

# Anaconda Mining Announces Q1 2022 Financial Results

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TORONTO, May 2, 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 ended March 31, 2022 ("Q1 2022"). The consolidated financial statements and management discussion & analysis documents can be found at [www.sedar.com](http://www.sedar.com) and the Company's website, [www.anacondamining.com](http://www.anacondamining.com). All dollar amounts are in Canadian dollars unless otherwise noted.

Beginning in March 2022, mine production was impeded due to a water treatment issue whereby the quantity of water combined with the presence of elevated ammonia levels prevented further mine production. Corrective action was immediately taken with UV water treatment plants mobilized and the water quality is now compliant. The Company has begun discharging water from the pit sump and the settlement pond, with production drilling and ore haulage expected by the end of the week.

## Highlights for the Period Ended March 31, 2022

- Anaconda sold 3,491 ounces of gold in Q1 2022, generating metal revenue of \$8.0 million at an average realized gold price<sup>1</sup> of \$2,296 (US\$1,813) per ounce sold.
- Point Rousse produced 2,813 ounces of gold in Q1 2022, an 11% increase compared to Q1 2021, however lower than planned due to a water management issue in the Argyle Pit which required mill throughput to be maintained with low-grade Pine Cove stockpiles.
- Point Rousse EBITDA<sup>1</sup> was a loss of \$833,951 in Q1 2022, reflecting the impact of the water management issue on the operation's ability to maintain mine production at Argyle.
- Operating cash costs per ounce sold<sup>1</sup> at the Point Rousse Project in Q1 2022 were \$2,532 (US\$1,999), reflecting the lower grade profile of mill throughput. The operating cash costs per ounce sold<sup>1</sup> for the remainder of the year (Q2 through Q4) are expected to be between \$1,000 and \$1,100 (US\$800 - US\$880). Operating cash costs per ounce sold<sup>1</sup> for the full year are now expected to be between \$1,225 and \$1,325 per ounce of gold sold (US\$980 - US\$1,060) (based on an exchange rate of 0.80).
- All-in sustaining cash costs per ounce sold<sup>1</sup>, including corporate administration and sustaining capital expenditures, was \$3,678 (US\$2,905) for Q1 2022.
- Net loss for the three months ended March 31, 2022 was \$3,549,624, or \$0.02 per share, compared to \$2,496,850, or \$0.02 per share, for the three months ended March 31, 2021, driven predominantly by higher depreciation than the comparative period.
- The Company invested \$3.0 million in its exploration and development projects in the first quarter of 2022, including \$1.9 million on the Goldboro Gold Project in Nova Scotia relating to the completion of the Feasibility Study and the progression of the environmental assessment process.
- As of March 31, 2022, the Company had a cash balance of \$3.6 million and an undrawn revolving credit facility of \$3.0 million. The Company also had a working capital deficit<sup>1</sup> at the end of the quarter of \$6.5 million, which includes \$3.3 million in deferred revenue associated with a gold prepayment facility with Auramet International LLC which will be delivered into over the next six months. The deficit also reflects the short-term impact of the cessation of mining due to the water management issue.
- Subsequent to period end, the Company and Auramet International LLC mutually agreed to defer the April 2022 monthly delivery of 253 ounces associated with the gold prepayment facility to May 16, 2022.

<sup>1</sup> 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.

"The first quarter of 2022 was a challenging one at Point Rousse, as elevated ammonia levels in the Argyle pit in early March prevented continuing mining operations. This required mill throughput to be maintained with low-grade Pine Cove stockpiles, which resulted in lower revenue and lower earnings than planned. The Company is happy to advise that it is discharging water from the pit sump and the settlement pond, with production drilling and ore haulage expected by the end of the week. This deferral of expected revenue has resulted in a working capital deficiency, and we are working on options to provide near-term liquidity while

Point Rousse gets back to normal operations. We are now projecting to be at the lower end of our guidance range of 21,500 to 23,000 ounces of gold and operating cash costs per ounce sold<sup>1</sup> for the full year are now expected to be between \$1,225 and \$1,325 per ounce of gold sold (US\$980 - US\$1,060)."

