

Signal Gold Announces Q2 2022 Financial Results

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TORONTO, August 4, 2022 - [Signal Gold Inc.](#) ("Signal Gold" or the "Company") (TSX:SGNL)(OTCQX:SGNLF) is pleased to report its financial and operating results for the three and six months ended June 30, 2022 ("Q2 2022"). The consolidated Financial Statements and Management Discussion and Analysis documents can be found at [www.sedar.com](#) and the Company's website, [www.signalgold.com](#). All dollar amounts are in Canadian dollars unless otherwise noted.

Highlights for the Period Ended June 30, 2022

- Signal Gold sold 4,098 ounces of gold in Q2 2022, generating metal revenue of \$9.7 million at an average realized gold price* of \$2,357 (US\$1,846) per ounce sold.
- Point Rousse produced 5,433 ounces of gold in Q2 2022, a 70% increase compared to Q2 2021 and a 93% increase over Q1 2022, due to the strong grade profile at Argyle since restarting mining operations in early May.
- Mine operations moved 74,381 tonnes of ore during the second quarter from Argyle, including 40,074 tonnes in June as the site ramped back up from the impact of water management issues in Q1 2022.
- The Pine Cove Mill processed 99,559 tonnes during Q2 2022, of which 38,263 tonnes were from low-grade Pine Cove stockpiles, and achieved an average recovery rate of 88.8%.
- Operating cash costs per ounce sold* at the Point Rousse operation in Q2 2022 were \$1,318 (US\$1,032), reflecting a 48% improvement from Q1 2022 due to the stronger grade profile from Argyle during the quarter. 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\$992 - US\$1,073) (based on an exchange rate of 0.78).
- All-in sustaining cash costs per ounce sold*, including corporate administration and sustaining capital expenditures, were \$1,912 (US\$1,498) for Q2 2022.
- Net loss for the three months ended June 30, 2022 was \$330,902, or \$0.00 per share, compared to \$2,202,251, or \$0.01 per share, for the three months ended June 30, 2021, driven predominantly by higher revenue than in the comparative period.
- On June 9, 2022, the Company completed a \$6.0 million private placement with gross proceeds expected to be used primarily to advance development and exploration activities at Goldboro.
- On May 5, 2022, the Company announced that it had executed a US\$8.0 million loan facility with Auramet International LLC ("Auramet"), with the proceeds of the facility being used for the repayment of the existing gold prepayment facility with Auramet and for general working capital purposes.
- As of June 30, 2022, the Company had a cash balance of \$10.9 million and an undrawn revolving credit facility of \$3.0 million. The Company had a working capital deficit* at the end of the quarter of \$1.5 million.

* 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 Point Rousse operation was able to end the second quarter strong after a challenging start, producing 5,433 ounces of gold, generating metals revenue of \$9.7 million, and importantly returning to positive mine operating income of \$2.1 million. Operating cash costs per ounce sold for Q2 2022 were \$1,318 (US\$1,032), a marked improvement from the first quarter and are expected to continue to improve with a continued strong grade profile from Argyle. The Company invested \$2.8 million into its growth projects in Q2 2022, relating mostly to the Goldboro Gold Project to support the filing of the Environmental Assessment Registration Document in early June. On August 2, 2022, the Company received the environmental assessment approval for the Project, a significant milestone towards the development of Goldboro. The Company ended the quarter with \$10.9 million in cash and an undrawn revolver of \$3.0 million, providing us with the financial flexibility to execute on our goals for 2022."

