

Argonaut Gold Inc. Announces Record Quarterly and Annual Revenue and Cash Flow from Operating Activities

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Provides Fourth Quarter and Full Year Financial and Operating Results

TORONTO, Feb. 25, 2021 - [Argonaut Gold Inc.](#) (TSX: AR) (the "Company", "Argonaut Gold" or "Argonaut") is pleased to announce its financial and operating results for the fourth quarter and year ended December 31, 2020. For the fourth quarter 2020, the Company reports record quarterly revenue of \$100.8 million, adjusted net income¹ of \$20.8 million or adjusted earnings per basic share¹ of \$0.07 and net income of \$18.0 million or earnings per basic share of \$0.06, derived from the sale of 53,478 gold equivalent ounces² ("GEO" or "GEOs"), which generated record quarterly cash flow before changes in working capital of \$39.5 million. For the full year 2020, the Company reports record annual revenue of \$319.7 million, adjusted net income¹ of \$48.3 million or adjusted earnings per basic share¹ of \$0.21 and net income of \$14.2 million or earnings per basic share of \$0.06, derived from the sale of 179,169 GEOs, which generated record annual cash flow from operations before working capital changes of \$95.0 million. All dollar amounts are expressed in United States dollars unless otherwise specified.

¹ See "Non-IFRS Measures" section.

² GEOs are based on a conversation ratio of 80:1 for silver to gold for 2020 and 75:1 for 2019. The silver to gold conversation ratio is based on the three-year trailing average silver to gold ratio.

CEO Commentary

Pete Dougherty, President and CEO stated: "During 2020, we put the Company in a fantastic position to execute on our transition strategy from a short mine life, high-cost junior producer to a long mine life, lower cost intermediate producer through the permitting and financing achievements for the Magino project in Ontario, Canada, leading to a construction decision, and the acquisition of the Florida Canyon mine in Nevada, USA. As we look to 2021, we are focused on continuing to execute on this strategy now that the pieces are in place to do so, as well as the exploration upside at the Magino and the Florida Canyon districts."

The table below outlines the Company's performance compared to updated full-year guidance:

	Full Year 2020	Guidance ¹
GEO production ²	203,483	200,000 - 215,000
Cash cost per gold ounce sold ^{2,3}	\$936	\$925 - \$1,025
AISC per gold ounce sold ^{2,3}	\$1,244	\$1,225 - \$1,350
Capital (including exploration and excluding Magino construction capital) ²	\$60 million	\$58 million - \$64 million
Magino construction capital	\$19 million	\$35 million - \$40 million

¹ As presented in the third quarter 2020 financial and operating results press release dated November 5, 2020.

² Florida Canyon production during Q1 2020 and Q2 2020 was under Alio Gold Inc. prior to the closing of the merger between Alio Gold Inc. and Argonaut on July 1, 2020. 2020 GEO production and capital guidance estimated the combined full year 2020 production from the El Castillo, San Agustin, La Colorada and Florida Canyon. Cash cost and AISC guidance do not include costs associated with Florida Canyon prior to Argonaut's ownership.

The Company's cash resources, production GEO production, cash cost, AISC and capital guidance. The Magino project was approved for construction in October 2020 and a fixed-bid contract covering approximately 40% of the initial project capital was announced early January 2021. Fourth quarter 2020 spending on Magino construction capital was approximately \$19.3 million, with the balance of the estimated 2020 spend, primarily related to the timing of procurement of long-lead time equipment, shifting from December 2020 to January 2021 given the timing of execution of the fixed-bid contract.

Key operating and financial statistics for the three months and year ended December 31, 2020 are outlined in the following table:

	3 months ended December 31		% Change	Year ended December 31		% Change
	2020	2019		2020 ¹	2019	
Financial Data (in millions except for earnings (loss) per share)						
Revenue	\$100.8	\$72.1	40%	\$319.7	\$268.9	19%
Net income (loss)	\$18.0	(\$107.5)	117%	\$14.2	(\$93.1)	115%
Earnings (loss) per share	\$0.06	(\$0.60)	110%	\$0.06	(\$0.52)	112%
Adjusted net income ²	\$20.8	\$2.7	670%	\$48.3	\$13.0	236%
Adjusted earnings per share - basic ²	\$0.07	\$0.01	600%	\$0.21	\$0.07	171%
Cash flow from operating activities before changes in non-cash operating working capital	\$39.5	\$27.2	45%	\$95.0	\$73.8	29%
Cash and cash equivalents				\$214.2	\$38.8	452%
Net cash ²				\$214.2	\$28.8	644%
Gold Production and Cost Data						
GEOs loaded to the pads ³	113,463	101,348	12%	371,344	361,599	3%
GEOs projected recoverable ^{3,4}	65,426	46,608	40%	191,039	199,436	(4%)
GEOs produced ^{3,5}	56,985	47,521	20%	179,003	186,615	(4%)
GEOs sold ³	53,478	48,843	9%	179,169	194,269	(8%)
Average realized sales price	\$1,882	\$1,484	27%	\$1,789	\$1,390	29%
Cash cost per gold ounce sold ²	\$910	\$1,441	(37%)	\$936	\$1,041	(10%)
All-in sustaining cost per gold ounce sold ²	\$1,189	\$1,690	(30%)	\$1,244	\$1,299	(4%)

¹ Year ended December 31, 2020 reflects Florida Canyon operations for the period of Argonaut ownership from July 1, 2020 to December 31, 2020.