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

### Consolidated Results Summary

Financial Results	Three months ended March 31, 2022	Three months ended March 31, 2021
Revenue (\$)	8,020,303	7,359,908
Cost of operations, including depletion and depreciation (\$)	1,073,595	8,661,537
Mine operating loss (\$)	(2,053,292)	(1,301,629)
Net loss (\$)	(3,549,624)	(2,496,850)
Net loss (\$/share) - basic and diluted	(0.02)	(0.02)
Cash generated from operating activities (\$)	1,114,375	536,039
Capital investment in property, mill and equipment (\$)	1,897,487	786,169
Capital investment in exploration and evaluation assets (\$)	3,000,256	2,826,542

Average realized gold price per ounce*	US\$1,813	US\$1,862
Operating cash costs per ounce sold*	US\$1,999	US\$2,052
All-in sustaining cash costs per ounce sold*	US\$2,905	US\$2,724
March 31, 2022		December 31, 2021
Working capital (deficit) (\$)	(6,526,714)	) 1,397,113
Total assets (\$)	92,298,013	95,551,004
Non-current liabilities (\$)	8,105,304	8,235,993

\*Refer to Non-IFRS Measures section below.

Operational Results	Three months ended March 31, 2022	Three months ended March 31, 2021
Ore mined (t)	68,877	59,157
Waste mined (t)	76,515	551,706
Strip ratio	1.4	9.3
Ore milled (t)	104,495	92,533
Grade (g/t 0.97 Au)		1.01
Recovery (%)	86.1	84.9
Gold produced	2,813	2,540
Gold sold	2,491	3,119

Review of the Three Months Ended March 31, 2022

Operational Overview

Gold production of 2,813 ounces was an 11% increase compared to Q1 2021, however lower than planned due to a water management issue in the Argyle Pit which required mill throughput to be maintained with low-grade Pine Cove stockpiles. The mine operations moved 68,877 tonnes of ore but were impeded due to a water treatment issue in early March whereby the quantity of water combined with the presence of elevated ammonia levels prevented water discharge and hence, ongoing mine production. Corrective action was immediately taken with UV water treatment plants mobilized, which demonstrated an instant improvement in water quality based on independent lab testing. While waste mine development continued to be a focus to enable access to the core of the mineral resource, the delayed ore production resulted in a higher than plan strip ratio of 11.4 waste tonnes to ore tonnes. The water quality is now compliant and Point Rousse is restarting mining activity at Argyle by the end of the week.

The Pine Cove Mill processed 104,495 tonnes during Q1 2022, an increase of 13% compared to the first quarter of 2021 when the Company experienced unplanned maintenance relating to the ball mill and the jaw crusher. The mill however fell short of plan in the most recent quarter due to fluctuating temperatures during the period which impacted material handling due to frozen stockpiles, and wet ore also created issues with screening, slowing crushing rates. The average grade milled in Q1 2022 was 0.97 g/t as 27% of mill throughput was from lower grade stockpiles. The mill was able to achieve an average recovery rate of 86.1%, an increase over the comparative period, despite the lower grade profile compared to Q1 2021.

## Financial Results

Anaconda sold 3,491 ounces of gold during the first quarter of 2022 to generate metal revenue of \$8.0 million at an average realized gold price\* of C\$2,296 (US\$1,813) per ounce, representing a 9% increase in metal revenue compared to Q1 2021 due to higher gold production.

Operating expenses for the three months ended March 31, 2022 were \$8,697,915 compared to \$7,920,122 in the three months ended March 31, 2021. Operating expenses for the most recent quarter included a \$1,547,000 write-down to net realizable value of gold-in-circuit and gold dore, reflecting the high operating cash costs per ounce sold\* due to the low-grade ore processed during the quarter. Operating expenses for Q1 2022 included mining costs of \$3,514,136 which were 14% higher than the comparative period, primarily due to the 16% increase in ore production. Processing costs of \$3,168,063 in Q1 2022 were relatively consistent with the comparative period. Operating cash costs per ounce sold\* in the first three months of fiscal 2022 were C\$2,532 (US\$1,999), which were impacted by the lower grade profile as well as lower than planned throughput. Operating cash costs per ounce sold\* for the full year are now expected to be between \$1,225 and \$1,325 per ounce of gold sold (US\$980 - US\$1,060 at an approximate exchange rate of 0.80), up from \$1,150 and \$1,250 per ounce of gold sold, reflecting the impact of operating cash costs per ounce sold\* in Q1 2022. The operating cash costs per ounce sold\* for the remainder of the year (Q2 through Q4) are expected to be between \$1,000 and \$1,100 (US\$800 - US\$880 at an approximate exchange rate of 0.80).