~Kevin Bullock, President and CEO, [Signal Gold Inc.](#)

Consolidated Results Summary

Three months Financial Results June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Revenue (\$) 9,662,397	6,940,004	17,682,700	14,299,912
Cost of operations, including depletion and depreciation (\$)	7,545,451	8,216,647	17,619,046
Mine operating income (\$) 2,116,946	(1,276,643)	63,654	(2,578,272)
Net income (loss) (\$) (330,902)	(2,202,251)	(3,880,526)	(4,699,101)
Net income (loss) per share (\$/share) (0,00)	(0.01)	(0.02)	(0.03)
basic and diluted			
Cash generated from operating activities (\$)	(2,815,147)	(1,817,960)	(3,929,522)
Capital investment in property, mill 814,649	1,519,300	2,712,136	2,305,469
and equipment (\$)			
Capital investment in exploration and evaluation assets (\$)	4,330,645	4,141,340	7,330,901
			6,967,882

Average realized gold price per ounce*	US\$ 1,846	US\$ 1,789	US\$ 1,832	US\$ 1,827
Operating cash costs per ounce sold*	US\$ 1,032	US\$ 1,746	US\$ 1,476	US\$ 1,901
All-in sustaining cash costs per ounce sold*	US\$ 1,498	US\$ 2,577	US\$ 2,143	US\$ 2,652
	June 30, 2022	December 31, 2021		
Working capital (deficit) (*)	1,515,112) 1,397,113		
Total assets (\$)	817,744	95,551,004		
Non-current liabilities (\$)	8,679,614	8,235,993		

*Refer to Non-IFRS Measures section below.

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Ore mined (t)	14,381	29,558	143,258	88,715
Waste mined (t)	120,799	581,706	1,107,314	1,132,707
Strip ratio	4.13	19.66	7.7	12.77
Ore mined (t)	10,559	117,030	204,054	209,563
Grade (g/t.91 Au)	0.98	1.43	0.99	
Recovery (%)	88.8	86.4	88.0	85.7
Gold output produced	1,128	3,201	8,246	5,741
Gold output sold	1,098	3,156	7,589	6,275

Review of the Three Months Ended June 30, 2022

Operational Overview

Gold production of 5,433 ounces represented a 93% increase over the first quarter of 2022, reflecting the higher-grade profile at Argyle since restarting mining operations. The mine produced 74,381 tonnes of ore since restarting operations in early May after experiencing operational challenges at Argyle due to elevated ammonia levels in the water in the pit. A focus on waste mine development in Q1 2022 enabled access to higher grade portions of the Argyle Mineral Reserve, which resulted in a lower strip ratio in the second quarter of 2022 of 4.3 waste tonnes to ore tonnes.

The Pine Cove Mill processed 99,559 tonnes during Q2 2022, which included 38,263 tonnes of low-grade Pine Cove stockpiles, a decrease of 15% compared to the second quarter of 2021 as the mill experienced unplanned maintenance to replace a thickener drive. The average grade milled in Q2 2022 was 1.91 g/t, reflecting the higher-grade Argyle ore mined in the quarter, which helped offset the impact of 38% of the mill throughput for the quarter being from lower grade stockpiles while the water quality matter at Argyle was addressed. The mill was able to achieve a strong average recovery rate of 88.8%, an increase over the first quarter of 2022 and the comparative period of 2021 due to the higher-grade throughput.

Financial Results

Signal Gold sold 4,098 ounces of gold during the second quarter of 2022 to generate metal revenue of \$9.7 million at an average realized gold price* of \$2,357 (US\$1,846) per ounce, representing a 39% increase in metal revenue compared to Q2 2021 due to higher gold sales.

Operating expenses for the three months ended June 30, 2022 were \$5,082,524 compared to \$6,611,503 in the three months ended June 30, 2021. Operating expenses for Q2 2022 included mining costs of \$3,010,583 which were 35% higher than the comparative period, primarily due to the 152% increase in ore production. Processing costs of \$3,051,955 in Q2 2022 were relatively consistent with the comparative period, however processing 15% less tonnes due to maintenance issues. Operating expenses for Q2 2022 were also impacted by the relative build-up of ore stockpiles and gold-in-circuit inventory, which resulted in an allocation of operating expense of \$1,555,000 to metals inventory. Operating cash costs per ounce sold* in the second quarter of 2022 were \$1,318 (US\$1,032) and are expected to continue to improve throughout 2022.

