

Anaconda Mining Announces Second Quarter 2021 Financial Results

29.07.2021 | [ACCESS Newswire](#)

TORONTO, July 29, 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 June 30, 2021 ("Q2 2021"). The consolidated interim financial statements and management discussion and 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.

"Anaconda continues to execute its updated mine plan after the initial challenges experienced in the first quarter of 2021 when it commenced mining at the Argyle Deposit. Our second quarter results are in line with our updated plan, with gold sales of 3,156 ounces, generating metal revenue of \$6.9 million, with operating cash costs of \$2,144 per ounce sold. The higher operating cash costs per ounce reflects the lower grade planned for the second quarter, as we used lower grade Pine Cove ore stockpiles to supplement mill throughput while we focus on mine development, which will provide enhanced access to higher grade Argyle ore in the second half of the year. We continue to maintain a strong financial position with a cash balance of \$14.6 million and have since strengthened it with a \$3 million revolving credit facility with RBC which provides further low-cost liquidity for the Company going forward."

~ Kevin Bullock, President and CEO, [Anaconda Mining Inc.](#)

Second Quarter 2021 Highlights

- Anaconda sold 3,156 ounces of gold in Q2 2021, generating metal revenue of \$6.9 million at an average realized gold price* of \$2,197 (US\$1,789) per ounce sold.
- The Point Rousse operation produced 3,201 ounces of gold in Q2 2021, a 26% increase from the first quarter of 2021, driven by higher throughput and stronger average recovery. Gold production is expected to increase further in the second half of 2021 as accelerated waste development provides increased access to higher grade ore.
- The Company invested \$4.1 million to advance its growth programs in Q2 2021, including \$2.9 million on the Goldboro Gold Project relating to the Preliminary Economic Assessment, Feasibility Study and permitting to support the advancement of the significantly expanded Mineral Resource.
- Operating cash costs per ounce sold* at Point Rousse in Q2 2021 were \$2,144 (US\$1,746), driven by lower production from lower milled grade as the mine operation was focused on increased mine development.
- All-in sustaining cash costs per ounce sold*, including corporate administration and sustaining capital expenditures, was \$3,164 (US\$2,577) for Q2 2021, which reflects increased mine development and the continued advancement of Stog'er Tight.
- Net loss for the three months ended June 30, 2021 was \$2.2 million, or \$0.01 per share, compared to net income of \$2.0 million or \$0.01 per share, for the three months ended June 30, 2020, driven predominantly by lower production and higher operating costs.
- On May 28, 2021, the Company completed a flow-through private placement under an agreement with Raymond James for gross proceeds of \$8.5 million which will accelerate its highly prospective exploration programs in Atlantic Canada.
- The Company continued to announce encouraging drill results from its infill drill program at the Stog'er Tight Deposit, which are being incorporated into pit designs and a resource estimate in anticipation of a potential development scenario at Stog'er Tight.
- As of June 30, 2021, the Company had a cash balance of \$14.6 million and working capital* of \$11.8 million. In July 2021, the Company further strengthened its liquidity with a \$3 million revolving credit facility with the Royal Bank of Canada, supported by ongoing cash flows from Point Rousse, providing further financial flexibility.

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

Consolidated Results Summary

Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020	
Revenue (\$)	6,940,004	8,356,088	14,299,912	18,891,109
Cost of operations, including depletion and depreciation (\$)	8,216,647	5,926,361	16,878,184	12,827,960
Mine operating income (\$)	(1,276,643)	2,429,727	(2,578,272)	6,063,149
Net income (loss) (\$)	(2,202,251)	1,981,864	(4,699,101)	3,453,263
Net income (loss) per share (\$/share)	(0.01)	0.01	(0.03)	0.03
- basic and diluted				
Cash generated from operating activities (\$)	(1,817,960)	1,443,864	(1,281,921)	5,823,989
Capital investment in property, plant and equipment (\$)	519,300	530,983	2,305,469	1,190,325
Capital investment in exploration and evaluation assets (\$)	4,141,340	1,391,057	6,967,882	2,487,687
Average realized gold price per ounce*	US\$1,789	US\$1,624	US\$1,827	US\$1,565

