

# Anaconda Mining Announces Q4 and Full Year 2020 Financial Results; Generates Record Cash Flow From Operating Activities of \$14.1 Million in 2020

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TORONTO, February 25, 2021 - [Anaconda Mining Inc.](#) ("Anaconda" or the "Company") (TSX:ANX)(OTCQX:ANXGF) is pleased to report its financial and operating results for the three months and year ended December 31, 2020 ("Q4 2020"). The consolidated financial statements and management discussion & analysis documents can be found at [www.sedar.com](http://www.sedar.com) and the Company's website, [www.anacondamining.com](http://www.anacondamining.com). All dollar amounts are in Canadian dollars unless otherwise noted.

## Highlights for the Year Ended December 31, 2020

- Anaconda produced 18,268 ounces of gold in 2020 from its Point Rousse operation, achieving its annual guidance of 18,000 to 19,000 ounces, with the processing of ore from the Argyle Gold Mine commencing in late Q4 2020.
- Anaconda sold 17,918 ounces of gold in 2020, generating record metal revenue of \$41.5 million at an average sales price\* of C\$2,316 (US\$1,728) per ounce of gold. As of December 31, the Company also had over 525 ounces in gold doré inventory, which was subsequently sold in January.
- The Point Rousse Complex generated EBITDA\* of \$4.7 million in Q4 2020 and \$20.5 million for the year ended December 31, 2020, compared with \$1.6 million and \$9.9 million for the respective 2019 periods, driven by higher ounces sold and a significantly higher gold price.
- Operating cash costs per ounce sold\* at the Point Rousse Project in Q4 2020 were \$1,321 (US\$1,014), and \$1,167 (US\$871) for the year ended December 31, 2020, at the lower end of the revised annual guidance of C\$1,150 and C\$1,250 per ounce of gold sold, due to better than planned throughput and grade in the second half of 2020.
- All-in sustaining cash costs per ounce sold\*, including corporate administration and sustaining capital expenditures, was \$2,053 (US\$1,576) for Q4 2020, and \$1,636 (US\$1,220) for the full year.
- In 2020, the Company invested \$7.2 million in its exploration and development projects, including \$4.4 million on the Goldboro Gold Project in Nova Scotia relating to the feasibility study, permitting, and ongoing diamond drilling to support the updated and significantly expanded Mineral Resource Estimate announced on February 22, 2021.
- Net income for 2020 was \$8,228,243, or \$0.06 per share, compared to \$373,047, or \$0.00 per share, for 2019, mainly due to the significantly higher gold price and increased gold sales.
- Anaconda completed a non-brokered flow-through private placement for \$5.5 million in July 2020, which enabled the acceleration of the Company's growth programs, particularly at the Goldboro Gold Project and the Tilt Cove Gold Project.
- As of December 31, 2020, the Company had a cash balance of \$14.6 million and working capital\* of \$13.9 million. Subsequent to year-end, the Company received a further \$2.8 million in proceeds from the full exercise of share purchase warrants expiring on January 10, 2021.

\*Refer to Non-IFRS Measures section below. A full reconciliation of Non-IFRS Measures can be found in the Management Discussion and Analysis for the year ended December 31, 2020.

"We are pleased to announce a successful year of production and financial results, with Anaconda generating record cash flow from operations of \$14.1 million from the sale of 17,918 ounces of gold. We ended 2020 with a treasury balance of \$14.6 million and continue to generate free cash flow at the Point Rousse operation, which allows us to aggressively pursue our growth strategy. We are particularly excited with the advancement of the Goldboro Gold Project, where we recently announced an expanded Mineral Resource including 1,946,100 ounces of gold in Measured and Indicated Resources and 798,100 ounces in Inferred Resources. Anaconda Mining continues to offer investors unique exposure to production and free cash flow, growth from development, and discovery upside, all in top tier mining jurisdictions."