² Please refer to the section below entitled "Non-IFRS Measures" for a discussion of these Non-IFRS Measures.

³GEOs are based on a conversion ratio of 80:1 for silver to gold for 2020 and 75:1 for 2019. The silver to gold conversion ratio is based on the three-year trailing average silver to gold ratio.

⁴Expected recoverable GEOs are based on the assumptions and parameters as set forth in the El Castillo Complex Technical Report dated March 27, 2018, the La Colorada Gold/Silver Mine Technical Report dated March 27, 2018 and the Florida Canyon Technical Report dated July 8, 2020. In periods where the Company mines material not specifically defined in a technical report (for example: run-of-mine ore or low grade stockpile material), management uses its best estimate of recovery based on the information available.

⁵Produced ounces are calculated as ounces loaded to carbon.

2020 and Recent Company Highlights:

- Corporate Highlights:
 - Full year 2020:
 - Record annual revenue of \$319.7 million.
 - Record annual cash flow from operating activities before changes in non-cash operating working capital of \$95.0 million.
 - Completed at-market merger with Alio Gold Inc. ("Alio") creating a North American, diversified intermediate gold producer.
 - Closed C\$126.5 million bought deal equity financing to fund Magino construction.
 - Fourth quarter 2020
 - Closed \$57.5 million bought deal convertible debenture financing to fund Magino construction.
 - Extended and expanded corporate revolving credit facility for up to \$125 million, which is fully undrawn.
 - Set new record for quarterly GEO production during the fourth quarter 2020.
 - Entered into a contingent agreement to sell the Ana Paula project.
 - Closed a C\$11.5 million bought deal private placement of flow-through shares to fund further exploration at Magino.
 - Subsequent to year end 2020:
 - Closed a C\$26.5 million bought deal of flow-through shares to fund qualifying development expenditures at Magino.
- Social and Environmental Responsibility:
 - Received nationally awarded Environmental Socially Responsible Company recognition for the ninth consecutive year at both the El Castillo Complex and La Colorada mine.
 - La Colorada mine recognized as a leader in Social Responsibility by Clúster Minero de Sonora A.C.
 - Commenced and continued COVID-19 support for communities in Mexico, including sanitization of homes and businesses and donations of hygiene supplies.
 - Year-round voluntary support for Safe Haven Wildlife Sanctuary in Imlay, Nevada.
 - High school student scholarship donations for the Mining Industry Foundation in Winnemucca, Nevada.
- El Castillo Complex:
 - Produced 110,049 GEOs despite a two-month suspension of mining, crushing and stacking operations due to the Mexican Federal government decree at the onset of the COVID-19 pandemic.
 - Reduced cash cost per gold ounce sold by 24% and cost per tonne of ore processed by 34% at El Castillo compared to 2019 (see "Non-IFRS Measures" section).
 - Reduced cash cost per gold ounce sold by 10% and cost per tonne of ore processed by 10% at San Agustín compared to 2019 (see "Non-IFRS Measures" section).
- La Colorada:
 - Produced 46,371 GEOs despite a two-month suspension of mining, crushing and stacking operations due to the Mexican Federal government decree at the onset of the COVID-19 pandemic.
 - Reduced cash cost per gold ounce sold by 11% and cost per tonne of ore processed by 4% compared to 2019 (see "Non-IFRS Measures" section).
- Florida Canyon:
 - Filed updated life-of-mine plan National Instrument ("NI") 43-101 Technical Report demonstrating over \$325 million of mine site, after-tax free cash flow at \$1,700 per ounce gold.
- Magino:

- ● Made decision to advance Magino into construction.
- Executed a fixed-bid contract for a significant portion of the Magino project initial capital.
- Continued to intersect high-grade gold mineralization below and adjacent to the planned pit and identified multiple new high-grade structures hosting multiple veins:
 - Elbow and Central zones showing promising high-grade gold continuity.
 - Intersected high-grade gold mineralization in new zones Scotland, #42, Sandy and South.
 - South zone strike length extended to 1.5 kilometers and remains open to the west and at depth.
- Completed pivotal permitting milestone with the Federal Cabinet Decision to Authorize Schedule 2 amendment.
- Obtained key Species at Risk permit for bat conservation.
- Completed a major permitting milestone with the Magino Closure Plan filing.
- Accommodation agreement framework agreed to with Garden River First Nation.
- Completed and received authorization for Fisheries & Oceans Canada Fish Habitat Compensation Plan.
- Cerro del Gallo:
 - Submitted and advanced an updated permit application for the project.

