

Anaconda Mining Announces Q4 and Full Year 2021 Financial Results

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TORONTO, February 24, 2022 - [Anaconda Mining Inc.](#) ("Anaconda" or the "Company") (TSX:ANX) (OTCQX:ANXGF) is pleased to report its financial and operating results for the three months and year ended December 31, 2021 ("Q4 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.

Highlights for the Year Ended December 31, 2021

- Anaconda produced 12,054 ounces of gold at Point Rouse in 2021, achieving its revised annual guidance of approximately 12,000 ounces. The revised annual guidance was based on the mine plan from an updated Probable Mineral Reserve for Argyle as of September 1, 2021.
- The Company sold 12,218 ounces of gold in 2021, generating metal revenue of \$27.7 million at an average realized gold price¹ of C\$2,261 (US\$1,804) per ounce of gold.
- Operating cash costs per ounce sold¹ at the Point Rouse Project in Q4 2021 were \$1,797 (US\$1,426), and \$2,152 (US\$1,717) for the year ended December 31, 2021, at the lower end of the Company's revised 2021 annual operating cash cost guidance of C\$2,150-C\$2,200, reflecting the lower grade profile of mill throughput in 2021.
- All-in sustaining cash costs per ounce sold¹, including corporate administration and sustaining capital expenditures, was \$2,895 (US\$2,297) for Q4 2021, and \$3,334 (US\$2,660) for the full year.
- The Company invested \$13.0 million in its exploration and development projects in 2021, including \$8.8 million on the Goldboro Gold Project relating to the completion of a Feasibility Study, the advancement of the significantly expanded Mineral Resource, and the progression of the environmental assessment process.
- Net loss for the year ended December 31, 2021 was \$7,136,219, or \$0.04 per share, compared to net income of \$8,822,243, or \$0.06 per share, for the year ended December 31, 2020, driven predominantly by lower production.
- As of December 31, 2021, the Company had a cash balance of \$10.1 million, working capital¹ of \$1.4 million, and additional available liquidity of \$3.0 million from an undrawn revolving line of credit facility.
- In December 2021, the Company executed a \$5.0 million gold prepayment facility to provide further un-dilutive liquidity as the Company completes the Feasibility Study and Environmental Assessment Registration Document for the Goldboro Gold Project in the first half of 2022. The facility will be repaid in gold deliveries totaling 2,273 ounces from January to September 2022.

¹ Refer to Non-IFRS Measures Section below. Non-IFRS financial measures are not standardized financial measures under the financial reporting framework used to prepare the financial statements and may not be comparable to similar financial measures disclosed by other issuers.

"While 2021 was a challenging year for the Company operationally, Anaconda was able to finish the year strong at Point Rouse and make significant steps at the Goldboro Gold Project. At its mine operations in Point Rouse, we sold 12,218 ounces of gold in 2021, in line with updated guidance, to generate \$27.8 million in metals revenue. Operating cash costs, while at the lower end of guidance, were higher than previous years due to the lower grade profile and higher costs. Point Rouse is now set up for a record year of gold production in 2022 of between 21,500 and 23,000 ounces at operating cash costs per ounce of between \$1,150 and \$1,250 per ounce of gold sold (US\$920 - US\$1,000). At the Goldboro Gold Project, we invested \$8.8 million which resulted in a step change in the scale of the mineral resource and a positive Feasibility Study that demonstrates robust economics over a long mine life, with significant upside. Despite the challenges in 2021, the Company remains in good stead to execute its growth strategy."

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

Consolidated Results Summary

Financial Results	Three months ended December 31, 2021	Three months ended December 30, 2020	Year ended December 31, 2021	Year ended December 31, 2020
Revenue (\$)	7,643,193	9,988,251	27,798,558	31,594,739
Cost of operations, including depletion and depreciation (\$)	7,410,862	6,392,715	30,534,089	24,761,035
Mine operating income (\$)	232,331	3,595,536	(2,735,531)) 16,821,955
Net income (loss) (\$)	(1,358,219)	792,203	(7,136,219)	8,228,243
Net income (loss) per share (\$/share)	(0.01)	0.01	(0.04)	0.06
- basic and diluted (\$)				
Cash generated from operating activities (\$)	5,519,379	2,080,151	4,488,761	14,087,867
Capital investment in property, mill and equipment (\$)	1,676,928	1,383,079	7,108,391	2,960,787
Capital investment in exploration and evaluation assets (\$)	3,824,690	2,514,733	13,020,554	7,152,794
Average realized gold price per ounce*	US\$ 1,783	US\$ 1,921	US\$ 1,804	US\$ 1,728

