

Athabasca Minerals Announces Q3 2020 Financial Results and Investor Update

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CALGARY, Nov. 25, 2020 - [Athabasca Minerals Inc.](#) ("Athabasca" or the "Corporation") (TSXV:AMI) announces its financial results for the third quarter ended September 30, 2020. The Corporation's financial statements and management's discussion and analysis ("MD&A") are available on SEDAR at www.sedar.com and on the [Athabasca Minerals Inc.](#) website at www.athabascaminerals.com. The Corporation also announces the Q3 2020 Results Investor Update to be held on December 1, 2020.

In the third quarter of 2020, Athabasca reported consolidated revenue of \$0.4 million (\$0.1 million in Q3 2019) with a total loss and comprehensive loss of \$1.1 million, compared to income of \$0.8 million in Q3 2019.

Robert Beekhuizen stated: "Despite the challenges of COVID-19, AMI and our group of companies continues to focus on our objectives and making the right long-term decisions to advance our projects and strategic initiatives. The non-brokered private placement of \$1.48 million in late October highlights the commitment to our Duvernay Sand Project, as well as the announcement of our joint venture partner to develop the sand facility."

BUSINESS HIGHLIGHTS

Athabasca Minerals reports the following key highlights in Q3-2020:

- In September 2020, the Corporation announced the advancement of a strategic Joint Venture ("JV") initiative with an international industrial partner to pursue the Duvernay Sand Project. The aim of the JV initiative is to co-develop and operate one of the greenest sand facilities in North America. The JV initiative offers a number of unique synergies including industrial land for construction of the facility, as well as access to industrial utilities and transportation infrastructure;
- AMI Aggregates was impacted by lower activity due to COVID-19 as well as the economic downturn. Resumption of normalized production out of Coffey Lake or AMI's other corporate pits is not anticipated until early 2021 without improvement to commodity prices and lifting of COVID-19 restrictions;
- In the third quarter of 2020, AMI RockChain had increased sales volumes relative to Q2-2020; however, volumes continue to be impacted by the economic downturn from COVID-19;
- Subsequent to the third quarter of 2020, on October 26, 2020, the Corporation announced the closing of a \$1.48 million non-brokered private placement, with the issuance of 9,866,688 common shares at a premium price of \$0.15. Proceeds from the private placement will be used to advance Front-End Engineering & Development ("FEED") activities for the Duvernay Sand Project ("Duvernay Project") and for general corporate purposes. The private placement was supported by JMAC Resources Ltd. as an anchor investor. With the private placement, insider ownership of the Corporation's Common Shares increased from 8.1% to 22.5%;
- On October 26, 2020, the Corporation also announced the addition of Jon McCreary, CEO of JMAC Resources Inc., to the Board of Directors, effective November 1, 2020; and
- AMI continues to pursue strategic partnering and joint-venture relationships that will advance its industrial minerals growth strategies, diversify its revenue generation, and increase options for access to lower-cost capital funding.

Fiscal Management & Reporting

- The Corporation has undertaken several financial initiatives in response to the COVID-19 pandemic:
 - A \$40,000 loan for AMI Silica and a \$40,000 loan for AMI RockChain were secured through the Canadian Emergency Business Account (CEBA) program to support these businesses through the COVID-19 pandemic. TerraShift also had a \$40,000 CEBA loan at the time of acquisition. These loans are interest free, require no principal payments until December 2022, and \$10,000 is forgivable if repaid by December 2022. In October 2020, the Government of Canada announced its intention to increase CEBA loans from \$40,000 to \$60,000, of which \$20,000 will be forgivable if repaid by December 2022;
 - AMI applied for the Canadian Emergency Wage Subsidy (CEWS) program to assist its businesses through the COVID-19 pandemic. The CEWS program is currently in place until June 2021, and AMI has received and accrued subsidies totaling \$267,574 as at September 30, 2020 from the CEWS program;
 - In November 2020, AMI intends to apply for the Canadian Emergency Rent Subsidy (CERS) program to further assist its businesses by receiving subsidies for rent and other commercial properties expenses incurred from September 27, 2020 until June 2021;
 - Principal repayment of the \$1,500,000 bank loan purposed for Coffey Lake Public Pit and the True North Staging Hub construction was deferred an additional three months to six months of interest-only payment terms, which ended in July 2020;
- In an effort to preserve the Corporation's cash position and employees during the COVID-19 pandemic and economic downturn, AMI implemented a 90/10 compensation program whereby 90% of base salary is paid in cash and 10% of base salary is paid in treasury-issued shares. For this compensation program, the Corporation has put into place an Employee Share Purchase Plan (ESP Plan) and participation in the ESP Plan is voluntary. The compensation program was put into effect June 1, 2020 for employees and management. For director's fees, the compensation program was retroactive to April 1, 2020. The ESP Plan was approved by the shareholders on September 22, 2020 and by the TSX Venture Exchange on October 16, 2020.
- AMI's cash position as at September 30, 2020 was \$1.2 million free cash and \$1.1 million restricted cash. The free cash balance increased subsequent to quarter end as a result of the \$1.48 million non-brokered private placement which closed on October 26, 2020. AMI's cash position as at October 31, 2020 was \$2.4 million free cash and \$1.1 million restricted cash.