Financial Results - Fourth Quarter 2020

Record quarterly revenue was \$100.8 million for the fourth quarter of 2020, an increase from \$72.1 million for the fourth quarter of 2019. During the fourth quarter of 2020, gold ounces sold totaled 51,497 at an average realized price per ounce of \$1,882, compared to 47,073 gold ounces sold at an average price per ounce of \$1,484 during the same period of 2019. Gold ounces sold for the fourth quarter of 2020 increased compared to the same period in 2019 primarily due to the addition of the gold ounces sold from the Florida Canyon mine offset by decreases in gold ounces produced and sold at the El Castillo mine mostly related to the change from processing crushed ore to run-of-mine ore and the San Agustin mine related to lower gold grades.

Income from continuing operations for the fourth quarter of 2020 was \$20.3 million or \$0.07 per basic or diluted share compared to a loss from continuing operations of \$107.5 million or \$0.60 per share in the fourth quarter of 2019. Loss from discontinued operations for the fourth quarter of 2020 was \$2.3 million as a result of the Ana Paula project being classified as a held-for-sale asset as at December 31, 2020 and as a discontinued operation for 2020. Net income for the fourth quarter of 2020 was \$18.0 million or \$0.06 per basic or diluted share compared to a net loss of \$107.5 million or \$0.60 loss per share for the fourth quarter of 2019. The increase in net income is primarily related to record quarterly revenue of \$100.8 million during the fourth quarter 2020 and the impact of the non-cash impairment of \$111.0 million associated with the San Antonio project during the fourth quarter 2019.

Record quarterly cash flow from operating activities before changes in non-cash operating working capital was \$39.5 million. During the fourth quarter of 2020, cash increased by \$36.3 million due primarily to \$31.5 million of cash flows from operations (including changes in non-cash operating capital and other items), \$54.0 million net proceeds from the convertible debentures, and \$8.2 million from issuance of flow-through shares, partially offset by \$34.8 million of capital expenditures incurred and the repayment of \$22.1 million of debt, as compared to the fourth quarter of 2019 in which cash increased by \$3.2 million due primarily to \$17.7 million of cash flows from operations, partially offset by \$11.2 million of capital expenditures incurred and the repayment of \$4.0 million of debt.

Financial Results - 2020

Record annual revenue for 2020 was \$319.7 million, an increase from \$268.9 million for 2019. Gold ounces sold totaled 172,024 at an average realized price per ounce of \$1,789 (compared to 187,802 gold ounces sold at an average price per ounce of \$1,390 for 2019). Gold ounces sold for 2020 decreased compared to the same period in 2019, primarily as a result of the temporary suspension of mining, crushing and stacking activities in response to the Mexican Federal Government decree related to the COVID-19. Other factors include a decrease in gold ounces sold at the La Colorada and San Agustin mines due to a reduction in ore grades and a decrease in gold ounces sold at the El Castillo mine due to the change from processing crushed ore to run-of-mine ore, offset by an addition of the gold ounces sold from the Florida Canyon mine.

Income from continuing operations for 2020 was \$17.9 million or \$0.08 per basic or diluted share compared to a loss from continuing operations of \$93.1 million or \$0.52 per share in 2019. Loss from discontinued operations for 2020 was \$3.7 million as a result of the Ana Paula project, which has been classified as a held-for-sale asset as at December 31, 2020 and as a discontinued operation for 2020. Net income for 2020 was \$14.2 million or \$0.06 per basic or diluted share compared to a net loss of \$93.1 million or \$0.52 loss

per share for the fourth quarter of 2019. The increase in net income is primarily related to record annual revenue of \$319.7 million in 2020 and the impact of the non-cash impairment of \$111.0 million associated with the San Antonio project in 2019.

Record annual cash flow from operating activities before changes in non-cash operating working capital was \$95.0 million. During 2020, cash increased by \$175.5 million due primarily to \$111.7 million of cash flows from operations (including changes in non-cash operating working capital and other items), \$89.4 million from the public offering of shares, \$54.0 million from the convertible debentures, and \$8.2 million from issuance of flow-through shares, partially offset by \$28.7 of debt repayments and \$63.9 million of capital expenditures incurred, as compared to 2019 in which cash increased by \$23.4 million due primarily to \$74.8 million of cash flows from operations, partially offset by \$51.8 million of capital expenditures incurred.

Operating Results - Fourth Quarter 2020

During the fourth quarter of 2020, the Company achieved record quarterly production of 56,985 GEOs at a cash cost per gold ounce sold of \$910 and an all-in sustaining cost ("AISC") per gold ounce sold of \$1,189, compared to 47,521 GEOs at a cash cost of \$1,441 per gold ounce sold and an AISC per gold ounce sold of \$1,690 during the fourth quarter of 2019 (see "Non-IFRS Measures" section). Higher GEO production is primarily related to the addition of the Florida Canyon mine following the acquisition of Alio on July 1, 2020. Lower cash cost per gold ounce sold and AISC per gold ounce sold was primarily due to an impairment of work-in-progress inventory of \$20.1 million at the El Castillo Complex and \$12.1 million at the La Colorada mine in the fourth quarter of 2019, which increased the cash cost and AISC during the fourth quarter of 2019.