Operating cash costs per ounce sold*	US\$ 1,426	US\$ 1,014	US\$ 1,717	US\$ 871
All-in sustaining cash costs per ounce sold*	US\$ 2,297	US\$ 1,576	US\$ 2,660	US\$ 1,220
December 31, 2021	December 31, 2020			
Working capital	13,938,471			
Total assets	81,396,971			
Non-current liabilities	7,529,640			

*Refer to Non-IFRS Measures section for reconciliation

Period	Three months ended	Year ended	Year ended
December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Ore mined (t)	110,455	209,157	512,028
Waste mined (t)	453,859	2,853,011	1,964,689
Strip ratio	4.1	13.6	3.8
Ore milled (t)	107,257	446,562	459,085
Grade (g/t Au)	1.39	0.97	1.42
Recovery (%)	86.8	86.5	87.4
Gold ounces produced	4,171	12,054	18,268
Gold ounces sold	3,970	12,218	17,918

Review of the Year Ended December 31, 2021

Operational Overview

Gold production for 2021 was 12,054 ounces, achieving revised annual guidance of approximately 12,000 ounces. The revised annual guidance was based on the mine plan from an updated Probable Mineral Reserve for Argyle as of September 1, 2021. The significant decrease in year over year gold production was the result of a 32% decrease in the grade profile of mill throughput, the result of processing a high proportion of low-grade Pine Cove ore stockpiles. Notwithstanding the low-grade throughput, the Pine Cove Mill was

able to achieve an average recovery rate of 86.5% during 2021, a decrease of only 1.0% compared to 2020.

After heavy focus on mine waste development in the third quarter, the mining operation moved 102,395 tonnes of ore in Q4 2021, almost 49% of the total ore tonnes mined in 2021 of 209,157 tonnes. This is a significant decrease from the 512,028 tonnes of ore mined in 2020, when the operation was concentrated on the higher-tonnage Pine Cove mine during the first half of the year. Waste production was 2,853,011 tonnes for the full year, reflecting the focus on mine waste development at Argyle and resulting in a strip ratio of 13.6 waste tonnes to ore tonnes. The strip ratio of 3.8 waste tonnes to ore tonnes in 2020 reflects mining in the final lower benches of the Pine Cove open pit.

Financial Results

Anaconda sold 12,218 ounces of gold in 2021 to generate metal revenue of \$27.7 million at an average realized gold price* of C\$2,261 (US\$1,804) per ounce, representing a 33% decrease in metal revenue compared to 2020 due lower gold production.

Operating expenses for the year ended December 31, 2021 were \$25,895,606, compared to \$20,953,142 for the year ended December 31, 2020. The significant increase reflects a \$2,597,000 write-down to net realizable value of gold-in-circuit and ore in stockpiles, primarily from Q1 2021, reflecting the significantly higher operating cash costs per ounce* due to the 35% decrease in mine grade in Q1 2021. Operating expenses for 2021 included mining costs of \$11,446,874, an increase from \$10,458,651 in the previous year, as the Company moved 24% more material in 2021 while mining at Argyle. Processing costs in 2021 were \$11,250,316, an increase over \$9,928,022 in 2020 primarily due to higher maintenance costs. Operating cash costs per ounce sold* during 2021 were C\$2,152 (US\$1,717), in line with the lower end of the Company's revised annual guidance of C\$2,150 - C\$2,200 per ounce sold, higher than previous years due to a significantly lower mill throughput grade profile.

The royalty expense for 2021 was \$566,075, reflecting the 3% net smelter royalty that applies to Argyle. Depletion and depreciation for the year ended December 31, 2021 was \$4,072,408, an increase from \$3,758,697 recognized for the year ended December 31, 2020, reflecting the depreciation of Argyle capital development costs since Q3 2020.

