

Harte Gold Reports Third Quarter 2021 Results and Provides Operational Update

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TORONTO, Nov. 1, 2021 /CNW/ - [Harte Gold Corp.](#) ("Harte Gold" or the "Company") (TSX: HRT) (OTC: HRTFF) (France: HRT) announced today its results for the three months ended September 30, 2021.

The Company's unaudited financial results for three months ended September 30, 2021 ("Q3 2021"), together with its Management's Discussion and Analysis ("MD&A") for the corresponding period, can be accessed under the Company's www.sedar.com and on the Company's website at www.hartegold.com. All currency references in this press release are in Canadian dollars except as otherwise indicated.

Q3 2021 Highlights:

- Liquidity position: Cash on hand at September 30, 2021 was \$11.4 million (\$11.9 million at June 30, 2021). Based on the Company's updated outlook and guidance for 2021, the Company will require additional funding prior to the end of the year to continue operating and to conclude the Strategic Review Process. The Company's liquidity position is further discussed under "Liquidity and Capital Resources".
- Gold production: Total production of 15,260 oz Au for Q3 2021 compared to 11,283 oz Au in Q2 2021 and 6,218 oz Au in Q3 2020. Production was positively impacted by increased throughput and grade. Cumulative gold production to-date is 152,600 ounces for 2021.
- Mine capital development: Averaged 10.4 metres per day in Q3 2021 compared to 10.0 metres per day in Q2 2021 and 9.5 metres per day in Q3 2020. Development to the Middle Zone was temporarily suspended in Q2 2021 to manage cash liquidity and support the Strategic Review Process.
- Ore tonnes processed: Average throughput rate of 771 tonnes per day (tpd) for Q3 2021 compared to 674 tpd in Q2 2021 and 649 tpd in Q3 2020. Increased throughput was a function of improved mine production resulting in more tonnes of ore being processed at the mill.
- Head Grade: Increased to 7.1 g/t Au, compared to 6.1 g/t Au in Q2 2021 and 5.7 g/t Au in Q3 2020, due to higher grade ore body being mined.
- Continued quarterly improvements and the Strategic Review Process:
 - Q3 2021 proved to be an operationally successful quarter and a notable improvement from Q2 2021, in part due to ongoing operational improvements and focused capital and sill development.
 - However, the short-term cash preservation actions continue, including the curtailment of various sustaining capital and expansion capital including development of the Middle Zone, which are anticipated to negatively impact production in Q4 2021.
 - As the Company outlined in a press released dated May 13, 2021, there are critical areas of the operation that need to be addressed in order to see a sustainable, consistent increase in production.
 - These four areas include bolstering the mine workforce, accelerating infill drilling, accelerating mine capital development and reinforcing the underground mobile equipment.
 - These initiatives require additional capital. In the absence of securing the financial liquidity to address these initiatives, the Company continues to expect that future production will be negatively impacted.
- Revenues: \$32.2 million in revenue from 14,669 oz Au sold for Q3 2021 compared with \$26.1 million in revenue from 11,283 oz Au in Q2 2021 and \$12.2 million in revenue from 4,882 oz Au sold in Q3 2020.
- Net loss: \$3.1 million net loss in Q3 2021 compared with \$0.9 million net loss in Q2 2021 and \$11.8 million net loss in Q3 2020.
- Mine Operating Cash Flow[1]: \$13.7 million in Q3 2021 compared with \$9.3 million in Q2 2021 and \$4.7 million in Q3 2020.
- EBITDA¹: \$5.7 million for Q3 2021 compared with \$3.1 million for Q2 2021 and negative \$0.7 million in Q3 2020.
- Cash Cost¹: US\$1,014/oz in Q3 2021 compared with US\$1,159/oz in Q2 2021 and US\$1,177/oz in Q3 2020.
- AISC¹: US\$1,798/oz in Q3 2021 compared with US\$2,033/oz in Q2 2021 and US\$2,197/oz in Q3 2020.
- Mine Capital development: \$5.5 million invested in Q3 2021.

