

# Orvana Reports Consolidated Financial Results For The Second Quarter Of Fiscal 2022 And Provides Revised Guidance

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## Q2 FY2022 Orovalle Highlights:

- Production impacted by the nationwide transportation strike in March, the COVID-19 sixth wave in Spain and delays in spare parts supply in Europe. Mining and milling activities returned to full operational levels in April
- Costs impacted by exorbitant electricity prices when the conflict in Ukraine started. Actions are being taken by the Spanish Government to limit prices
- 10,595 gold equivalent ounces produced (8,341 Au oz, 0.8 million Cu lb and 25,703 Ag oz)
- COC at \$1,983 and AISC at \$2,306

## Q2 FY2022 Consolidated Highlights:

- Revenue (\$M): 21.9
- EBITDA (\$M): (2.7)
- CAPEX (\$M): 4.7
- Unrestricted Cash EoP (\$M): 13.6

TORONTO, May 10, 2022 - [Orvana Minerals Corp.](#) (TSX: ORV) (the "Company" or "Orvana") reports consolidated financial and operational results for the quarter ended March 31, 2022 and announces revised guidance for fiscal year 2022 for the Orovalle operation to take into consideration the impacts caused by COVID-19 related absenteeism, delays in spare parts supply in Europe, the nationwide transportation strike in Spain, and rising annual inflation rates in Spain reaching near 40-year highs causing higher prices for energy, materials, supplies and services.

This news release should be read in conjunction with the Company's Management's Discussion and Analysis, unaudited Financial Statements and Notes to unaudited Financial Statements for the corresponding period, which have been posted on the [Orvana Minerals Corp.](#) SEDAR profile at [www.sedar.com](#), and which are also available on the Company's website at [www.orvana.com](#). All figures are in U.S. dollars unless otherwise noted.

"Orvana has a well defined and clear strategy based on developing its three assets for the long term. In that sense we had an exceptional quarter, with very encouraging drilling results in Spain and Argentina, coupled with the successful completion of metallurgical testing and economic modeling in Bolivia. On the annual production side, we did have a challenging quarter in Spain as exceptional national, and continental, events, unfolded simultaneously, causing intermittent disruptions of operations and rising production costs", said Orvana CEO Juan Gavidia. "Our Spanish operation's amended guidance reflects the impact of the previous months, but does not affect our outlook of Orovalle's performance in the medium to longer term. Spain continues to be the cornerstone of Orvana's "organic growth strategy", meaning free operating cash for the rest of the year is committed to create value through expanded mineral resource modeling for Spain and Argentina, and detail project engineering for Bolivia. The Company, expects to be in a favourable position by the end of this fiscal year to continue the development of its defined strategy of continued production and development of organic growth," added Juan Gavidia.

## Consolidated Financial Results and Operating Highlights:

- Revenue of \$21.9 million for the three months ended March 31, 2022 ("Q2 FY2022") and \$48.5 million for the six months ended March 31, 2022 ("H1 FY2022").
- EBITDA of negative \$2.7 million for Q2 FY2022 and positive \$2.4 million for H1 FY2022.
- Capital expenditures (on a cash basis) of \$4.7 million for Q2 FY2022, and \$9 million for H1 FY2022.
- \$13.6 million of cash and cash equivalents as at March 31, 2022.