Mine operating loss for the year ended December 31, 2021 was \$2,735,531, compared to mine operating income of \$16,821,955 in 2020, the result of lower revenue and higher comparable operating costs during 2021.

Corporate administration expenditures were \$3,665,659 during 2021, consistent with \$3,581,921 recorded in 2020. In July 2021, Novamera completed a \$5,000,017 equity financing in which the Company did not participate, diluting its interests in Novamera to 19%. Based on the implied valuation of the financing, the Company recognized a gain of \$1,020,432 which represents the excess of the fair value of the investment on that date as compared to the investment's carrying value under the equity method. In 2021, the Company also recognized a loss of \$435,149 for the Company's share of loss from its equity accounted investments (year ended December 31, 2020 - \$247,203).

Share-based compensation was \$777,906 during the year ended December 31, 2021, compared to \$380,733 in the comparative 2020 period, reflecting the greater value of share units granted compared to the previous year.

Finance expense for the year ended December 31, 2021 was \$147,801, significantly less than \$211,669 recognized for the year ended December 31, 2020 reflecting the continued repayment of the \$5,000,000 term loan with the Royal Bank of Canada ("RBC"), of which \$505,688 remained outstanding as of December 31, 2021.

In 2021, the Company recorded a recovery of \$505,552 as a deferred premium on flow-through shares, representing the proportion of the remaining qualifying exploration expenditures that were spent from the July 2020 and May 2021 flow-through financings during the year ended December 31, 2021.

Net comprehensive loss for the year ended December 31, 2021, was \$7,136,219, or \$0.04 per share,

compared to net comprehensive income of \$8,228,243, or \$0.06 per share, in the comparative period of 2020. The decline compared to the comparative period of 2020 was the result of lower production and higher operating costs, which was offset by a lower net income tax expense of \$701,345 (year ended December 31, 2020 - \$6,141,528).

* Refer to Non-IFRS Measures Section below.

Financial Position and Cash Flow Analysis

As of December 31, 2021, the Company had working capital of \$1,397,113, which included cash and cash equivalents of \$10,121,724. The current portion of loans includes \$505,688 outstanding from the RBC term loan, which will be paid out in full in April 2022.

Anaconda generated \$4,488,761 in operating cash flows during the year ended December 31, 2021, after accounting for corporate administration costs of \$3,665,659. The Point Rouse Project generated EBITDA* of \$1,263,699, based on gold sales of 12,218 ounces at an average realized gold price* of C\$2,261 per ounce sold and operating cash costs* of C\$2,152 per ounce sold. Operating cash flows were also reduced by changes in working capital, namely the reduction in accounts payable and the increase in stockpiled inventory.

The Company continued to invest in its key growth projects in Atlantic Canada in 2021, spending \$13,020,554 on exploration and evaluation assets (adjusted for amounts included in trade payables and accruals of December 31, 2021), primarily on the continued advancement of the Goldboro Gold Project (\$8,783,450). The Company also invested \$7,108,391 into the property, mill and equipment at the Point Rouse operation, with capital investment focused on development activity at Argyle during 2021.

Financing activities during 2021 included the net proceeds of \$7,790,718 from a flow-through private placement completed in May 2021, the ongoing repayment of the RBC term loan, and the repayment of other loans and lease obligations. The Company also received \$4,346,737 from the exercise of warrants and \$948,525 from the exercise of stock options during 2021.

* Refer to Non-IFRS Measures Section below.

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.