Q3 2021 Operating and Financial Summary:

		3 months ended				
		September 30	June 30	March 31	December 31	September 30
		2021	2021	2021	2020	2020
		Units				
Operating Performance						
Ore Tonnes Processed	Tonnes	70,922	61,354	64,418	46,288	36,367
Average Daily Throughput	tpd	771	674	716	503	649
Head Grade	g/t Au	7.1	6.1	6.1	7.7	5.7
Recovery	%	94.9%	94.1%	93.7%	95.0%	93.4%
Gold Ounces Produced	oz	15,260	11,283	11,776	10,835	6,218
Gold Ounces Sold	oz	14,669	11,855	12,349	9,228	4,882
Key Financial Data						
Revenues, net	000 \$	32,207	26,054	27,368	21,950	12,215
Mine Operating Cash Flow ¹	000 \$	13,701	9,343	9,152	8,679	4,690
EBITDA ¹	000 \$	5,278	3,101	1,606	1,935	(677)
Net income / (loss)	000 \$	(3,062)	(920)	5,833	10,562	(11,750)
Net increase / (decrease) in cash	000 \$	(468)	(9,184)	12,806	(13,185)	16,511
Cash on hand at end of period	000 \$	11,402	11,870	21,054	8,248	21,433
Key Statistics						
Average Realized Gold Price ¹	US\$/oz	1,752	1,798	1,768	1,843	1,898
Realized Gold Price After Hedge ¹	US\$/oz	1,625	1,631	1,491	1,547	1,374
Cash Operating Cost	C\$/tonne processed	265	277	287	291	210
Cash Cost ¹	US\$/oz	1,014	1,159	1,183	1,122	1,177
AISC ¹	US\$/oz	1,799	2,033	1,916	2,882	2,197

¹ Mine Operating Cash Flow, Average Realized Gold Price, EBITDA, Cash Cost and AISC are non-IFRS measures, refer to the definitions of non-IFRS measures in the Company's MD&A for a reconciliation

Operational Update:

Continued Quarterly Improvements in the Context of the Strategic Review Process

Q3 2021 proved to be another successful quarter and a notable improvement from Q2 2021, in part due to ongoing operational improvements and focused capital and sill development. However, short-term cash preservation actions continue, including the curtailment of various sustaining and expansion capital including development of the Middle Zone, which are anticipated to negatively impact production in Q4 2021.

As outlined in the press releases dated May 13, 2021 and August 4, 2021, there are critical areas of the operation that must be addressed in order to see sustainable, consistent improvements in mine throughput and production. These areas include bolstering the mine workforce, accelerating infill drilling, accelerating mine capital development, and reinforcing the underground equipment. These initiatives require additional capital and, in the absence of securing the financial liquidity to address these initiatives, the Company continues to expect that future production will be negatively impacted.

Key Mine Production Statistics Continued to Trend Positively for the Quarter

Mine capital development averaged 10.4 metres per day in Q3 2021, similar to the Q2 2021 average of 10.0 metres per day. Development at the Middle Zone remains temporarily suspended pending the outcome of the Strategic Review Process. All capital development in the quarter was focussed on advancing the North and South declines and sub level development to increase short and medium-term production flexibility.

Average grade for Q3 2021 was 7.1 g/t Au, higher than Q2 2021 and inline with reserve grade estimates. The higher average grade is a function of stope areas currently being mined and a greater proportion of longhole ore relative to sill development ore material.

Throughput averaged 771 tpd for the quarter, a significant improvement over the average for Q2 2021 of 674 tpd. The increase in ore tonnes processed is a function of more stoping areas being available due to the prioritization of mine capital development over the last two quarters combined with improvements in reliability of a portion of the underground mobile fleet.