Operating cash costs per ounce sold*	US\$1,746	US\$991	US\$1,901	US\$918
All-in sustaining cash costs per ounce sold*	US\$2,577	US\$1,320	US\$2,652	US\$1,221
			June 30, 2021	December 31, 2020
Working capital (*)			11,759,914	13,938,471
Total assets (\$)			87,229,035	81,396,971
Non-current liabilities (\$)			7,022,939	7,529,640

*Refer to Non-IFRS Measures section for reconciliation

Second Quarter Operating Statistics

Operational Results	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
Ore mined (t)	20,558	111,167	88,715	214,388
Waste mined (t)	561,706	561,950	1,132,707	1,123,714
Strip ratio	27.66	5.1	12.77	5.2
Ore milled (t)	147,030	118,333	209,563	231,469
Grade (g Au)	0.98	1.11	0.99	1.34
Recovery (%)	86.4	86.4	85.7	87.0
Gold ounces produced	1,261	3,657	5,741	8,654
Gold ounces sold	1,156	3,712	6,275	8,843

Second Quarter 2021 Review

Operational Overview

Gold production of 3,201 ounces was 12% lower than Q2 of the previous year due to lower grade from the initial benches at Argyle, however, it marked a 26% improvement from Q1 2021 due to better throughput and average recovery.

After the challenges encountered in the first quarter when commencing production at Argyle, particularly in shallowly dipping areas of the deposit, the Point Rousse operation has doubled production drill sampling to provide better grade definition on each bench and increased delineation drilling where drill density is lower. This has enabled an optimized preferential mining approach to minimize mining dilution. The top-cut parameter was also revised downward to better reflect the actual results from mining and the resulting mill reconciliation, enabling a better prediction of grade in the mine plan.

During Q2 2021, the mine operations moved 29,558 tonnes of ore which was approximately 50% lower than Q1 2021 as focus was on mine development to enhance access to higher-grade Argyle ore while awaiting a permit to modify Argyle Pond, located within the hanging wall of the deposit and within the open pit design, which has now been received. Mined ore was 73% lower than the corresponding period of 2020, when mine operations were focused in the higher-tonnage Pine Cove Pit. The strip ratio of 19.7 waste tonnes to ore tonnes reflects continued mine development, which is expected to remain elevated into the third quarter now that the Company has received the permit to modify Argyle Pond and continue pit development.

The Pine Cove Mill processed 117,030 tonnes during Q2 2021, a 26% increase compared to the first quarter of 2021 when the mill was impacted by unplanned maintenance relating to the ball mill and the jaw crusher. Availability and throughput returned to normal levels during the second quarter, consistent with the performance in the comparative period of 2020. The average grade during Q2 2021 of 0.98 g/t reflected the use of low-grade ore stockpile to supplement throughput. Despite the lower grade processed, the mill achieved an average recovery rate of 86.4%, an increase over the first quarter of 2021 and consistent with the corresponding quarter of 2020.

Financial Results

Anaconda sold 3,156 ounces of gold during the second quarter of 2021, generating gold revenue of \$6.9 million at an average realized gold price of C\$2,197 (US\$1,789) per ounce sold.