~Kevin Bullock, President and Chief Executive Officer, [Anaconda Mining Inc.](#)

## Consolidated Results Summary

	Three months ended	Three months ended	Year ended December 31, 2020	Year ended December 31, 2019
Financial Results	December 31, 2020	December 31, 2019		
Revenue (\$)	9,988,251	6,506,722	41,582,990	31,594,739
Cost of operations, including depletion and depreciation (\$)	6,392,715	4,919,066	24,761,035	22,690,028
Mine operating income (\$)	3,595,536	1,587,656	16,821,955	6,857,654
Net income (loss) (\$)	(77,203)	(229,778 )	8,228,243	373,047
Net income (loss) per share (\$ share)	(0.00	) 0.06		0.00
- basic and diluted (\$)				
Cash generated from operating activities (\$)	2,080,151	(209,207 )	14,087,867	4,372,224
Capital investment in property mill and equipment (\$)	1,383,079	133,609	2,960,787	2,181,896
Capital investment in exploration and evaluation assets (\$)	2,514,733	1,451,810	7,152,794	10,943,829

Average realized gold price per ounce*	US\$1,921	US\$1,489	US\$1,728	US\$1,360
Operating cash costs per ounce sold*	US\$1,014	US\$1,039	US\$871	US\$878
All-in sustaining cash costs per ounce sold*	US\$1,576	US\$1,282	US\$1,220	US\$1,247
	December 31, 2020	December 31, 2019		
Working capital (\$)	10,338,471	2,728,061		
Total assets (\$)	84,396,971	63,757,965		
Non-current liabilities (\$)	7,123,640	6,903,274		

\*Refer to Non-IFRS Measures section for reconciliation

During the fourth quarter of 2019, the Company processed a bulk sample for Goldboro (the "Bulk Sample") at its Pine Cove Mill (see press release dated January 16, 2020). Fourth quarter and annual 2019 mill statistics are presented both including the Bulk Sample, and on a Point Rouse stand-alone basis.

	Three months ended December 31, 2020	Three months ended December 31, 2019	Year ended December 31, 2020	Year ended December 31, 2019
Ore mined (t)	10,455	123,302	512,028	413,139
Waste mined (t)	450,859	518,698	1,964,689	1,771,408
Strip ratio	4.1	4.2	3.8	4.3
Ore milled (t)	107,257	110,474	459,085	401,499
Grade (g/t Au)	1.39	1.49	1.42	1.52
Recovery (%)	86.8	83.1	87.4	82.3
Gold ounces produced	4,073	4,411	18,268	16,181

Gold ou <del>nc</del> sold	4,209	17,918	17,265
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Excluding the operating results from the Bulk Sample, the Pine Cove Mill Statistics specifically for production from the Point Rouse operation are as follows:

Dry ton <del>ne</del> processed	107,257	100,689	459,085	391,714
Tonnes per day ("tpd")	1,274	1,318	1,302	1,248
Grade (grams per tonne)	1.39	1.27	1.42	1.46
Recovery (%)	86.8	84.0	87.4	82.8
Gold ou <del>nc</del> produced	4,171	3,441	18,268	15,211
Gold ou <del>nc</del> sold	3,306	3,306	17,918	16,362

Review of the Year Ended December 31, 2020

### Operational Overview

The Point Rouse operation produced 18,268 ounces of gold during 2020, achieving annual guidance of 18,000 to 19,000 ounces, and representing a 13% increase over 2019 as a result of higher throughput and stronger recoveries. Production was predominantly from the Pine Cove Pit, where mining ceased in early Q4 2020 and mill production was maintained from the established Pine Cove stockpile.

The mine operation produced 512,028 tonnes of ore in 2020, a significant increase over 2019 when the first half of the year was focused on the lower tonnage profile Stog'er Tight Mine. The strip ratio for 2020 was 3.8 waste tonnes to ore tonnes, a decrease from 4.3 in 2019, as the waste moved decreased as mining in the Pine Cove Pit neared completion. Going forward into 2021, the mine operations will be exclusively focused on production from Argyle, which together with existing stockpiles will contribute approximately 70% of mill throughput in the upcoming year, with mill throughput supplemented by Pine Cove and marginal stockpiles.

During 2020, the mill processed 459,085 tonnes of ore, an increase of 14% compared to 2019 due to strong mill availability of 96.3% in the most recent year compared to only 89.6% in 2019. The Pine Cove Mill has returned to consistent and sustainable operations since the challenges encountered in the early half of 2019, when unplanned maintenance of the regrind mill impacted mill availability. Average grade from Point Rouse production was 1.42 g/t in 2020, down slightly from 1.46 g/t in 2019 (excluding the impact of the Bulk Sample), as ore feed in the first half of the prior year was mainly from the higher grade Stog'er Tight Mine. The mill achieved an average recovery rate of 86.8% in Q4 2020 and 87.4% for the 2020 year, both representing strong increases over the comparative periods of 2019.

