

# Andean Precious Metals Reports Second Quarter Results and Reaffirms 2022 Guidance

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Production efficiencies and cost reduction measures are being implemented to ensure production and cost guidance are met

Toronto, August 11, 2022 - [Andean Precious Metals Corp.](#) (TSXV: APM) (OTCQX: ANPMF) ("Andean" or the "Company") today announced its financial and operational results for the three and six months ended June 30, 2022 and provided a strategic and business update. All currency amounts are expressed in U.S. dollars unless indicated otherwise.

## Highlights

- Debt-free balance sheet with \$88.4 million in cash and \$4.0 million in marketable securities as at June 30, 2022
- Higher average head grade of 126 g/t silver compared with 115 g/t in Q2 2021
- Consistent processing plant throughput of 0.4 million tonnes, same as Q2 2021
- Revenues of \$28.9 million from sales of 1.3 million silver equivalent ounces<sup>1</sup> with cost of sales of \$24.5 million
- All-in sustaining costs ("AISC")<sup>2</sup> per silver ounce sold of \$21.38; H1 2022 AISC per ounce of \$20.15
- Adjusted EBITDA<sup>2</sup> of negative \$0.7 million driven by lower revenues from a significant decline in silver prices throughout Q2 2022; net loss of \$6.2 million or \$0.04 per share
- As part of its focus on growth, Andean increased its management bench strength with the appointments of Ben McCormick as Vice President of Treasury and Corporate Development and Patricia Moran as Vice President of Investor Relations

"Andean finished the quarter with a strong balance sheet, including over \$90 million in cash and marketable securities, and no debt," Simon Griffiths, President and CEO of Andean commented. "Production and costs are expected to improve in the latter part of the year following implementation of production efficiency measures. Additionally, we are closely evaluating our cost base and are addressing input costs to offset soft silver prices. As a result, we are reaffirming our 2022 production and cost guidance."

Mr. Griffiths added, "As we enter the second half of the year, our strong cash position provides a measure of insulation against wider economic volatility and allows us to act upon strategic growth opportunities. Specifically, we remain committed to extending the mine life at San Bartolomé by identifying new oxide feed sources. We will also continue to increase our efforts to secure accretive M&A transactions in Bolivia and the wider America's region."

## Operational and Financial Results

	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Financial Performance <sup>2</sup>				
Revenue	\$ 28,892	\$ 38,038	\$ 58,780	\$ 76,385
Cost of sales	\$ 24,532	\$ 24,373	\$ 45,179	\$ 49,019
Income from mine operations	\$ 3,613	\$ 11,289	\$ 10,037	\$ 22,566
Net income	\$ (6,184)	\$ 3,870	\$ (3,909)	\$ 2,348
Net cash from operating activities	\$ 45	\$ 11,399	\$ 2,748	\$ 22,651
Free cash flow <sup>1</sup>	\$ (633)	\$ 10,306	\$ 1,579	\$ 21,203
Adjusted EBITDA <sup>1</sup>	\$ (715)	\$ 10,250	\$ 4,653	\$ 20,548
Ending cash and cash equivalents	\$ 88,449	\$ 79,013	\$ 88,449	\$ 79,013
Capital expenditures	\$ 634	\$ 1,093	\$ 1,169	\$ 1,448
Cash operating costs (by-product) <sup>2</sup>	\$ 18.68	\$ 16.47	\$ 17.62	\$ 16.17

All-in sustaining costs (by-product)<sup>2</sup> \$21.38    \$ 18.97    \$ 20.15    \$ 18.15

<sup>1</sup> Free cash flow, Adjusted EBITDA, cash operating costs ("COC") and AISC are measures of financial performance with no prescribed definition under IFRS. Refer to the "Non-IFRS Measures" section of this release for further details.

<sup>2</sup> Figures in this table are presented in thousands except for COC and AISC.

In the second quarter of 2022, Andean sold 1.3 million silver equivalent ounces at an average realized price of \$22.24 per silver ounce and generated \$28.9 million in revenue. This compares to 1.4 million silver equivalent ounces sold at a higher average realized price of \$26.71 per silver ounce, for revenue of \$38.0 million in Q2 2021.

Cost of sales, which comprise the full cost of operations excluding depreciation and depletion, were \$24.5 million during the quarter, compared to \$24.4 million in Q2 2021.

General and administrative expenses for the quarter increased to \$3.6 million from \$2.2 million in Q2 2021, primarily driven by increased corporate development activity.

Net loss for the quarter was \$6.2 million, or negative \$0.04 per share, compared to net income of \$3.9 million, or \$0.02 per share, in Q2 2021. The year-over-year decrease of \$10.1 million was mainly due to lower silver prices realized and a reduction in silver production volumes.