	Q2 2022	Q1 2022	Q2 2021	YTD 2022	YTD 2021
Operating Performance					
Gold					
Grade (g/t)	1.94	2.27	2.31	2.12	2.47
Recovery (%)	91.5	91.2	90.9	91.3	92.4
Production (oz)	8,341	11,731	10,785	20,072	24,912
Sales (oz)	9,199	11,440	8,523	20,639	20,609
Average realized price / oz	\$1,868	\$1,796	\$1,822	\$1,828	\$1,849
Copper					
Grade (%)	0.31	0.45	0.47	0.38	0.55
Recovery (%)	80.7	83.7	82.3	82.6	81.9
Production ('000 lbs)	797	1,451	1,355	2,248	3,399
Sales ('000 lbs)	888	1,541	1,475	2,430	3,120
Average realized price / lb	\$4.49	\$4.39	\$3.74	\$4.43	\$3.51
Financial Performance (in 000's, except per share amounts)					
Revenue	\$21,872	\$26,633	\$19,678	\$48,505	\$47,493
Mining costs	\$23,176	\$19,738	\$14,880	\$42,914	\$32,537
Gross margin	(\$5,052)	\$2,899	\$1,746	(\$2,153)	\$8,009
Net income (loss)	(\$5,840)	\$405	(\$818)	(\$5,435)	\$1,101
Net income (loss) per share (basic/diluted)	(\$0.04)	\$0.00	(\$0.01)	(\$0.04)	\$0.01
EBITDA <sup>(1)</sup>	(\$2,740)	\$5,148	\$2,683	\$2,408	\$9,965
Operating cash flows before non-cash working capital changes	(\$1,546)	\$5,101	\$3,446	\$3,555	\$10,940
Operating cash flows	\$153	(\$1,016)	(\$594)	(\$863)	\$4,493
Free cash flow <sup>(1)</sup>	(\$6,257)	\$845	(\$449)	(\$5,412)	\$4,638
Ending cash and cash equivalents	\$13,583	\$18,857	\$13,390	\$13,583	\$13,390
Capital expenditures <sup>(2)</sup>	\$4,711	\$4,256	\$3,895	\$8,967	\$6,302
Cash operating costs (by-product) (\$/oz) gold <sup>(1)(3)</sup>	\$2,099	\$1,219	\$1,193	\$1,611	\$1,110
All-in sustaining costs (by-product) (\$/oz) gold <sup>(1)(2)(3)</sup>	\$2,559	\$1,574	\$1,769	\$2,013	\$1,592
All-in costs (by-product) (\$/oz) gold <sup>(1)(2)(3)</sup>	\$2,883	\$1,702	\$1,958	\$2,228	\$1,700

- (1) This is a non-IFRS performance measure, see "Other Information - Non-IFRS Measures" section of the MD&A.
- (2) Cash expenditures are presented on a cash basis. See the "Cash Flows, Commitments and Liquidity - Capital Expenditures" section of the MD&A. The calculation of all-in sustaining costs and all-in costs includes capex incurred (paid and unpaid) during the period.
- (3) Unitary costs do not include one-time costs nor one-time severance charges.

Revised Guidance:

Orovalle's production, revenue and costs suffered material impacts in the first half of fiscal 2022 due to:

- COVID-19 related workforce absenteeism that resulted in lower productivity and production.
- Lower fleet mechanical availability due to delays in spare parts supply around Europe, impacting both mine and plant efficiencies.
- Operations shutdown in March 2022, due to an unusually severe nationwide transportation strike in Spain, that disrupted supply chains across all sectors, and regions, especially the highly industrialized north, where El Valle sits.
- Regular level of indirect fixed costs, that given lower production, originated materially higher unit costs.
- Higher prices for energy, materials, supplies and services. Spain's annual inflation was 6.7% in December 2021, reaching a near 40-year high of 9.8 percent in March 2022. Fuel and electricity pricing were at the core of this phenomenon.

The above-mentioned operational issues are temporary and the Company expects that they will not affect Orovalle's performance in the medium to longer term. Actions are being taken to return to full operational levels, while continuing to manage outstanding risks related to COVID-19.

The conflict in Ukraine is causing significant economic and social effects, which are affecting all European countries. The Spanish Government approved in March an economic package to mitigate the impacts of the armed conflict. The European Union announced late April that it will allow Spain and Portugal to apply a limit to the gas price used in power generation for a 12 month period, with the gas price cap set at Eur50/MWh. Spain's Central Bank forecasted early April consumer prices to surge 7.5% in 2022, but just 2% in 2023. The Company expects that this inflationary scenario is temporary and will not affect Orovalle's results in the medium to longer term in a material way. The Company's strategy for the second half of fiscal 2022 is to manage its existing capital resources and liquidity in a prudent fashion while continuing to manage price hikes impacting our cost structure.

