# Anaconda Mining Announces First Quarter 2021 Financial Results

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TORONTO, May 6, 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 ended March 31, 2021 ("Q1 2021"). The consolidated financial statements and management discussion & analysis documents can be found at www.sedar.com and the Company's website, www.anacondamining.com. All dollar amounts are in Canadian dollars unless otherwise noted.

First Quarter 2021 Highlights

- Anaconda sold 3,119 ounces of gold in Q1 2021, generating metal revenue of $7.4 million at an average realized gold price* of $2,358 (US$1,862) per ounce sold.
- Point Rousse produced 2,540 ounces of gold in Q1 2021, a 49% decrease compared to Q1 2020, driven mainly by 35% lower mined grade compared to plan at Argyle and lower mill throughput.
- Point Rousse has now implemented programs to increase grade definition and ore delineation drilling and has adopted preferential mining methods for shallowly dipping areas of the Argyle Deposit.
- As a result of lower grade mined in Q1 2021 and a downward adjustment to its top-cut parameter to better reflect the actual results from mining and the resulting mill reconciliation, the Company has revised its 2021 guidance downward to 16,000 to 17,000 ounces of gold produced.
- Operating cash costs per ounce sold* at the Point Rousse Project in Q1 2021 were $2,597 (US$2,052), driven by lower production from lower mined grade and higher operating costs. The operating cash costs for the remainder of the year (Q2 through Q4) are expected to be between $1,450 and $1,500 (US$1,125 - US$1,175). Operating cash costs per ounce* for the full year are now expected to be between $1,625 and $1,675 per ounce of gold sold (US$1,225 - US$1,275) (based on an exchange rate of 0.775).
- All-in sustaining cash costs per ounce sold*, including corporate administration and sustaining capital expenditures, was $3,449 (US$2,724) for Q1 2021.
- In Q1 2021, the Company invested $2.8 million in its exploration and development projects, including $1.5 million on the significantly expanded Goldboro Gold Project in Nova Scotia.
- Net loss for the three months ended March 31, 2021 was $2,496,850, or $0.02 per share, compared to net income of $1,471,399, or $0.01 per share, for the three months ended March 31, 2020, driven predominantly by lower production and higher operating costs, including an inventory write-down of $2.5 million.
- In April 2021, the Company announced a brokered charity flow-through financing of up to $8.5 million with Raymond James Ltd., expected to close in May 2021, to accelerate its highly prospective exploration and diamond drill programs in Atlantic Canada.
- As of March 31, 2021, the Company had a cash balance of $14.5 million and working capital* of $11.3 million.

*Refer to Non-IFRS Measures section below for reconciliation.

"Anaconda had a challenging first quarter operationally and financially at its Point Rousse operation as a result of lower than plan mined grade, which resulted in gold sold of 3,119 ounces to generate $7.4 million of metal revenue. As a result of lower grade and higher operating costs, operating cash costs per ounce of gold sold were significantly higher at $2,597 per ounce. We have updated our guidance to 16,000 to 17,000 ounces of gold for 2021 and have taken significant steps at Point Rousse to provide greater understanding of the deposit and improved operating results, including greater sampling and a more preferential mining approach. We are confident with our plan going forward and we continue to be encouraged by drill results at Stog'er Tight which are being used to update our internal pit designs and resource estimates for the Stog'er Tight Deposit. Furthermore, we are excited to start enhanced exploration programs at the Goldboro and Tilt Cove Gold Projects with the recently announced upsized brokered flow-through offering of up to $8.5 million expected to close on or about May 20, 2021."

~ Kevin Bullock, President and CEO, Anaconda Mining Inc.

Consolidated Results Summary

| Financial Results | Three months ended March 31, 2021 | Three months ended March 31, 2020 |
|---|---|---|
| Revenue ($) | 7,359,908 | 10,535,021 |
| Cost of operations, including depletion and depreciation ($) | 8,661,537 | 6,901,599 |
| Mine operating (loss) income ($) | (1,301,629) | 3,633,422 |
| Net (loss) income ($) | (2,496,850) | 1,471,399 |
| Net (loss) income per share ($/share) - basic and diluted | (0.02) | 0.01 |
| Cash generated from operating activities ($) | 536,039 | 4,380,125 |
| Capital investment in property, mill and equipment ($) | 786,169 | 659,342 |
| Capital investment in exploration and evaluation assets ($) | 2,826,542 | 1,096,630 |
| Average realized gold price per ounce* | US$1,862 | US$1,526 |

| | | |
|---|---|---|
| Operating cash costs per ounce sold* | US$2,052 | US$867 |
| All-in sustaining cash costs per ounce sold* | US$2,724 | US$1,151 |
| | March 31, 2021 | December 31, 2020 |
| Working capital* ($) | 11,295,448 | 13,938,471 |
| Total assets ($) | 83,469,058 | 81,396,971 |
| Non-current liabilities ($) | 7,083,886 | 7,529,640 |

*Refer to Non-IFRS Measures section below.