The royalty expense for Q2 2022 was \$323,774 compared to \$161,107 in Q2 2021, reflecting the 3% net smelter return royalty that applies to Argyle. Depletion and depreciation for the three months ended June 30, 2022 was \$2,139,153, a significant increase from \$1,444,037 in Q2 2021 reflecting comparatively higher production in Q2 2022, as well as the impact of the capitalized development of Argyle throughout 2021 and the first quarter of 2022.

Mine operating income for the three months ended June 30, 2022 was \$2,116,946, compared to the mine operating loss of \$1,276,643 in the corresponding period of 2021, with higher revenue driving the increase.

Corporate administration costs were \$1,312,727 in the second quarter of 2022 compared to \$841,643 in Q2 2021, reflecting increased legal costs relating to the name change and the finalization of the Goldboro Gold Project feasibility study, salary adjustments, and increased marketing activities compared to 2021 when the pandemic largely eliminated all marketing-related travel.

Finance expense for the quarter was \$549,089 for Q2 2022, compared to \$39,708 for the three months ended June 30, 2021, reflecting the finance charges related to the Auramet senior secured loan facility and related promissory note, and the extinguishment of the gold prepayment arrangement with Auramet.

In Q2 2022, the Company recorded a recovery of \$164,801 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 June 30, 2022.

Net comprehensive loss for the three months ended June 30, 2022, was \$330,902, or \$0.00 per share, compared to \$2,202,251, or \$0.01 per share, for the three months ended June 30, 2021. The improvement was the result of higher gold sales and revenue in the most recent quarter, partially offset by higher depletion and depreciation and corporate administration costs.

* Refer to Non-IFRS Measures Section below.

Financial Position and Cash Flow Analysis

As of June 30, 2022, the Company had cash and cash equivalents of \$10,942,097 and a working capital deficit* of \$1,515,112. The current portion of loans includes the US\$8,000,000 Promissory Note with Auramet. The Note is due on May 5, 2023 and the Company may repay the Note from time to time, in minimum incremental amounts of US\$1,000,000, subject to any accrued interest. The Note was subject to an original issue discount fee of 2.5% and interest accrues on the unpaid principal amount at the rate of 8% per annum plus the greater of (i) 90 Day US\$ SOFR (Secured Overnight Financing Rate), and (ii) 1.00% per annum payable quarterly in arrears. Working capital also reflects a decrease in unearned revenue due to the scheduled delivery of ounces over the first quarter of 2022 relating to a gold prepayment facility with Auramet, along with the repayment of the remaining ounces with the proceeds of the loan facility.

Signal Gold used \$2,815,147 in operating cash flows in Q2 2022, including corporate administration costs of \$1,312,727. The Point Rousse Project generated EBITDA* of \$4,242,836, based on gold sales of 4,098 ounces at an average gold price of C\$2,357 per ounce sold* and operating cash costs of C\$1,318 per ounce sold*. Operating cash flows were also impacted by changes in working capital, namely a decrease in accounts payable and a decrease in unearned revenue.

The Company continued to invest in its key growth projects in Nova Scotia and Newfoundland in Q2 2022, spending \$4,330,645 on exploration and evaluation assets (adjusted for amounts included in trade payables and accruals as of June 30, 2022), of which \$2,499,443 related to the continued advancement of the Goldboro Gold Project. The Company also invested \$814,649 into the property, mill and equipment at the Point Rousse operation during Q2 2022.

In June 2022, Signal Gold completed a non-brokered private placement for aggregate gross proceeds of \$5,999,776 to fund the ongoing permitting and development activities at the Goldboro Gold Project. Other financing activities included the proceeds of \$10,257,600 (US\$8,000,000) from a promissory note with Auramet, related transaction costs of \$330,158, \$93,800 from the exercise of stock options, and the ongoing repayment of loans and lease obligations, including the final repayments of the \$5,000,000 term loan with Royal Bank of Canada.

* Refer to Non-IFRS Measures Section below.