### Financial Results

Anaconda sold 17,918 ounces of gold in 2020 to generate record metal revenue of \$41.5 million at an average realized gold price of C\$2,316 (US\$1,728) per ounce, representing a 41% increase in metal revenue compared to 2019 due to a combination of significantly higher gold prices and higher gold production. As of December 31, 2020, the Company had over 525 ounces of gold doré inventory, which was sold in January.

Operating expenses for the year ended December 31, 2020 were \$20,953,142, compared to \$18,648,582 in the year ended December 31, 2019. Operating expenses for 2020 included mining costs of \$10,458,651, an increase from \$9,366,509 in the previous year, as the Company moved 13% more material in 2020 while mining in the Pine Cove Pit. Processing costs in 2020 were \$9,928,022, an increase over \$8,923,013 in 2019 driven mainly by a 14% increase in mill throughput. Operating expenses were also impacted by an inventory adjustment of \$1,130,683 due to the build-up of stockpile inventory as of December 31, 2020. Operating cash costs per ounce sold during 2020 were C\$1,167 (US\$871), at the lower end of the Company's revised 2020 annual operating cash cost guidance of C\$1,150-C\$1,250, as a result of better than planned throughput and grade in the second half of 2020.

The royalty expense for 2020 was \$49,196, a decrease from 2019 when a greater proportion of production was from Stog'er Tight, which carries a 3% net smelter royalty. Depletion and depreciation for the year ended December 31, 2020 was \$3,802,837 compared to \$3,608,121 recognized for the year ended December 31, 2019.

Mine operating income for the year ended December 31, 2020 was \$16,821,955, an increase from mine operating of \$6,857,654 in 2019, primarily due to the increase in metal revenue as a result of higher gold ounces sold and a significantly high gold price.

Corporate administration expenditures were \$3,581,921 during 2020, a decrease from 2019 as a result of the Company's effort to streamline costs and renew its focus on production growth. In addition, as part of this renewed focus, the Company recorded a gain of \$1,355,247 on the partial or full sale of two subsidiaries, specifically the spin-out of Novamera and its narrow vein mining technology (pre-tax gain of \$1,902,894) and the sale of ExploreCo (pre-tax loss of \$547,647; after-tax gain of \$296,353).

Share-based compensation was \$380,733 during the year ended December 31, 2020, compared to \$861,429 in the comparative 2019 period, reflecting the greater number of share units granted in the previous year.

Finance expense for the year ended December 31, 2020 was \$211,669, significantly less than \$417,072 recognized for the year ended December 31, 2019 as a result of a gold loan that was delivered into in Q2 and Q3 2019.

Net comprehensive income for the year ended December 31, 2020, was \$8,228,243, or \$0.06 per share, compared to net comprehensive income of \$373,047, or \$0.00 per share, in the comparative period of 2019. The improvement from the prior year was driven by higher mine operating income in 2020 offset by a net income tax expense of \$6,141,528 (year ended December 31, 2019 - \$443,859) as a result of the strong operating results and use of tax pools during 2020.

#### Financial Position and Cash Flow Analysis

As of December 31, 2020, the Company had working capital of \$13,950,730, which included cash and cash equivalents of \$14,634,595. The current portion of loans includes \$1,475,831 outstanding from a \$5.0 million term loan with the Royal Bank of Canada, entered into in March 2019. The term loan carries a fixed interest rate of 4.6% and performance guarantee fee by Export Development Canada ("EDC") of 1.85%, payable quarterly based on the proportional amount outstanding.

Anaconda generated \$14,087,687 in operating cash flows during the year ended December 31, 2020, after accounting for corporate administration costs of \$3,581,921. The Point Rousse Project generated EBITDA of \$20,499,235, based on gold sales of 17,918 ounces at an average gold price of C\$2,316 per ounce sold and operating cash costs of C\$1,167 per ounce sold. Operating cash flows were also reduced by changes in working capital, namely the reduction in accounts payable and the increase in stockpiled inventory.

The Company continued to invest in its key growth projects in Newfoundland and Nova Scotia in 2020, spending \$7,152,794 on exploration and evaluation assets (adjusted for amounts included in trade payables and accruals at December 31, 2020), primarily on the continued advancement of the Goldboro Project (\$4,401,859). The Company also invested \$2,960,787 into the property, mill and equipment at the Point

Rousse operation, with capital investment focused on a pushback of the Pine Cove Pit earlier in the year and development activity at Argyle during Q4 2020.