Operating expenses for the three months ended June 30, 2021 were \$6,611,503 compared to \$5,101,316 in the comparative period of 2020. Operating expenses for Q2 2021 included mining costs of \$2,224,773 which were 14% lower than the comparative period, primarily due to significantly lower tonnes mined as well as the impact of the capitalization of \$1,198,666 in deferred stripping costs at Argyle. Argyle has higher blasting and haulage unit costs and a higher strip ratio in comparison to Pine Cove, which was being mined in the previous year. Processing costs of \$2,961,750 in Q2 2021 were also higher than the comparative period primarily due to third-party crushing costs incurred while completing repairs on the jaw crusher. Operating expenses for Q2 2021 also included a \$58,000 write-down to net realizable value of gold-in-circuit, reflecting the processing of lower grade marginal stockpiles in June 2021. Operating cash costs per ounce sold in the three months ended June 30, 2021 were C\$2,144 (US\$1,746), which were impacted by lower mine grade, as well as higher processing costs and the inventory adjustment relating to the draw-down of lower grade stockpiles.

The royalty expense for Q2 2021 was \$161,107, reflecting the 3% net smelter return royalty that applies to Argyle. There were no royalty expenses in Q2 2020, as the Company was processing Pine Cove ore which was not subject to a net smelter return royalty. Depletion and depreciation for Q2 2021 was \$1,444,037 a significant increase from \$825,045 in Q2 2020 reflecting the capitalization of Argyle development since Q3 2020 and its ongoing depletion.

Mine operating loss for the three months ended June 30, 2021 was \$1,276,643, compared to mine operating income of \$2,429,727 in the corresponding period of 2020, the result of lower revenue and higher comparable operating costs during Q2 2021, in addition to higher depletion and depreciation recognized in the quarter.

Corporate administration costs were \$841,643 for Q2 2021, an increase of 9% from Q2 2020, as the Company increased its marketing activities. In addition, the Company recognized a loss of \$41,609 for the

Company's share of loss from its equity accounted investments, Magna Terra and Novamera, during the three months ended June 30, 2021 (three months ended June 30, 2020 - \$114,237).

Finance expense for the quarter was \$39,708 for Q2 2021, lower than the comparative 2020 period reflecting the continued repayment of the \$5 million term loan with the Royal Bank of Canada, of which \$1,249,149 remained outstanding as of June 30, 2021.

In Q2 2021, the Company recorded a recovery of \$91,652 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 June 30, 2021, along with qualifying exploration expenditures that were spent from the May 2021 flow-through financing during the period.

Net comprehensive loss for the three months ended June 30, 2021, was \$2,202,251, or \$0.01 per share, compared to net comprehensive income of \$1,981,864, or \$0.01 per share, for the three months ended June 30, 2020. The decline compared to the comparative period of 2020 was the result of lower production and higher operating costs and depreciation and depletion. This was offset by a lower net income tax expense, as the Company did not record a current income tax expense relating to provincial mining tax and recorded a deferred income tax recovery of \$203,000 during the second quarter of 2021 (three months ended June 30, 2020 - \$235,000 and a deferred income tax expense of \$1,275,000, respectively).

Financial Position and Cash Flow Analysis

As of June 30, 2021, the Company had working capital of \$11,759,914, which included cash and cash equivalents of \$14,568,737. The increase in trade and other payables reflects the higher operating costs incurred in Q2 2021 and was also impacted by the timing of 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 in the first half of 2021.

Anaconda used \$1,817,960 in operating cash flows during the three months ended June 30, 2021, which included the \$1,893,345 payment of the 2020 Newfoundland mining taxes, as well as corporate administration costs of \$841,643. The Point Rousse Project generated EBITDA of \$137,320 (refer to Non-IFRS Measures section), based on gold sales of 3,156 ounces at an average gold price of C\$2,197 per ounce sold and operating cash costs of C\$2,144 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 Q2 2021, spending \$4,141,340 on exploration and evaluation assets (adjusted for amounts included in trade payables and accruals as of June 30, 2021), primarily on the continued advancement of the Goldboro Project (\$2,876,294). The Company also invested \$1,519,300 into the property, mill and equipment at the Point Rousse operation, with capital investment focused on development activity at Argyle during Q2 2021.

Financing activities during Q2 2021 included \$7,790,718 in net proceeds from the flow-through private placement completed in May 2021, \$6,000 from the exercise of warrants, \$210,061 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 Rouse 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.

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