COVID-19 UPDATE

Athabasca and its subsidiaries will continue to be operational through the new enhanced public health directives issued by the Province of Alberta, as per the recommendation of health officials, most employees will be working from home. AMI continues to develop both safety and technology features to better allow our customers and suppliers a safe and efficient method to continue meeting their aggregate needs. However, all operations could be affected by any new COVID-19 related issues or new lockdown directives, as it will be more challenging for our customers to move forward with projects during a lockdown.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

(\$ thousands of CDN, unless otherwise noted)	Three Months Ended Sept 30		Nine Months Ended Sept 30	
	2020	2019	2020	2019
Aggregate sales revenue	\$326	\$78	\$874	\$1,059
Management services revenue	100	0	557	434
Revenue	426	78	1,431	1,493
Operating costs	(601)	(430)	(1,392)	(2,107)
Gross (loss) profit	(322)	(445)	(312)	(853)
Total (loss) income and comprehensive (loss) income	(1,106)	749	(2,596)	(1,619)
Cash position	1,176	3,986	1,176	3,986
Net cash (used in) operating activities	(512)	(760)	(1,471)	(1,868)
Loss (income) per share (\$ per share)				
Basic	(.023)	.017	(.055)	(.038)
Fully diluted	(.023)	.016	(.055)	(.038)

- The quarterly increase in revenue was a result of growth in aggregate sales revenue from AMI RockChain. In the third quarter of 2020, management services revenue was also generated by TerraShift, while the comparable quarter had nil revenue with the closure of Susan Lake operations.
- For the nine months ended September 30, 2020, aggregates sales revenue was lower due to a decline in AMI's corporate pit revenue, offset by increased networked 3rd party sales revenue from AMI RockChain. Management services revenue in the nine months ended September 30, 2020 increased versus the comparable period in 2019 due to sales from Coffey Lake in 2020 and the addition of TerraShift's revenue stream.
- Gross profit (loss) for the three and nine months ended September 30, 2020 was a loss of \$0.3 million and loss of \$0.3 million, respectively, compared to a loss of \$0.4 million and \$0.9 million for the same periods in 2019. Included in the loss of \$0.3 million for the three and nine months ended September 30, 2020 was an inventory write-down of \$0.3 million. The Corporation took the necessary actions to adjust costs structures where possible, and as a result, gross losses were significantly reduced in the three and nine month 2020 periods. It is anticipated that these adjustments to costs will benefit the Corporation on an ongoing basis.
- The total loss (income) and comprehensive loss (income) for the three and nine months ended September 30, 2020 was a loss of \$1.1 million and \$2.6 million, respectively, compared to income of \$0.8 million and a loss of \$1.6 million for the corresponding periods in 2019.
- Net working capital of \$1.0 million as at September 30, 2020 (December 31, 2019: \$2.8 million). On October 26, 2020, the Corporation completed a \$1.48 million non-brokered private placement enhancing AMI's net working capital. In management's opinion the enhanced net working capital from the private placement positions AMI to fund ongoing operations. The Corporation used less cash in operations in the three and nine months ended September 30, 2020 compared to the equivalent periods in 2019. The write-down of inventory also decreased working capital as at September 30, 2020 compared to December 31, 2019.

GRANT OF STOCK OPTIONS AND DEFERRED SHARE UNITS

- AMI announces that its Board of Directors have approved the grant of 664,800 stock options ("Options") and 36,000 Deferred Share Units ("DSUs") to officers, directors, and select management of the Corporation pursuant to the Corporation's Options and DSU plans as well as the Corporation's Stock Option Replenishment Program. The Options have an exercise price of \$0.14 per share and have a term of five years.

INVESTOR UPDATE WEBCAST

Athabasca will host a webcast for investors, analysts and stakeholders to provide an update on the existing operating environment. *Registration is required, so please pre-register to receive your password.*

Date: Tuesday, December 1, 2020

Time: 11:30 am MT (1:30 pm ET)

Webcast: To avoid delays, please register in advance

https://us02web.zoom.us/webinar/register/WN_cgBghOPYR7eYR7XFT3G_zg

Or <https://www.athabascaminerals.com/>

1-587-328-1099

Phone: ID: 883 2911 3771

Passcode: 498488

A webcast link and related presentation material will be accessible on the "Investors Information" page of the Corporation's website at <https://www.athabascaminerals.com/>. A replay of the event will be provided at the same location following the event.

ABOUT ATHABASCA MINERALS INC.