First Quarter Operating Statistics

| | Three months ended March 31, 2021 | Three months ended March 31, 2020 |
|---|---|---|
| Mine Statistics | | |
| Ore production (tonnes) | 59,157 | 103,222 |
| Waste production (tonnes) | 551,706 | 561,763 |
| Total material moved (tonnes) | 610,863 | 664,985 |
| Waste: Ore ratio | 9.3 | 5.4 |
| Mill Statistics | | |
| Availability (%) | 82.7 | 97.8 |
| Dry tonnes processed | 93,533 | 113,136 |
| Tonnes per day | 1,243 | 1,271 |
| Grade (grams per tonne) | 1.01 | 1.57 |
| Recovery (%) | 84.9 | 87.4 |

| | | |
|---|---|---|
| Gold Ounces Produced | 2,540 | 4,997 |
| Gold Ounces Sold | 3,119 | 5,132 |

Operations Overview for the Three Months Ended March 31, 2021

Gold production of 2,540 ounces was 49% lower than Q1 2020, predominantly driven by lower mined grade from certain benches at Argyle and lower mill throughput.

During Q1 2021, the mine operations moved 59,157 tonnes of ore which was higher than plan for the quarter, however a decrease of 43% compared to the comparable period of 2020 when Point Rousse was mining in the higher-tonnage Pine Cove Pit. The strip ratio of 9.3 waste tonnes to ore tonnes was lower than planned for the first quarter, due to a combination of earlier development in Q4 2020 and an expected acceleration of mine development in Q2 2021, when the strip ratio will increase to provide increased access to ore in Q3 and Q4 of 2021. However, the impact of a 35% lower mine grade significantly impacted production, particularly in shallowly dipping areas of the Argyle Deposit.

To improve production moving forward, the mine operations have doubled production drill sampling to provide better grade definition on each bench and increased delineation drilling where drill density is lower. This will enable an optimized preferential mining approach, especially for shallower dipping areas of the Argyle Deposit, to minimize mining dilution. Point Rousse has also revised its top-cut parameter downward to better reflect the actual results from mining and the resulting mill reconciliation to provide a better prediction of grade in the mine plan.

The Pine Cove Mill processed 92,533 tonnes during Q1 2021, a decrease of 18% compared to the first quarter of 2020, due to unplanned maintenance relating to the ball mill and the jaw crusher. Operating risk mitigation plans were executed successfully and while COVID-19 did impact the delivery and timing of certain equipment, throughput has returned to budgeted levels. The average grade during Q1 2021 of 1.01 g/t reflected in part by the mining challenges noted above, which had an attendant impact on the average recovery rate of 84.9%, reflecting a decrease of 3% compared to the first quarter of 2020.

Financial Results

Anaconda sold 3,119 ounces of gold during the first quarter of 2021, generating gold revenue of $7.4 million at an average realized gold price of C$2,358 per ounce (US$1,862).

Operating expenses for the three months ended March 31, 2021 were $7,920,122 compared to $5,939,601 in the three months ended March 31, 2020. Operating expenses for the most recent quarter included a $2,471,000 write-down to net realizable value of gold-in-circuit and ore in stockpiles, reflecting the significantly higher operating cash costs per ounce due to the 35% decrease in mine grade. Operating expenses for Q1 2021 included mining costs of $3,086,588 which were 25% higher than the comparative period, primarily due to higher unit costs and the higher strip ratio at Argyle in Q1 2021 compared to Pine Cove in Q1 2020. Processing costs of $3,025,460 in Q1 2021 were also higher than the comparative period primarily due to increased crushing costs resulting from unplanned maintenance on the jaw crusher. Operating cash costs per ounce sold in the first three months of fiscal 2021 were C$2,597 (US$2,052), which were impacted by lower mine grade, as well as higher operating costs. Operating cash costs per ounce for the full year are now expected to be between $1,625 and $1,675 per ounce of gold sold (US$1,225 - US$1,275 at an approximate exchange rate of 0.775), up from $1,425 and $1,475 per ounce of gold sold, reflecting the impact of operating cash costs per ounce sold in Q1 2021 and the expected grade profile from Argyle over the remainder of the year. The operating cash costs for the remainder of the year (Q2 through Q4) are expected to be between $1,450 and $1,500 (US$1,125 - US$1,175 at an approximate exchange rate of 0.775).

