery of key milestones in the coming quarters; 2020 gold production of 20,000 to 24,000 ounces; achieving 800 tpd mine production: in Q1 2021; increasing development rates to over 13 metres per day by Q1 2021; increasing the number of active mining areas to six by Q1 2021; and opening the Middle Zone for initial ore production by the second half of 2021. Forward-looking statements are necessarily based upon a number of estimates and assumptions including material estimates and assumptions related to the factors set forth below that, while considered reasonable by the Company as at the date of this press release in light of management's experience and perception of current conditions and expected developments, are inherently subject to significant business, economic, and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements,

and undue reliance should not be placed on such statements and information.

Such risks and uncertainties include, but are not limited to, there being no events of default or breaches of key financing agreements, including agreements with BNP Paribas and Appian; the Company being able to attract and retain qualified candidates to join the Company's management team and board of directors, risks associated with the mining industry, including operational risks in exploration, development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of the Company to obtain all permits, agreements, consents or authorizations required for its operations and activities; and health, safety and environmental risks, the risk of commodity price and foreign exchange rate fluctuations, the ability of Harte Gold to fund the capital and operating expenses necessary to achieve the business objectives of Harte Gold, the uncertainty associated with commercial negotiations and negotiating with contractors and other parties and risks associated with international business activities, as well as other risks and uncertainties which are more fully described in the Company's Annual Information Form dated March 25, 2020, and in other filings of the Company with securities and regulatory authorities which are available on SEDAR at www.sedar.com.

Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements.

Readers are cautioned that the foregoing list of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this news release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

The Toronto Stock Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this news release.

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