Athabasca is an integrated group of companies focused on the aggregates, industrial minerals and resource sectors, including exploration and development; aggregates marketing and midstream supply-logistics solutions. Business activities include aggregate production, sales and royalties from corporate-owned pits, management services of third-party pits, acquisitions of sand and gravel operations, integrated supply/delivery solutions of industrial minerals, and new venture development. The Corporation is strategically focused on growing its three core business units: the AMI Aggregates division, the AMI RockChain division, and the AMI Silica division. Management is continually pursuing opportunities for sustained growth and diversification in supplying aggregate products and industrial minerals.

Athabasca's business is comprised of the following three reportable segments:

- AMI Aggregates division produces and sells aggregate out of its corporate pits and manages the Coffey Lake Public Pit on behalf of the Province of Alberta for which aggregate management services revenue are earned.
- AMI Silica division is positioning to become a leading supplier of premium domestic silica sand with regional deposits in Alberta and NE British Columbia. This reporting segment encompasses all silica assets including Firebag, the Duvernay Project and the Montney In-Basin Project.
- AMI RockChain division is a midstream technology-based business using its proprietary RockChain digital platform, associated algorithm and quality assurance & control services to provide cost-effective integrated supply / delivery solutions of industrial minerals to industry, and the construction sector.
 - TerraShift Engineering Ltd. is a newly acquired entity of RockChain. It offers technology-based applications that support resource exploration and development, environmental and regulatory planning, resource management, compliance reporting, and reclamation for a growing customer base across Western Canada and Ontario.

For further information, please contact:
Tanya Finney, Director, Investor and Stakeholder Relations
Tel: 587-391-0548 / Email: tanya.finney@athabascaminerals.com

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

FORWARD LOOKING STATEMENTS

This document contains forward looking statements; and forward-looking information; (collectively referred to herein as forward-looking statements;) concerning anticipated developments and events that may occur in the future. Forward looking statements include, but are not limited to: statements with respect to the estimation of aggregate and mineral reserves and resources, the realization of aggregate and mineral reserve estimates, disposition of assets, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, requirements for additional capital, potential joint venture relationships, potential acquisitions, geographic diversification, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage.

Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words expects; plans; anticipates; believes; intends; estimates; continues; future; forecasts; potential; budget; and similar expressions, or are events or conditions that will; would; may; likely; could; should; can; typically; traditionally; or tend to; occur or be achieved. This MD&A contains forward-looking statements, pertaining to, among other things, the following: the impact of Athabasca's financial resources or liquidity on its future operating, investing and financing activities; Athabasca's capital budgets, the appropriateness of the amount and expectations of how it will be funded; the Corporation's capital management strategy and financial position; Athabasca's outlook, industrial and construction levels, and focus on cost management; the expansion of customers and network of AMI RockChain; the international industrial partner or joint venture for the Duvernay Project; a potential partner for the Montney Project; continued development of the Duvernay Project; the potential completion of a National Instrument 43-101 compliant technical report for the Montney Project; the reactivation of certain inactive pits; potential acquisition or divestiture activities; the demand for aggregates from the Richardson Quarry Project; and the impact of and the Corporation's response to the COVID-19 health pandemic.

Although the Corporation believes that the material factors, expectations and assumptions expressed in such forward-looking statements are reasonable based on information available to it on the date such statements are made, undue reliance should not be placed on the forward-looking statements because the Corporation can give no assurances that such statements and information will prove to be correct and such statements are not guarantees of future performance. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual performance and results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: known and unknown risks, including those set forth in the Corporation's annual information form dated September 3, 2020 (a copy of which can be found under Athabasca's website

under Annual Documents or on the Corporation's profile on SEDAR at www.sedar.com); exploration and development costs and delays; weather, health, safety, market and environmental risks; integration of acquisitions, competition, and uncertainties resulting from potential delays or changes in plans with respect to acquisitions, development projects or capital expenditures and changes in legislation including, but not limited to incentive programs and environmental regulations; stock market volatility and the inability to access sufficient capital from external and internal sources; general economic, market or business conditions; the COVID-19 health pandemic; global economic events; changes to Athabasca's financial position and cash flow; the availability of qualified personnel, management or other key inputs; potential industry developments; and other unforeseen conditions which could impact the use of services supplied by the Corporation. Accordingly, readers should not place undue importance or reliance on the forward-looking statements. Readers are cautioned that the list of factors set out herein is not exhaustive and should refer to "Risk Factors" set out in the Corporation's annual information form dated September 3, 2020.

Statements, including forward-looking statements, contained in this MD&A are made as of the date they are given and the Corporation disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

Additional information on these and other factors that could affect the Corporation's operations and financial results are included in reports on file with applicable securities regulatory authorities and may be accessed on Athabasca's website or under Athabasca's profile on SEDAR at www.sedar.com.

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