Operating Results - 2020

During 2020, the Company achieved production of 179,003 GEOs at a cash cost per gold ounce sold of \$936 and an AISC per gold ounce sold of \$1,244, compared to 186,615 GEOs at a cash cost per gold ounce sold of \$1,041 and AISC per gold ounce sold of \$1,299 in 2019 (see "Non-IFRS Measures" section). Lower GEO production in 2020 is primarily related to the change from processing crushed ore to run-of-mine ore at the El Castillo mine and the two month suspension of mining, crushing and stacking activities at all Mexican operations due to COVID-19. Lower production was partially offset by the addition of the Florida Canyon mine following the Alio acquisition on July 1, 2020. Lower cash cost per gold ounce sold was primarily related to the inventory adjustment recorded during the fourth quarter of 2019.

Pete Dougherty commented: "I'm very pleased with how our organization worked with the various levels of the Mexican government to assist in the development of COVID-19 protocols for the Mexican mining industry that prioritize the safety and well-being of our workforces and the communities in which we operate. While the two month temporary suspension of mining, crushing and stacking operations we experienced in 2020 clearly had an impact on all Mexican operations, we successfully and safely re-started operations and have experienced very minimal COVID-19 infections throughout our Mexican workforce due to our strict protocols."

FOURTH QUARTER AND FULL YEAR 2020 EL CASTILLO COMPLEX OPERATING STATISTICS

	3 Months Ended Dec 31			Year Ended Dec 31		
	2020	2019	% Change	2020	2019	% Change
Mining (in 000s except waste/ore ratio)						
Tonnes ore El Castillo	2,910	1,890	54%	8,608	8,914	(3%)
Tonnes ore San Agustin	2,807	2,460	14%	9,261	8,453	10%
Tonnes ore	5,717	4,350	31%	17,869	17,367	3%
Tonnes waste El Castillo	3,107	3,052	2%	9,531	13,293	(28%)
Tonnes waste San Agustin	1,904	1,808	5%	6,171	6,166	0%
Tonnes waste	5,011	4,860	3%	15,702	19,459	(19%)
Tonnes mined El Castillo	6,017	4,942	22%	18,139	22,207	(18%)
Tonnes mined San Agustin	4,711	4,268	10%	15,432	14,619	6%
Tonnes mined	10,728	9,210	16%	33,571	36,826	(9%)
Tonnes per day El Castillo	65	54	20%	50	61	(18%)
Tonnes per day San Agustin	51	46	11%	42	40	5%
Tonnes per day	116	100	16%	92	101	(9%)
Waste/ore ratio El Castillo	1.07	1.61	(34%)	1.11	1.49	(26%)
Waste/ore ratio San Agustin	0.68	0.73	(7%)	0.67	0.73	(8%)
Waste/ore ratio	0.88	1.12	(21%)	0.88	1.12	(21%)
Leach Pads (in 000s)						
Tonnes crushed to East leach pads El Castillo	0	714	(100%)	337	3,876	(91%)
Tonnes crushed to West leach pads El Castillo	0	755	(100%)	3	4,311	(100%)
Tonnes direct to leach pads El Castillo	2,911	306	851%	8,420	680	1138%
Tonnes crushed to leach pads San Agustin	2,888	2,382	21%	9,428	8,291	14%
Tonnes to leach pads	5,799	4,157	39%	18,188	17,158	6%
Production						
Gold grade loaded to leach pads El Castillo (g/t) ¹	0.25	0.52	(52%)	0.37	0.41	(10%)
Gold grade loaded to leach pads San Agustin (g/t) ¹	0.31	0.35	(11%)	0.32	0.38	(16%)
Gold grade loaded to leach pads (g/t) ¹	0.28	0.42	(33%)	0.35	0.40	(13%)
Gold loaded to leach pads El Castillo (oz) ²						

23,148

29,584

(22%)

105,286

118,092

(11%)