The royalty expense for Q1 2021 was $187,494 compared to $49,146 in Q1 2020, reflecting the 3% net smelter return royalty that applies to Argyle. Prior year royalty expense related to the processing of residual Stog'er Tight stockpiles. Depletion and depreciation for the three months ended March 31, 2021 was

$553,921, a significant decrease from $912,802 in Q1 2020 reflecting the lower production in Q1 2021.

Mine operating loss for the three months ended March 31, 2021 was $1,301,629, compared to mine operating income of $3,633,422 in the corresponding period of 2020, with lower revenue and higher comparable operating costs during Q1 2021 being further impacted by a $2,471,000 write-down to net realizable value of gold-in-circuit and ore in stockpiles.

Corporate administration costs were $951,088 for the first three months of fiscal 2021, an increase of 11% from Q1 2020, as the Company increased its marketing activities. In addition, the Company recognized a loss of $196,518 for the Company's share of loss from its equity accounted investments, Magna Terra and Novamera, during the three months ended March 31, 2021 (three months ended March 31, 2020 - $nil).

Finance expense for the quarter was $44,098 for Q1 2021, compared to $72,040 for the three months ended March 31, 2020. Finance costs were lower than the comparative 2020 period as a result of the continued repayment of the $5 million term loan with the Royal Bank of Canada, of which $1,614,845 remained outstanding as of March 31, 2021.

In Q1 2021, the Company recorded a recovery of $142,062 as a deferred premium on flow-through shares, representing the proportion of the remaining qualifying exploration expenditures that were spent from the July 2020 flow-through financing in the three months ended March 31, 2021.

Net comprehensive loss for the three months ended March 31, 2021, was $2,496,850, or $0.02 per share, compared to net comprehensive income of $1,471,399, or $0.01 per share, for the three months ended March 31, 2020. The decline compared to the comparative period of 2020 was the result of lower production and higher operating costs, including a write down of inventory to net realizable value. This was offset by a lower net income tax expense, as the Company recorded a current income tax expense of $30,345 relating to provincial mining tax and a deferred income tax recovery of $49,000 during the three months ended March 31, 2021 (three months ended March 31, 2020 - $352,528 and a deferred income tax expense of $826,000, respectively).

Financial Position and Cash Flow Analysis

As of March 31, 2021, the Company had working capital of $11,295,448, which included cash and cash equivalents of $14,546,403. Trade and other payables increased due to higher Q1 operating costs and the timing of expenditures for exploration activities at Goldboro and Point Rousse. Current taxes payable reflects the Newfoundland mining taxes payable for year ended December 31, 2020, which was paid subsequent to period end.

Anaconda generated $536,039 in operating cash flows during the three months ended March 31, 2021, after accounting for corporate administration costs of $951,088. The Point Rousse Project generated EBITDA of $(766,864), based on gold sales of 3,119 ounces at an average gold price of C$2,358 per ounce sold and operating cash costs of C$2,597 per ounce sold. Operating cash flows were also impacted by changes in working capital, namely the increase in accounts payable and a decrease in stockpiled inventory.

The Company continued to invest in its key growth projects in Newfoundland and Nova Scotia in 2021, spending $2,826,542 on exploration and evaluation assets (adjusted for amounts included in trade payables and accruals at March 31, 2021), primarily on the continued advancement of the Goldboro Project ($1,450,398). The Company also invested $786,168 into the property, mill and equipment at the Point Rousse operation, with capital investment focused on development activity at Argyle during Q1 2021.

Financing activities during Q1 2021 included $2,828,737 from the exercise of warrants and $621,389 from the exercise of stock options, and the ongoing repayment of the RBC term loan, and other loans and lease obligations.

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 Mining is a TSX and OTCQX-listed gold mining, development, and exploration company, focused in the top-tier Canadian mining jurisdictions of Newfoundland and Nova Scotia. The Company is advancing the Goldboro Gold Project in Nova Scotia, a significant growth project with Measured and Indicated Mineral Resources of 1.9 million ounces (16.0 million tonnes at 3.78 g/t) and Inferred Mineral Resources of 0.8 million ounces (5.3 million tonnes at 4.68 g/t) (Please see The Goldboro Gold Project Technical Report dated March 30, 2021), which is subject to an ongoing feasibility study. Anaconda also 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 property, including those adjacent to the past producing, high-grade Nugget Pond Mine at its Tilt Cove Gold Project.

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, 2020, available on 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.*

FOR ADDITIONAL INFORMATION CONTACT:

Anaconda Mining Inc.
Kevin Bullock
President and CEO
(647) 388-1842
kbullock@anacondamining.com

Reseau ProMarket Inc.
Dany Cenac Robert
Investor Relations
(514) 722-2276 x456
Dany.Cenac-Robert@ReseauProMarket.com

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