Non-IFRS Measures

Signal Gold 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 - Signal Gold 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 - Signal Gold 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 June 30, 2021	Three months ended June 30, 2022	Six months ended June 30, 2022	Six months ended June 30, 2021
Operating expenses per the consolidated statement of comprehensive income, including royalties	6,772,610	14,249,184	14,880,226
By-product silver sales	(5,309)	(5,405)	(10,238)
credit			(12,025)
Operating cash costs	5,400,989	6,767,205	14,238,946
(\$)			14,868,201
Sustaining expenditures	-		
property, plant and equipment	1,519,300	2,712,136	2,305,469
Sustaining expenditures	-		
exploration and evaluation	63,530	574,201	746,272
Corporate administration costs	1,012,727	841,643	2,571,636
			1,792,713

Share-based compensation	206,455	275,135	348,547	428,784
Rehabilitation	-			
accretion and amortization (operating)	35,216	7,921	54,974	6,573
All-in sustaining cash costs	7,833,566	9,985,405	20,672,511	20,738,367
(???AISC???) (\$)				
Gold ou 1,098 sold		3,156	7,589	6,275
Operating cash costs per ou 1,098 sold		2,144	1,876	2,369
(\$ / ounce)				
AISC per ounce sold 912		3,164	2,724	3,305
(\$ / ounce)				
Average US Dollar ex change rate during period		0.8144	0.7866	0.8023
Operating cash costs per ou 1,098 sold		1,746	1,476	1,901
(\$US\$ / ounce)				
AISC per ounce sold 498		2,577	2,143	2,652
(\$US\$ / ounce)				

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	Six months ended June 30, 2022	Six months ended June 30, 2021
June 30, 2022	June 30, 2021		
Gold revenue,088 (\$)	6,934,599	17,672,462	14,287,887
Gold ou,098 sold	3,156	7,589	6,275
Average realized gold price per ounce sold (\$)	2,357	2,197	2,329
Average US Dollar exchange rate during period	0.7831	0.8144	0.7866
Average realized gold price per ounce sold (US\$)	1,846	1,789	1,832
			1,827

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 June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
June 30, 2022			

Net income (loss), per the statement of comprehensive income (loss)	(3,880,522)	(2,202,251)	(3,880,526)	(4,699,101)
Adjustments:				
Finance expense				
	549,089	39,708	663,409	83,806
Current income tax expense	-	-		30,345
Deferred income tax expense (recovery)	506,000	(203,000)	817,000	(252,000)
Depletion and depreciation	139,153	1,444,037	3,369,862	1,997,958
EBITDA	340	(921,506)	969,745	(2,838,992)
Corporate administration	9,127	841,643	2,571,636	1,792,731
Gain on revaluation of investments	-	(326,973)	-	-
Share of loss from equity accounted investments	15,034	41,609	51,677	238,127
Stock-based compensation	206,455	275,135	348,547	428,784
Deferred premium on flow-through shares	(164,801)	(91,652)	(344,519)	(233,713)
Other expenses (income)	10,081	(7,910)	138,772	(16,481)
Point Rousse Project	1,722,836	137,320	3,408,885	(629,544)
EBITDA				

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

(In \$) June 30, 2022 December 31, 2021

Cash and cash equivalents	10,942,097	10,121,724
Investments	6,412,940	5,641,435
Other current assets	11,083,768	2,080,035
Current assets	18,468,805	17,843,194
Trade and other payables	9,066,138	9,528,294
Current portion of loans	10,455,874	1,363,383
Unearned revenue	461,905	5,000,000
Other liabilities	554,404	
Current liabilities	19,983,917	16,446,081
Working capital	(15,112) 1,397,113
(deficit)*		

ABOUT SIGNAL GOLD

Signal Gold is a TSX and OTCQX-listed gold mining, development, and exploration company, focused in the top-tier Canadian mining jurisdictions of Nova Scotia and Newfoundland. The Company is advancing the Goldboro Gold Project in Nova Scotia, a significant growth project subject to a positive Feasibility Study (Please see the 'NI 43-101 Technical Report and Feasibility Study for the Goldboro Gold Project, Eastern Goldfields District, Nova Scotia' on January 11, 2022 for further details). Signal Gold 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 Signal Gold 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 Signal Gold's annual information form for the year ended December 31, 2021, available on www.sedar.com. Although Signal Gold

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. Signal Gold does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

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