Gold loaded to leach pads San Agustin (oz) ²	28,778	26,815	7%	98,431	100,363	(2%)
Gold loaded to leach pads (oz) ²	51,926	56,399	(8%)	203,717	218,455	(7%)
Projected recoverable GEOs loaded El Castillo ⁴	11,852	11,642	2%	43,731	66,140	(34%)
Projected recoverable GEOs loaded San Agustin ⁴	21,349	20,933	2%	72,430	72,981	(1%)
Projected recoverable GEOs loaded ⁴	33,201	32,575	2%	116,161	139,121	(17%)
Gold produced El Castillo (oz) ^{2,3}	12,390	13,616	(9%)	45,305	65,145	(30%)
Gold produced San Agustin (oz) ^{2,3}	17,265	19,864	13%	59,695	61,842	(3%)
Gold produced (oz) ^{2,3}	29,655	33,480	(11%)	105,000	126,987	(17%)
Silver produced El Castillo (oz) ^{2,3}	14,213	20,988	(32%)	70,180	102,282	(31%)
Silver produced San Agustin (oz) ^{2,3}	108,553	85,449	27%	333,713	219,463	52%
Silver produced (oz) ^{2,3}	122,766	106,437	15%	403,893	321,745	26%
GEOs produced El Castillo ³	12,568	13,896	(10%)	46,183	66,509	(31%)
GEOs produced San Agustin ³	18,621	21,003	(11%)	63,866	64,768	(1%)
GEOs produced ³	31,189	34,899	(11%)	110,049	131,277	(16%)
Gold sold El Castillo (oz) ²	9,863	14,132	(30%)	43,815	68,971	(36%)
Gold sold San Agustin (oz) ²	16,124	20,708	(22%)	58,189	65,273	(11%)
Gold sold (oz) ²	25,987	34,840	(25%)	102,004	134,244	(24%)
Silver sold El Castillo (oz) ²	14,213	20,988	(32%)	70,180	102,282	(31%)
Silver sold San Agustin (oz) ²	98,029	76,599	28%	324,576	221,429	47%
Silver sold (oz) ²	112,242	97,587	15%	394,755	323,711	22%
GEOs sold El Castillo	10,041	14,412	(30%)	44,692	70,335	(36%)
GEOs sold San Agustin	17,349	21,729	(20%)	62,246	68,225	(9%)
GEOs sold	27,390	36,141	(24%)	106,939	138,560	(23%)
¹ "g/t" is grams per tonne. Cash cost per gold ounce sold El Castillo ⁵	\$875	\$2,095	(58%)	\$908	\$1,201	(24%)
³ Produced ounces are calculated as ounces loaded to carbon. ⁴ Expected recoverable GEOs are based on the assumptions and parameters set forth in the El Castillo Complex Technical Report dated March 27, 2018. In periods where the Company mines material not specifically defined in a technical report (for example, run-of-mine ore or low grade stockpile material), management uses its best estimate of recovery based on the information available.	\$765	\$894	(16%)	\$730	\$863	(16%)
Cash cost per gold ounce sold	\$896	\$1,381	(42%)	\$835	\$1,936	(19%)

⁵Please refer to the section below entitled "Non-IFRS Measures" for a discussion of this Non-IFRS Measure.

Summary of Production Results at the El Castillo Complex - Fourth Quarter 2020

During the fourth quarter of 2020, the El Castillo Complex produced 11% fewer GEOs at a cash cost per gold ounce sold 42% less than during the fourth quarter of 2019. Lower GEO production was primarily due to a 33% reduction in gold grades loaded to the leach pads associated with the change from crushed ore to run-of-mine ore, which lowered unit costs and allowed for lower grade ore to become economic. This was partially offset by a 21% reduction in overall waste to ore strip ratio. Lower cash cost per gold ounce sold

was primarily related to an inventory write-down in the fourth quarter of 2019.

El Castillo produced 10% fewer GEOs at a cash cost per gold ounce sold 58% less than during the fourth quarter of 2019. At El Castillo, 54% more ore tonnes were mined compared to the fourth quarter of 2019, partially to offset the 52% reduction in gold grade during this period, as lower grades became economic with the change from crushed ore to run-of-mine ore due to the associated reduction in unit costs, and also because during the fourth quarter of 2019, productivity was slowed due to water in the pit.

San Agustin produced 11% fewer GEOs at a cash cost per gold ounce sold 14% less than during the fourth quarter of 2019. At San Agustin, ore tonnes mined increased by 14% compared to the fourth quarter of 2019, primarily due to crusher throughput averaging better than 31,000 tonnes per day following the ramp up of the crusher expansion from 20,000 tonnes per day to 30,000 tonnes per day, which was completed in 2019, partially offset by 11% lower gold grade.

Summary of Production Results at the El Castillo Complex - 2020

During 2020, the El Castillo Complex produced 16% fewer GEOs at a cash cost per gold ounce sold 19% less compared to 2019. Lower GEO production was primarily due to the two-month suspension of mining, crushing and stacking activities and lower production at El Castillo associated with the change from processing crushed ore to run-of-mine ore.

El Castillo produced 31% fewer GEOs at a cash cost per gold ounce sold 24% less compared to 2019. El Castillo experienced a 34% reduction in cost per tonne processed compared to 2019 by eliminated crushing early in 2020 and switching to run-of-mine ore processing.