The royalty expense for Q1 2022 was \$144,971 compared to \$187,494 in Q1 2021, reflecting the 3% net smelter return royalty that applies to Argyle. Depletion and depreciation for the three months ended March 31, 2022 was \$1,230,709, a significant increase from \$553,921 in Q1 2021 reflecting comparatively higher production in Q1 2022, as well as the impact of the capitalized development of Argyle throughout 2021.

Mine operating loss for the three months ended March 31, 2022 was \$2,053,292, compared to \$1,301,629 in the corresponding period of 2021, with the higher depletion and depreciation driving the increase.

Corporate administration costs were \$1,258,909 in the first quarter of 2022 compared to \$951,088 in Q1 2021, reflecting salary adjustments from a third-party review undertaken in 2021 and increased legal costs relating to, among other matters, the name change and the finalization of the Goldboro Gold Project feasibility study.

Finance expense for the quarter was \$114,320 for Q1 2022, compared to \$44,098 for the three months ended March 31, 2021. Finance costs were more than the comparative 2021 period as a result of the finance charges related to the gold prepayment agreement.

In Q1 2022, the Company recorded a recovery of \$179,718 as a deferred premium on flow-through shares,

representing the proportion of the remaining qualifying exploration expenditures that were spent from the May 2021 flow-through financing in the three months ended March 31, 2022.

Net comprehensive loss for the three months ended March 31, 2022, was \$3,549,624, or \$0.02 per share, compared to \$2,496,850, or \$0.02 per share, for the three months ended March 31, 2021. The decline compared to the comparative period of 2021 was the result of higher depletion and depreciation and the impact of operating issues in the first quarter of 2022.

\* Refer to Non-IFRS Measures Section below.

#### Financial Position and Cash Flow Analysis

As of March 31, 2022, the Company had a working capital deficit\* of \$6,526,714, which included cash and cash equivalents of \$3,580,730. The working capital deficit\* includes \$3,330,400 in unearned revenue associated with a gold prepayment facility which will be delivered into over the next six months and is also the result of an increase in trade and other payables due to the higher operating costs and exploration activity in Q1 2022 in addition to the short-term impact of the cessation of mining due to the water management issue. Subsequent to period end, the Company and Auramet International LLC mutually agreed to defer the April 2022 monthly delivery of 253 ounces associated with the gold prepayment facility to May 16, 2022.

The current portion of loans includes \$127,504 outstanding from a \$5,000,000 term loan with RBC (the "Facility"). The Company made the final payment under the Facility subsequent to quarter-end.

Anaconda used \$1,114,375 in operating cash flows during the three months ended March 31, 2022, after accounting for corporate administration costs of \$1,258,909. The Point Rousse Project generated negative EBITDA\* of \$833,951, based on gold sales of 3,491 ounces at an average gold price of C\$2,296 per ounce sold\* and operating cash costs of C\$2,532 per ounce sold\*. Operating cash flows were also impacted by changes in working capital, namely the increase in accounts payable and a decrease in gold-in-circuit and stockpiled inventory.

The Company continued to invest in its key growth projects in Nova Scotia and Newfoundland in Q1 2022, spending \$3,000,256 on exploration and evaluation assets (adjusted for amounts included in trade payables and accruals as of March 31, 2022), with \$1,936,698 relating to the continued advancement of the Goldboro Gold Project. The Company also invested \$1,897,487 into the property, mill and equipment at the Point Rousse operation, with capital investment focused on development activity at Argyle during Q1 2022.

Financing activities during Q1 2022 included \$114,588 from the exercise of stock options, and the ongoing repayment of the RBC term loan and other loans and lease obligations.