The Company has assessed the impact of the above-mentioned circumstances, therefore adjusting its production and cost guidance for FY2022 accordingly:

Orovalle	H1 FY2022 Revised FY2022		Original FY2022
	Actual	Guidance <sup>(2)</sup>	Guidance <sup>(1)</sup>
Metal Production			
Gold (oz)	20,072	44,000 - 46,000	48,000 - 53,000
Copper (million lbs)	2.2	4.8 - 5.2	5.8 - 6.5
Capital Expenditures	\$5,180	\$15,000 - \$17,500	\$22,000 - \$25,000
Cash operating costs (by-product) (\$/oz) gold <sup>(1)</sup>	\$1,515	\$1,300 - \$1,400	\$1,050 - \$1,150
All-in sustaining costs (by-product) (\$/oz) gold <sup>(1)</sup>	\$1,829	\$1,700 - \$1,850	\$1,550 - \$1,700

- (1) Fiscal 2022 original guidance assumptions for COC and AISC include by-product commodity prices of \$4.00 per pound of copper and an average Euro to US Dollar exchange of 1.17.
- (2) Fiscal 2022 revised guidance assumptions for COC and AISC include by-product commodity prices of \$4.50 per pound of copper and an average Euro to US Dollar exchange of 1.10, during the second half of fiscal year 2022.

ABOUT ORVANA - Orvana is a gold-copper-silver company. Orvana's assets consist of the producing Orovalle Operation in northern Spain, the Don Mario property in Bolivia, currently in care and maintenance, and the Taguas property located in Argentina. Additional information is available at Orvana's website ([www.orvana.com](http://www.orvana.com)).

#### Cautionary Statements - Forward-Looking Information

Certain statements in this presentation constitute forward-looking statements or forward-looking information within the meaning of applicable securities laws ("forward-looking statements"). Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, potentials, future events or performance (often, but not always, using words or phrases such as "believes", "expects", "plans", "estimates" or "intends" or stating that certain actions, events or results "may", "could", "would", "might", "will" or "are projected to" be taken or achieved) are not statements of historical fact, but are forward-looking statements.

The forward-looking statements herein relate to, among other things, Orvana's ability to achieve improvement in free cash flow; the ability to maintain expected mining rates and expected throughput rates at El Valle Plant; the potential to extend the mine life of El Valle and Don Mario beyond their current life-of-mine estimates including specifically, but not limited to, in the case of Don Mario, the processing of the mineral stockpiles and the reprocessing of the tailings material; Orvana's ability to optimize its assets to deliver shareholder value; the Company's ability to optimize productivity at Don Mario and El Valle; estimates of future production, operating costs and capital expenditures; mineral resource and reserve estimates; statements and information regarding future feasibility studies and their results; future transactions; future metal prices; the ability to achieve additional growth and geographic diversification; and future financial performance, including the ability to increase cash flow and profits; future financing requirements; mine development plans.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies, which includes, without limitation, as particularly set out in the notes accompanying the Company's most recently filed financial statements. The estimates and assumptions of the Company contained or incorporated by reference in this information, which may prove to be incorrect, include, but are not limited to the various assumptions set forth herein and in Orvana's most recently filed Management's Discussion & Analysis and Annual Information Form in respect of the Company's most recently completed fiscal year (the "Company Disclosures") or as otherwise expressly incorporated herein by reference as well as: there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment or otherwise; permitting, development, operations, expansion and acquisitions at El Valle and Don Mario being consistent with the Company's current expectations; political developments in any jurisdiction in which the Company operates being consistent with its current expectations; certain price assumptions for gold, copper and silver; prices for key supplies being approximately consistent with current levels; production and cost of sales forecasts meeting expectations; the accuracy of the Company's current mineral reserve and mineral resource estimates; labour and materials costs increasing on a basis consistent with Orvana's current expectations; and the availability of necessary funds to execute the Company's plan. Without limiting the generality of the foregoing, this presentation also contains certain "forward-looking statements" within the meaning of applicable securities legislation, including, without limitation, statements with respect to the results of the preliminary economic assessment, including but not limited to the mineral resource estimation, conceptual mine plan and operations, internal rate of return, sensitivities, taxes, net present value, potential recoveries, design parameters, operating costs, capital costs, production data and economic potential; the timing and costs for production decisions; permitting timelines and requirements; exploration and planned exploration programs; the potential for discovery of additional mineral resources; timing for completion of a feasibility study; timing for first gold production at Taguas; processing the stockpile at El Valle in connection with the metal production catch-up program; identifying additional resources beyond the replenishment of annual depletion rates at El Valle for the extension of mine life; issuing an expanded resource PEA for Taguas in a timely manner; completion of the infill drilling program at Taguas; making a decision on the oxides stockpile at Don Mario in a timely manner; and the Company's general objectives and