San Agustin produced 1% fewer GEOs at a cash cost per gold ounce sold 10% less compared to 2019. San Agustin experienced a 10% reduction in cost per tonne processed compared to 2019, primarily due to optimizing crushing and stacking rates to available solution capacity following the crusher expansion from 20,000 tonnes per day to 30,000 tonnes per day, which was completed by the end of 2019.

FOURTH QUARTER AND FULL YEAR 2020 LA COLORADA OPERATING STATISTICS

	3 Months Ended Dec 31			Year Ended Dec 31		
	2020	2019	% Change	2020	2019	% Change
Mining (in 000s except for waste/ore ratio)						
Tonnes ore	1,363	1,115	22%	4,019	4,626	(13%)
Tonnes waste	3,974	5,778	(31%)	14,303	23,445	(39%)
Total tonnes	5,337	6,893	(23%)	18,322	28,071	(35%)
Tonnes per day	58	75	(23%)	50	77	(35%)
Waste/mineralized material ratio	2.92	5.18	(44%)	3.56	5.07	(30%)
Leach Pads (in 000s)						
Tonnes crushed to leach pads	1,332	1,141	17%	4,058	4,478	(9%)
Tonnes direct to leach pads	44	5	780%	44	239	(82%)
Production						
Gold grade loaded to leach pads (g/t) ¹	0.45	0.49	(8%)	0.43	0.51	(16%)
Gold loaded to leach pads (oz) ²	19,872	17,872	11%	56,274	76,969	(27%)
Projected recoverable GEOs loaded ⁴	16,929	14,033	21%	45,514	60,315	(25%)
Gold produced (oz) ^{2,3}	14,045	12,144	16%	44,340	53,208	(17%)
Silver produced (oz) ^{2,3}	36,570	35,863	2%	162,499	159,737	2%
GEOs produced ³	14,502	12,622	15%	46,371	55,338	(16%)
Gold sold (oz) ²	14,049	12,233	15%	44,820	53,558	(16%)
Silver sold (oz) ²	39,105	35,213	11%	161,644	161,344	0%
GEOs sold	14,538	12,702	14%	46,841	55,709	(16%)
Cash cost per gold ounce sold ⁵	\$756	\$1,613	(53%)	\$937	\$1,051	(11%)

¹ "g/t" refers to grams per tonne.

² "oz" refers to troy ounce.

³ Produced ounces are calculated as ounces loaded to carbon.

⁴ Expected recoverable GEOs are based on the assumptions and parameters as set forth in the La Colorada Gold/Silver Mine Technical Report dated March 27, 2018. In periods where the Company mines material not specifically defined in a technical report (for example: run-of-mine ore or low grade stockpile material), management uses its best estimate of recovery based on the information available.

⁵ Please refer to the section below entitled "Non-IFRS Measures" for a discussion of this Non-IFRS Measure.

Summary of Production Results at La Colorada - Fourth Quarter 2020

During the fourth quarter of 2020, the La Colorada mine produced 15% more GEOs at a cash cost per gold ounce sold 53% less than during the fourth quarter of 2019. Higher GEO production was primarily due to a 17% increase in crushed tonnes to the leach pads, as La Colorada experienced productivity challenges during the fourth quarter of 2019 due to water in the pit. Lower cash cost per gold ounce sold was primarily due to an inventory write-down during the fourth quarter of 2019. Total tonnes mined decreased 23% compared to 2019, as the waste to ore strip ratio was 44% lower, and ore tonnes mined were set at the

optimal rate to meet crusher throughput and solution capacity.

Summary of Production Results at La Colorada - 2020

During 2020, the La Colorada mine produced 16% less GEOs at a cash cost per gold ounce sold 11% less compared to 2019. Lower GEO production was primarily due to the two-month suspension of mining, crushing and stacking activities. La Colorada experienced a 4% reduction in cost per tonne processed compared to 2019, primarily due to higher daily crusher throughput rates and better productivity after experiencing challenges with water in the pit during the second half of 2019.

FOURTH QUARTER AND FULL YEAR 2020 FLORIDA CANYON OPERATING STATISTICS

	3 Months Ended Dec 31	Year Ended Dec 31
	2020	2020 ¹
Mining (in 000s except for waste/ore ratio)		
Tonnes ore	2,251	4,346
Tonnes waste	3,060	5,907
Total tonnes	5,311	10,253
Tonnes per day	57	55
Waste/ore ratio	1.36	1.36
Leach Pads (in 000s)		
Tonnes crushed to leach pads	1,965	3,890
Tonnes direct to leach pads	302	530
Production		
Gold grade loaded to leach pads (g/t) ²	0.29	0.29
Gold loaded to leach pads (oz) ³	21,484	41,241
Projected recoverable GEOs loaded ⁴	15,296	29,363
Gold produced (oz) ^{3,4}	11,202	22,406
Silver produced (oz) ^{3,4}	7,356	14,154
GEOs produced ⁴	11,294	22,583
Gold sold (oz) ³	11,461	25,199
Silver sold (oz) ³	7,109	15,176
GEOs sold	11,550	25,389
Cash cost per gold ounce sold ⁶	\$1,335	\$1,345