Financing activities during 2020 included the net proceeds of \$5,463,763 from a non-brokered flow-through private placement completed in July 2020, the ongoing repayment of the RBC term loan, and the repayment of other loans and lease obligations. The Company also received \$2,340,346 from the exercise of warrants and \$427,701 from the exercise of stock options.

#### Non-IFRS Measures

Anaconda has included in this press release certain non-IFRS performance measures as detailed below. In the gold mining industry, these are common performance measures but may not be comparable to similar measures presented by other issuers. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

**Operating Cash Costs per Ounce of Gold** - Anaconda calculates operating cash costs per ounce by dividing operating expenses per the consolidated statement of operations, net of silver sales by-product revenue, by the gold ounces sold during the applicable period. Operating expenses include mine site operating costs such as mining, processing and administration as well as royalties, however, excludes depletion and depreciation and rehabilitation costs.

**All-In Sustaining Costs per Ounce of Gold** - Anaconda has adopted an all-in sustaining cost performance measure that reflects all of the expenditures that are required to produce an ounce of gold from current operations. While there is no standardized meaning of the measure across the industry, the Company's definition conforms to the all-in sustaining cost definition as set out by the World Gold Council in its guidance dated June 27, 2013. The World Gold Council is a non-regulatory, non-profit organization established in 1987 whose members include global senior mining companies. The Company believes that this measure will be useful to external users in assessing operating performance and the ability to generate free cash flow from current operations.

The Company defines all-in sustaining costs as the sum of operating cash costs (per above), sustaining capital (capital required to maintain current operations at existing levels), corporate administration costs, sustaining exploration, and rehabilitation accretion and amortization related to current operations. All-in sustaining costs excludes capital expenditures for significant improvements at existing operations deemed to be expansionary in nature, exploration and evaluation related to growth projects, financing costs, debt repayments, and taxes. Canadian and US dollars are noted for realized gold price, operating cash costs per ounce of gold and all-in sustaining costs per ounce of gold. Both currencies are considered relevant and the Company uses the average foreign exchange rate for the period.

**Average Realized Gold Price per Ounce Sold** - In the gold mining industry, average realized gold price per ounce sold is a common performance measure that does not have any standardized meaning. The most directly comparable measure prepared in accordance with IFRS is gold revenue. The measure is intended to assist readers in evaluating the revenue received in a period from each ounce of gold sold.

**Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA")** - EBITDA is earnings before finance expense, deferred income tax expense and depletion and depreciation.

Point Rousse Project EBITDA is EBITDA before corporate administration and other expenses (income).

**Working Capital** - Working capital is a common measure of near-term liquidity and is calculated by deducting current liabilities from current assets.

#### ABOUT ANACONDA

Anaconda is a TSX and OTCQX-listed gold mining, development, and exploration company, focused in Atlantic Canada. The company operates mining and milling operations in the prolific Baie Verte Mining District of Newfoundland which includes the fully-permitted Pine Cove Mill, tailings facility and deep-water port, as well as ~15,000 hectares of highly prospective mineral lands including those adjacent to the past producing, high-grade Nugget Pond Mine at its Tilt Cove Gold Project. Anaconda is also developing the Goldboro Gold Project in Nova Scotia, a high-grade resource and the subject of an on-going feasibility study.

## FORWARD-LOOKING STATEMENTS

*This news release contains "forward-looking information" within the meaning of applicable Canadian and United States securities legislation. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes" or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur", or "be achieved". Forward-looking information is based on the opinions and estimates of management at the date the information is made, and is based on a number of assumptions 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 Anaconda to be materially different from those expressed or implied by such forward-looking information, including risks associated with the exploration, development and mining such as economic factors as they effect exploration, future commodity prices, changes in foreign exchange and interest rates, actual results of current production, development and exploration activities, government regulation, political or economic developments, risks related to the COVID-19 pandemic, environmental risks, permitting timelines, capital expenditures, operating or technical difficulties in connection with development activities, employee relations, the speculative nature of gold exploration and development, including the risks of diminishing quantities of grades of resources, contests over title to properties, and changes in project parameters as plans continue to be refined as well as those risk factors discussed in Anaconda's annual information form for the year ended December 31, 2019, available on [www.sedar.com](http://www.sedar.com). Although Anaconda 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. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. Anaconda does not undertake to update any forward-looking information, except in accordance with applicable securities laws.*

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