strategies.

A variety of inherent risks, uncertainties and factors, many of which are beyond the Company's control, affect the operations, performance and results of the Company and its business, and could cause actual events or results to differ materially from estimated or anticipated events or results expressed or implied by forward looking statements. Some of these risks, uncertainties and factors include: the potential impact of the COVID-19 on the Company's business and operations, including: our ability to continue operations; our ability to manage challenges presented by COVID-19; the accounting treatment of COVID-19 related matters; Orvana's ability to prevent and/or mitigate the impact of COVID-19 and other infectious diseases at or near our mines; the general economic, political and social impacts of the continuing conflict between Russia and Ukraine, our ability to support the sustainability of our business including through the development of crisis management plans, increasing stock levels for key supplies, monitoring of guidance from the medical community, and engagement with local communities and authorities; fluctuations in the price of gold, silver and copper; the need to recalculate estimates of resources based on actual production experience; the failure to achieve production estimates; variations in the grade of ore mined; variations in the cost of operations; the availability of qualified personnel; the Company's ability to obtain and maintain all necessary regulatory approvals and licenses; the Company's ability to use cyanide in its mining operations; risks generally associated with mineral exploration and development, including the Company's ability to continue to operate the El Valle and/or ability to resume long-term operations at the Carlés Mine; the Company's ability to successfully implement a sulphidization circuit and ancillary facilities to process the current oxides stockpiles at Don Mario; the Company's ability to successfully carry out development plans at Taguas; sufficient funding to carry out development plans at Taguas and to process the oxides stockpiles at Don Mario; the Company's ability to acquire and develop mineral properties and to successfully integrate such acquisitions; the Company's ability to execute on its strategy; the Company's ability to obtain financing when required on terms that are acceptable to the Company; challenges to the Company's interests in its property and mineral rights; current, pending and proposed legislative or regulatory developments or changes in political, social or economic conditions in the countries in which the Company operates; general economic conditions worldwide; the challenges presented by COVID-19; fluctuating operational costs such as, but not limited to, power supply costs; current and future environmental matters; and the risks identified in the Company's disclosures. This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements and reference should also be made to the Company's Disclosures for a description of additional risk factors.

Any forward-looking statements made herein with respect to the anticipated development and exploration of the Company's mineral projects are intended to provide an overview of management's expectations with respect to certain future activities of the Company and may not be appropriate for other purposes. Forward-looking statements are based on management's current plans, estimates, projections, beliefs and opinions and, except as required by law, the Company does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change. Readers are cautioned not to put undue reliance on forward-looking statements. The forward-looking statements made in this information are intended to provide an overview of management's expectations with respect to certain future operating activities of the Company and may not be appropriate for other purposes.

SOURCE [Orvana Minerals Corp.](#)

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