- ¹ Includes operating statistics for the period of Argonaut ownership from July 1, 2020 to December 31, 2020.
- ² "g/t" refers to grams per tonne.
- ³ "oz" refers to troy ounce.
- ⁴ Produced ounces are calculated as ounces loaded to carbon.
- ⁵ Expected recoverable GEOs are based on the assumptions and parameters as set forth in the Florida Canyon Mine Technical Report dated July 8, 2020. In periods where the Company mines material not specifically defined in a technical report (for example: run-of-mine ore or low grade stockpile material), management uses its best estimate of recovery based on the information available.
- ⁶ Please refer to the section below entitled "Non-IFRS Measures" for a discussion of this Non-IFRS Measure.

Summary of Production Results at Florida Canyon

As the Company's has only two quarters of operating history at Florida Canyon following the acquisition of Alio, the Company is not making comparisons to previous periods. Florida Canyon produced 11,294 GEOs at a cash cost of \$1,335 per gold ounce sold during the fourth quarter of 2020 (see "Non-IFRS Measures" section).

During the fourth quarter 2020, the Company eliminated a re-handle of ore prior to the primary crusher by adding a drop box to the design. Haul trucks can now dump ore directly into a box that feeds into the primary crusher. Prior to the addition of the drop box, the primary crusher had to be loader fed, which required haul trucks to dump ore on the ground, a dozer to push the ore into a pile and a loader to feed to the primary crusher. Currently, once ore goes through the primary and secondary crushers, it is loaded into haul trucks with a front-end loader and delivered to the leach pads via haul trucks.

Argonaut has identified potentially significant operating cost savings once it can eliminate the re-handle on the back end of the secondary crushing by switching to a conveying and stacking system to transport crushed ore to the leach pads. To achieve this, a minor modification to the Air Quality permit (Plan of Operations) is required. While Argonaut views this to be a minor modification, the current US Federal administration has recently signed an executive order that requires all modifications, however minor, to be approved by one of four positions located in Washington, D.C. Argonaut is currently working to determine how the current signing authority process will impact all minor permit modifications, including the modification required to optimize the Florida Canyon mine. Argonaut believes the modification it is seeking will reduce greenhouse gas emissions at Florida Canyon, as the conveying and stacking system would be operated on grid power thus eliminating the need to run diesel haul trucks from the crusher to the leach pads.

Pete Dougherty commented: "Since closing the acquisition of the Florida Canyon mine on July 1, 2020, the first three months was spent by the Argonaut team getting to know the Florida Canyon team to gain a better understanding of the challenges and opportunities at the mine. The second three months were spent initiating changes to allow for a more efficient and lower cost operation, such as completing the permitting to allow solution to the newly constructed leach pad, upgrading equipment, adding the drop box at the primary crusher and preparing and submitting the minor modification to the existing permit to allow us to automate transporation of crushed ore to the leach pads through a conveying and stacking sytem. 2021 will be about finalizing the changes necessary to take Florida Canyon to a larger production profile at lower operating costs."

Argonaut Gold Fourth Quarter and Year End 2020 Financial Results Conference Call and Webcast

The Company will host a conference call and webcast on February 26, 2021 at 9:00 am EST to discuss the fourth quarter and year ended 2020 financial and operating results.

Fourth Quarter and Year End 2020 Conference Call Information for February 26, 2021:

Toll Free (North America): 1-888-231-8191

International: 1-647-427-7450

Webcast: www.argonautgold.com

Fourth Quarter and Year End 2020 Conference Call Replay:

Toll Free Replay Call (North America): 1-855-859-2056

International Replay Call: 1-416-849-0833

Passcode: 8346749

The conference call replay will be available from 12:00 pm EST on February 26, 2021 to 11:59 pm EST March 4, 2021.

Non-IFRS Measures

The Company has included certain non-IFRS measures including "Cash cost per gold ounce sold", "All-in sustaining cost per gold ounce sold", "Adjusted net income", "Adjusted earnings per share - basic" and "Net cash" in this press release to supplement its financial statements which are presented in accordance with International Financial Reporting Standards ("IFRS"). Cash cost per gold ounce sold is equal to production costs plus the total impact of impairment write downs related to work-in-process inventory less silver sales divided by gold ounces sold. Adjusted cash cost per gold ounce sold is equal to production costs plus only the impact of non-cash impairment write downs related to the net realizable value of work-in-process inventory less silver sales divided by gold ounces sold. AISC per gold ounce sold is equal to production costs plus the total impact of impairment write downs related to work-in-process inventory less silver sales plus general and administrative, exploration, accretion and other expenses and sustaining capital expenditures divided by gold ounces sold. Adjusted AISC per gold ounce sold is equal to production costs plus only the impact of non-cash impairment write downs related to the net realizable value of work-in-process inventory less silver sales plus general and administrative, exploration, accretion and other expenses and sustaining capital expenditures divided by gold ounces sold. Adjusted net income is equal to net loss less foreign exchange impacts on deferred income taxes, foreign exchange (gains) losses, impairment write down (reversal) of work-in-process inventory, proceeds from legal proceedings, non-cash impairment loss (reversal) on certain non-current assets, unrealized (gains) losses on commodity derivatives and other operating expense (income). Adjusted earnings per share - basic is equal to adjusted net income divided by the basic weighted average number of common shares outstanding. Net cash is calculated as the sum of the cash and cash equivalents balance net of debt as at the statement of financial position date. The Company believes that these measures provide investors with an alternative view to evaluate the performance of the Company. Non-IFRS measures do not have any standardized meaning prescribed under IFRS. Therefore they may not be comparable to similar measures employed by other companies. The data 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. Please see the management's discussion and analysis ("MD&A") for full disclosure on non-IFRS measures.