While the increase in throughput is a positive step and has allowed the Company to effectively reach nameplate capacity, sustaining throughput at ~800 tpd is not viewed as achievable in the absence of additional capital for the following four areas (further details are provided in the Company's press release dated May 13, 2021):

- Bolster mine workforce: The Company continues to operate below budgeted labour. Increasing the mine workforce attraction and retention policies, particularly in the underground workforce, is critical to longer-term sustainability.
- Accelerate definition drilling: Accelerating infill drilling would allow the Company to better react to grade distribution where the mine was sparsely drilled (50-metre spacings) prior to entering production.
- Accelerate mine capital development: Current development rates will not sustain 800 tpd throughput. In order to sustain 800 tpd, the Company needs to target up to 15 metres per day with increased focus on decline ramp development compared to horizontal development, for at least the next 6 to 9 months. To consider the ultimate plan of 1,200 tpd, the Company needs to target up to 18 metres per day of decline and horizontal development over the next 12 to 15 months.
- Reinforce underground equipment: The Company continues to be constrained by poor mobile equipment reliability in its most critical underground equipment, most notably the two-yard scoops. To address this, additional capital is required to upgrade and further expand the current fleet.

Key Performance Metrics - Q3 2020 to Q3 2021

	Unit	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
						2021
Daily Development	m/day	9.2	11.4	14.0	10.0	10.4
Ore Tonnes Processed	tpd	649	503	716	674	771
Head Grade	g/t Au	5.7	7.7	6.1	6.1	7.1
Recovery	%	93.4%	95.0%	93.7%	94.1%	94.9%
Avg. Monthly Gold Ounces Produced	Avg. oz Au / month	3,100	3,611	3,925	3,761	5,087

Strategic Review Process:

The Company initiated the Strategic Review Process in May 2021 to explore, review and evaluate a broad range of alternatives (which included the potential restructuring of its long-term debt and reviewing other potential strategic alternatives, including a full or partial sale of the Sugar Zone Mine) focused on ensuring financial liquidity and to fund accelerated life-of-mine capital critical for a sustainable 800 tpd process rate as well as a platform necessary to launch expansion towards a 1,200 tpd process rate.

On July 20, 2021, the Company announced that, in order to support the continuation of the Strategic Review Process, the Board established a Special Committee, comprised of the Company's independent directors, Joseph Conway and Douglas Cater.

The Strategic Review Process has not yet resulted in any binding offers being received by the Company. Discussions are, however, ongoing with a number of parties with respect to a potential transaction. There can be no assurance that such discussions will result in a transaction, what the value of any transaction might be, or what the terms or timing of such a transaction might be.

At the time of issuing this news release, the Company does not expect that the Strategic Review Process will result in a transaction which would provide any value for holders of Harte Gold's equity securities (including securities convertible into or exercisable for equity securities). As a result of the foregoing, holders of Harte Gold's equity securities (including securities convertible into or exercisable for equity securities) are cautioned that trading in such securities is highly speculative, and that the trading prices for such securities may bear little or no relationship to the actual realization of value, if any, by holders thereof at the ultimate outcome of the Strategic Review Process. Also, there can be no assurance that the Company's common shares will continue to trade on the TSX or on any other trading platform.

Based on the Company's current cash flow forecast, the Company will require additional financing prior to the end of 2021 in order to continue operations and conclude the Strategic Review Process. However, there can be no assurance that the Company will obtain the required financing or what the terms of such financing might be.

Revised 2021 Outlook and Guidance:

In order to preserve liquidity to support the Strategic Review Process, the Company has continued to defer the implementation of various mitigation measures that were aimed at addressing the production variance from plan experienced to date in 2021. The Company has also reduced certain sustaining and expansion capital expenditures which may adversely impact production over the short-term. At this time, the Company is unable to provide updated 2021 production guidance as the Strategic Review Process continues to evolve, but believes its revised 2021 guidance, issued on May 13, 2021, is at risk and may not be achieved.

The Company will provide further updates on guidance as appropriate.

Liquidity and Capital Resources:

- The Company ended Q3 2021 with a cash balance of \$11.4 million.
- Agreement was reached with BNP to facilitate the continuation of the Company's Strategic Review Process through an agreement to refrain from enforcing its rights and remedies under the BNP Debt Facilities arising out of or relating to defaults or events of default.
- On June 30, 2021, the Company obtained a 30-day waiver of its financial covenant requirements pursuant to the BNP Debt Facilities. In addition, BNP deferred the due date of (i) the principal and interest payments under the BNP Debt Facilities originally scheduled for June 30, 2021, and (ii) the settlement payment under the gold hedge program originally scheduled for July 2, 2021 to July 30, 2021.
- On July 30, 2021, the Company entered into a forbearance agreement with BNP (the "Forbearance Agreement") pursuant to which BNP agreed, subject to certain terms and conditions, to refrain from enforcing its rights and remedies under the BNP Debt Facilities (including scheduled principal, interest and gold hedge payments) until September 30, 2021. BNP also agreed, subject to the terms of the Forbearance Agreement, to forbear from exercising its rights and remedies under the BNP Debt Facilities in respect of or arising out of or relating to certain defaults or events of default under the BNP Debt Facilities, including financial covenant breaches, which were anticipated to occur prior to September 30, 2021, until the earlier of (i) September 30, 2021, and (ii) the occurrence or existence of any terminating event, which includes bankruptcy events, defaults not covered by the Forbearance Agreement and other customary terms and conditions.
- The Forbearance Agreement was amended on September 30, 2021, October 15, 2021 and October 29, 2021, to extend the forbearance period to October 15, 2021, October 29, 2021 and November 30, 2021, respectively.
- On August 3, 2021, the Company received notice from Appian that events of default had occurred under the Appian Debt Facility and related financing agreements. Among other alleged events of default, Appian cited the Company's default under the BNP Debt Facilities which triggers a cross-default under the Appian financing agreements. Pursuant to the terms of the Intercreditor Agreement dated August 28, 2020, between Harte Gold, Appian and BNP, Appian is prohibited, without the written consent of BNP, from taking any Enforcement Action (as defined in the Intercreditor Agreement) until a minimum of 30 days has passed from the date on which Appian delivers a notice to BNP. The terms of the Appian Debt Facility provide for a default interest at a rate per annum equal to 19.0% from the date of default.
- The Forbearance Agreement, which includes BNP forbearing on the Company's default in making scheduled payments through to November 30, 2021, provides for the continuation of a sale and investment solicitation process ("SISP") and other things, as part of its Strategic Review Process. The Strategic Review Process has not yet resulted in any business being received by the Company. Discussions are, however, ongoing with a number of parties with respect to a potential transaction. While the Forbearance Agreement allows for such discussions to continue, there can be no assurance that such discussions will result in a transaction, what the value of any transaction might be, or what the terms or timing of such a transaction might be. There can also not be any assurance that BNP will continue to forbear from exercising its rights and remedies on expiry of the Forbearance Agreement or what the terms or timing of such continued forbearance might be.
- At the time of issuing this news release, the Company does not expect that the Strategic Review Process will result in a transaction which would provide any value for holders of Harte Gold's equity securities (including securities convertible into or exercisable for equity securities). As a result of the foregoing, holders of Harte Gold's equity securities (including securities convertible into or exercisable for equity securities) are cautioned that trading in such securities is highly speculative and the trading prices for such securities may bear little or no relationship to the actual realization of value, if any, by the holders thereof at the ultimate outcome of the Strategic Review Process. Also, there can be no assurance that the Company's common shares will continue to trade on the TSX or on any other trading platform.
- Based on the Company's current cash flow forecast, the Company will require additional financing prior to the end of the year in order to continue operations and conclude the Strategic Review Process. However, there can be no assurance that the Company will obtain the required financing or what the terms of such financing might be, that the Strategic Review Process will result in any transaction, whether BNP will continue to forbear from exercising its rights and remedies on expiry of the Forbearance Agreement or what the terms or timing of such a transaction or such continued forbearance might be. The Company will be able to continue as a going concern.

About Harte Gold Corp.:

Harte Gold holds a 100% interest in the Sugar Zone mine located in White River, Canada. The Sugar Zone Mine entered commercial production in 2019. The Company has further potential through exploration at the Sugar Zone Property, which encompasses 81,287 hectares covering a significant greenstone belt. Harte Gold trades on the TSX under the symbol "HRT", on the OTC under the symbol "HRTFF" and on the Frankfurt Exchange under the symbol "H4O".