\* 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 condensed interim consolidated statement of comprehensive loss as follows:

Three months ended March 31, 2022	Three months ended March 31, 2021
Operating expenses per the consolidated statement of comprehensive loss, including royalties	
8,042,086	8,107,616
By-product silver sales credit	
(4,929)	(6,620)
Operating cash costs (\$)	
8,037,157	8,100,996
Sustaining expenditures - property, mill and equipment	
1,097,487	786,169
Sustaining expenditures - exploration and evaluation	
682,742	762,408

Corporate administration costs	258,000	951,088
Share-based compensation	142,092	153,649
Rehabilitation -		
accretion and amortization (operating)	19,758	2,350
All-in sustaining cash costs ("AISC") (\$)	12,838,945	10,756,660
Gold ounces sold	3,119	3,119
Operating cash costs per ounce sold (\$ / ounce)	2,592	2,597
AISC per ounce sold (\$ / ounce)	3,478	3,449
Average US Dollar exchange rate during period	0.7899	0.7899
Operating cash costs per ounce sold (US\$ / ounce)	1,999	2,052
AISC per ounce sold (US\$ / ounce)	2,905	2,724

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 condensed interim consolidated statements of comprehensive loss as follows:

Three months ended	Three months ended March 31, 2021
March 31, 2022	
Gold revenue (\$)	7,353,288
Gold ounces sold	3,119
Average realized gold price per ounce sold (\$)	2,358
Average US Dollar exchange rate during period	0.7899
Average realized gold price per ounce sold (US\$)	1,862

Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA") - EBITDA is earnings before transaction costs, finance expense, current and deferred income tax expense and depletion and depreciation.

Point Rousse Project EBITDA is EBITDA before corporate administration, share-based compensation, deferred premium on flow-through shares, and all other expenses and other income.

The EBITDA and Point Rousse Project EBITDA amounts are reconciled to the condensed interim consolidated statements of comprehensive loss as follows:

Three months ended	Three months ended March 31, 2021
March 31, 2022	

Net loss, per the consolidated statement of comprehensive loss	(3,519,824 )	(2,496,850 )	
Adjustments:			
Finance expense	14,320	44,098	
Current income tax expense		30,345	
Deferred income tax expense (recovery)	311,000	(49,000 )	
Depletion and depreciation	226,511	553,921	
EBITDA (\$)	(1,893,595 )	(1,917,486 )	
Corporate administration	1,258,909	951,088	
Gain on rev. of investments	(316,978 )	-	
Share of loss from equity accounted investments	66,643	196,518	
Stock-based compensation	145,867	153,649	
Deferred premium on flow-through shares	(179,718 )	(142,062 )	
Other expenses (income)	126,691	(8,571 )	
Point Rousse Project	(66,951 )	(766,864 )	
EBITDA (\$)			

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

March 31, 2022    December 31, 2021

Cash and cash equivalents	3,580,730	10,121,724
Investments	4,481,652	5,641,435
Other current assets	1,719,877	2,080,035
Current assets (\$)	9,782,259	17,843,194
Trade and other payables	1,818,413	9,528,294
Current portion of loans	785,810	1,363,383
Unearned revenue	5,500,400	5,000,000
Other current liabilities	827,350	554,404
Current liabilities (\$)	10,931,973	16,446,081
Working capital (deficit) (\$)	16,526,714	) 1,397,113

## 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 Probable 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 see the 'NI43-101 Technical Report and Feasibility Study for the Goldboro Gold Project, Eastern Goldfields District, Nova Scotia' on January 11, 2022 for further details). 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.

Kevin Bullock, P. Eng., President and Chief Executive Officer of [Anaconda Mining Inc.](#) is a "qualified person" as such term is defined under National Instrument 43-101 - Standards of Disclosure for Mineral Projects and has reviewed and approved the scientific and technical information and data included in this press release.

## 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](http://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](mailto:kbullock@anacondamining.com)

Reseau ProMarket Inc.

Dany Cenac Robert  
Investor Relations  
(514) 722-2276 x456  
[Dany.Cenac-Robert@ReseauProMarket.com](mailto:Dany.Cenac-Robert@ReseauProMarket.com)

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