This press release should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2020 and associated MD&A, for the same period, which are available from the Company's website, www.argonautgold.com, in the "Investors" section under "Financial Reports", and under the Company's profile on SEDAR at www.sedar.com.

Cautionary Note Regarding Forward-looking Statements

This press release contains certain "forward-looking statements" and "forward-looking information" under applicable Canadian securities laws concerning the business, operations and financial performance and condition of [Argonaut Gold Inc.](#) ("Argonaut" or "Argonaut Gold"). Forward-looking statements and forward-looking information include, but are not limited to statements with respect to the realization of mineral reserve estimates; the timing and amount of estimated future production; costs of production; estimated production and mine life of the various mineral projects of Argonaut; timing of approval for modifications to existing permits; permitting and legal processes in relation to mining permitting and approval; the benefits of the development potential of the properties of Argonaut; the future price of gold, copper, and silver; the estimation of mineral reserves and resources; success of exploration activities; and currency exchange rate fluctuations. Except for statements of historical fact relating to Argonaut, certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as "plan," "expect," "project," "intend," "believe," "anticipate," "estimate" and other similar words, or statements that certain events or conditions "may," "should" or "will" occur. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are based on a number of assumptions and 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. Many of these assumptions are based on factors and events that are not within the control of Argonaut and there is no assurance they will prove to be correct.

Factors that could cause actual results to vary materially from results anticipated by such forward-looking statements include variations in ore grade or recovery rates, changes in market conditions, risks relating to the availability and timeliness of permitting and governmental approvals; risks relating to international operations, fluctuating metal prices and currency exchange rates, changes in project parameters, the possibility of project cost overruns or unanticipated costs and expenses, labour disputes and other risks of the mining industry, failure of plant, equipment or processes to operate as anticipated.

These factors are discussed in greater detail in Argonaut's most recent Annual Information Form and in the most recent Management's Discussion and Analysis filed on SEDAR, which also provide additional general assumptions in connection with these statements. Argonaut cautions that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. Argonaut believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this press release should not be unduly relied upon. These statements speak only as of the date of this press release.

Although Argonaut 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 not to be anticipated, estimated or intended. 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. Argonaut undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements. Statements concerning mineral reserve and resource estimates may also be deemed to constitute forward-looking statements to the extent they involve estimates of the mineralization that will be encountered if the property is developed. Comparative market information is as of a date prior to the date of this document.

Qualified Person, Technical Information and Mineral Properties Reports

Technical information included in this release was supervised and approved by Brian Arkell, Argonaut's Vice President, Exploration and a Qualified Person under NI 43-101. For further information on the Company's material properties, please see the reports as listed below on the Company's website or on www.sedar.com:

El Castillo Complex	NI 43-101 Technical Report on Resources and Reserves, El Castillo Complex, Durango, Mexico dated March 27, 2018 (effective date of March 7, 2018)
La Colorada Mine	NI 43-101 Technical Report on Resources and Reserves, La Colorada Gold/Silver Mine, Hecla, Nevada, USA dated March 27, 2018 (effective date of December 8, 2017)
Florida Canyon Gold Mine	NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Florida Canyon Gold Mine, Elko County, Nevada, USA dated July 8, 2020 (effective date June 1, 2020)
Magino Gold Project	Feasibility Study Technical Report on the Magino Project, Ontario, Canada dated December 8, 2017 (effective date November 8, 2017)
Cerro del Gallo Project	Pre-Feasibility Study Technical Report on the Cerro del Gallo Project, Guanajuato, Mexico dated October 24, 2019 (effective date of October 24, 2019)

About Argonaut Gold

Argonaut Gold is a Canadian gold company engaged in exploration, mine development and production. Its primary assets are the El Castillo mine and San Agustin mine, which together form the El Castillo Complex in Durango, Mexico, the La Colorada mine in Sonora, Mexico and the Florida Canyon mine in Nevada, USA. The Company also holds the construction stage Magino project, the advanced exploration stage Cerro del Gallo project and several other exploration stage projects, all of which are located in North America.

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