Cautionary note regarding forward-looking information:

This news release includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are 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. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect",

"forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Specific forward-looking statements in this press release include, but are not limited to, the short-term cash preservation actions being anticipated to negatively impact production in Q4 2021; there being critical areas of the operation that must be addressed in order to see a sustainable, consistent increase in production; in the absence of securing the financial liquidity to address these initiatives, the Company continuing to expect that future production will be negatively impacted; based on the Company's updated outlook and guidance for 2021, the Company requiring additional funding prior to the end of 2021 to continue operating and to conclude the Strategic Review Process; sustaining throughput at ~800 tpd not being viewed as achievable in the absence of additional capital for the four areas set out in the press release; increasing the mine workforce through attraction and retention policies, particularly in the underground workforce, being critical to longer-term sustainability; accelerating infill drilling allowing the Company to better react to grade distribution in areas where the mine was sparsely drilled (50-metre spacings) prior to entering production; current development rates not sustaining 800 tpd throughput; the Company needing to target up to 15 metres per day with increased focus on decline ramp development as compared to horizontal development, for at least the next 6 to 9 months in order to sustain a rate of 800 tpd; the Company needing to target up to 18 metres per day of decline and horizontal development over the next 12 to 15 months in order to consider the ultimate plan of 1,200 tpd; additional capital being required to upgrade and further expand the current fleet; there being no assurance that discussions will result in a transaction, what the value of any transaction might be, or what the terms or timing of such a transaction might be; at the time of issuing this news release, the Company not expecting that the Strategic Review Process will result in a transaction which would provide any value for holders of Harte Gold's equity securities (including securities convertible into or exercisable for equity securities); trading in the Company's securities being highly speculative and that the trading prices for such securities may bear little or no relationship to the actual realization of value, if any, by holders thereof at the ultimate outcome of the Strategic Review Process; there being no assurance that the Company's common shares will continue to trade on the TSX or on any other trading platform; based on the Company's current cash flow forecast, the Company requiring additional financing prior to the end of 2021 in order to continue operations and conclude the Strategic Review Process; there being no assurance that the Company will obtain the required financing or what the terms of such financing might be; the Company believing its revised 2021 guidance, issued on May 13, 2021, is at risk and may not be achieved; the Company providing further updates on guidance as appropriate; there being no assurance that such discussions will result in a transaction, what the value of any transaction might be, or what the terms or timing of such a transaction might be; there being no assurance that BNP will continue to forbear from exercising its rights and remedies on expiry of the Forbearance Agreement or what the terms or timing of such continued forbearance might be; whether the Company will be able to continue as a going concern; the Company providing further updates on guidance as appropriate; and the Company having further potential through exploration at the Sugar Zone Property. Forward-looking statements are necessarily based upon a number of estimates and assumptions including material estimates and assumptions related to the factors set forth below that, while considered reasonable by the Company as at the date of this press release in light of management's experience and perception of current conditions and expected developments, are inherently subject to significant business, economic, and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements, and undue reliance should not be placed on such statements and information. Such risks and uncertainties include, but are not limited to, the Strategic Review Process failing to result in a transaction that provides value to the Company's stakeholders; the Company being unable to secure sufficient financing to complete the Strategic Review Process; the Company being unable to continue as a going concern; the risk that the Company will not have adequate sources of funding to finance the Company's operations in the near future; the risk that the Company will not be able to obtain sufficient financing for working capital, capital expenditures, debt service requirements, and general corporate or other purposes; the risk that the Company has insufficient assets to meet its liabilities or satisfy its creditors; the Company being able to attract and retain qualified candidates to join the Company's management team and board of directors, risks associated with the mining industry, including operational risks in exploration, development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of the Company to obtain all permits, agreements, consents or authorizations required for its operations and activities; and health, safety and environmental risks, the risk of commodity price and foreign exchange rate fluctuations, the ability of Harte Gold to fund the capital and operating expenses necessary to achieve the business objectives of Harte Gold, the uncertainty associated with commercial negotiations and negotiating with contractors and other parties and risks associated with international business activities, as well as other risks and uncertainties which are more fully described in the Company's Annual Information Form dated March 30, 2021, and in other filings of the Company with securities and regulatory authorities which are available on SEDAR at www.sedar.com. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements. Readers are cautioned that the foregoing list of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this news release are made as of

the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement. The Toronto Stock Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this news release.

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