The operating cash costs per ounce and all-in sustaining costs per ounce are reconciled to the consolidated statement of comprehensive loss as follows:

Three months ended December 31, 2021	Three months ended December 31, 2020	Year ended December 31, 2021	Year ended December 31, 2020
Operating expenses per the consolidated statement of comprehensive loss, including royalties	6,125,509	26,461,681	21,002,338
By-product silver sales credit	(5,801)	(23,773)	(48,988)
By-product aggregates sales credit	(168,307)	(147,181)	(38,159)
Operating cash costs (\$)	6,051,401	26,290,727	20,915,191
Sustaining expenditures - property, mill and equipment	679,928	7,108,391	2,960,787
Sustaining expenditures - exploration and evaluation	884,956	2,869,035	1,462,896
Corporate administration costs	939,503	3,665,659	3,581,921
Share-based compensation	161,028	777,906	380,733

Rehabilitation			
-			
accretion and amortization (operating)	3,850	19,651	7,921
All-in sustaining cash costs ("AISC") (\$)	8,151,494	40,731,369	29,309,449
Gold ounces sold	3,970	12,218	17,918
Operating cash costs per ounce sold (\$ / ounce)	1,321	2,152	1,167
AISC per ounce sold (\$ / ounce)	2,053	3,334	1,636
Average US Dollar exchange rate during period	0.7676	0.7980	0.7461
Operating cash costs per ounce sold (US\$ / ounce)	1,014	1,717	871
AISC per ounce sold (US\$ / ounce)	1,576	2,660	1,220

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.

Average realized gold price per ounce sold is reconciled to the consolidated statement of comprehensive loss as follows:

Three months ended December 31, 2021	Three months ended December 31, 2020	Year ended December 31, 2021	Year ended December 31, 2020
Gold revenue 7,500,085 (\$)	9,935,158	27,627,604	41,495,843
Gold ounces sold 3,368	3,970	12,218	17,918
Average realized gold price per ounce sold (\$) 2,247	2,503	2,261	2,316
Average US Dollar exchange rate during period 1.2996	0.7676	0.7980	0.7461
Average realized gold price per ounce sold (US\$) 1,783	1,921	1,804	1,728

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).

The EBITDA and Point Rouse Project EBITDA amounts are reconciled to the consolidated statement of comprehensive loss as follows:

Three months ended December 31, 2021	Three months ended December 31, 2020	Year ended December 31, 2021	Year ended December 31, 2020
Net (loss) income, per the consolidated statements of comprehensive (loss) income (1,058,219)) 792,203	(7,136,219) 8,228,243
Adjustments:			
Finance expense 31,954	39,955	147,801	211,669

Current income tax expense	312,000	30,345	1,872,528
Deferred income tax expense	1,480,000	671,000	4,269,000
Depletion and depreciation	1,096,843	4,072,408	3,758,697
EBITDA	3,721,001	(2214,665)	18,340,137
Corporate administration	939,503	3,665,659	3,581,921
Gain on loss of significant influence on equity accounted investment	-	(1,020,432)	-
Share of loss from equity accounted investments	93,858	435,149	247,203
Gain on partial or full-sale of a subsidiary	-	-	(1,355,247)
Stock-based compensation	79,733	777,906	380,733
Deferred premium on flow-through shares	(124,138)	(505,552)	(594,570)
Other expenses (income)	(8,659)	125,634	(116,252)
Write-down of exploration assets	-	-	15,310
Point Rousse Project EBITDA	4,680,012	1,263,699	20,499,235

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

(ID)	December 31, 2021	December 31, 2020
Cash and cash equivalents	10,121,724	14,634,595
Investments	5,641,435	6,830,360
Other current assets	2,060,035	1,499,921
	17,843,194	22,964,876
Trade and other payables	9,528,294	4,796,494
Current portion of loans	1,363,383	1,889,080
Unearned revenue	5,000,000	-
Other current liabilities	554,104	477,831
Current taxes payable		1,863,000
	16,446,081	9,026,405
Working capital	1,397,113	13,938,471

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 subject to a positive Feasibility Study with Mineral Reserves of 1.15 million ounces of gold (15.80 million tonnes at 2.26 g/t gold), Measured and Indicated Mineral Resources inclusive of Mineral Reserves of 2.58 million ounces (21.6 million tonnes at 3.72 g/t gold) and additional Inferred Mineral Resources of 0.48 million ounces (3.18 million tonnes at 4.73 g/t gold) (Please refer to the report entitled "NI 43-101 Technical Report and Feasibility Study for the Goldboro Gold Project, Eastern Goldfields District, Nova Scotia", dated January 11, 2022). 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, 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, 2021, 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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