	Q2 2022	Q2 2021	YTD 2022	YTD 2021
<b>Operational Performance</b>				
Tonnes mined <sup>1</sup> (k dmt)	540	473	1,019	887
Average ore mined grade (Ag g/t)	102	96	99	99
Tonnes purchased <sup>2</sup> (k dmt)	117	136	234	266
Average purchased ore grade (Ag g/t)	221	198	216	195
Tonnes milled <sup>3</sup> (k dmt)	407	430	813	850
Daily average throughput (dmt)	4,769	4,888	4,714	4,830
Average head grade (Ag g/t)	126	115	121	116
Silver recovery (%)	75	84	76	85
Silver production (k ozs)	1,236	1,326	2,387	2,711
Gold production (ozs)	902	1,314	1,800	2,818
Silver equivalent production <sup>4</sup> (k ozs)	1,310	1,415	2,530	2,901
Silver sales (k ozs)	1,225	1,334	2,398	2,751
Gold sales (ozs)	900	1,326	1,571	2,577
Silver equivalent sales <sup>4</sup> (k ozs)	1,299	1,424	2,526	2,924

<sup>1</sup> Tonnes mined includes ore mined from the Company's permitted areas, including Santa Rita, Huacajchi, Antuco, El Asiento, Monserrat and Tatasi-Portugalete during 2022 and 2021. Tonnes mined is reported as run-of-mine ("ROM").

<sup>2</sup> Tonnes purchased includes oxidized material purchased from local mining cooperatives as well as through the Company's contract with RALP.

<sup>3</sup> Tonnes milled is reported as +8 mesh.

<sup>4</sup> Silver equivalent production and silver equivalent sales include gold production and sales, respectively. Equivalent ounces are calculated using the Company's realized gold and silver prices during the referenced period.

Silver equivalent production by source (k ozs)	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Pallacos	329	526	842	1,127
Mine reclamation stockpiles	305	200	395	416
Cachi Laguna	242	128	414	234
Oxide purchases	434	561	879	1,124
Total	1,310	1,415	2,530	2,901

## 2022 Outlook and Guidance

Andean will continue to process ore from its surface deposits (termed "Pallacos") at San Barolomé and

reclaim silver bearing mine waste stockpiles. While silver recoveries in the processing plant were impacted throughout the quarter, recoveries have begun to increase and silver equivalent production is expected to normalize during the second half of 2022. These factors, together with an ongoing review of cost reduction opportunities, are expected to lower unit costs.

The Company also continues to advance its technical understanding of the processing options to recover silver and tin at the San Bartolomé fines disposal facility ("FDF") and the dry-stack tailings ("DSF"). Andean has now received the latest test work from the FDF study and has also completed a drill programme on the DSF to define tonnes and grade. A dedicated press release will be issued shortly to provide an update on the progress of these technical studies.

Andean reiterates that it expects fiscal 2022 silver equivalent production to be between 5.3 and 5.8 million ounces at an AISC (by-product) of \$17.25 to \$18.75 per silver ounce sold. Reasons for lower metallurgical recoveries at one of the mill feed sources have been identified and the corrective actions taken, which is expected to contribute to lower AISC in the second half of the year. The following table sets out Andean's year-to-date results against its full year 2022 production and AISC guidance:

	YTD 2022 Actual	2022 Guidance <sup>1</sup>
Silver equivalent production	2.5M oz	5.3M to 5.8M oz
AISC (by-product)	\$20.15/Ag oz	\$17.25 to \$18.75/Ag oz

<sup>1</sup> Andean's commodity price assumptions supporting this estimate are \$23.00/ounce silver and \$1,750/ounce gold.

Andean's complete financial statements and management's discussion & analysis are available for viewing on its website and under its company profile on SEDAR at [www.sedar.com](http://www.sedar.com).

#### Expanding the Team

Andean is pleased to welcome Ben McCormick as Vice President of Treasury and Corporate Development. Ben joins Andean from Rincon where he led the successful sale of the lithium assets in Argentina to Rio Tinto. Prior to Rincon, Ben was employed at Newcrest Mining for 15 years. Ben will be focusing on Andean's growth and capital strategy.

In addition, Patricia (Trish) Moran has joined as Vice President of Investor Relations, bringing over 25 years' experience to Andean. Prior to joining Andean, she was with Endeavour Silver as Interim Head of Investor Relations and was Vice President of Investor Relations at Teranga Gold. Trish will refresh the IR strategy, focusing on attracting new investors to the Company.

"I would like to welcome Trish and Ben to the team," Simon Griffiths said. "Their combined prior experience and deep industry expertise will prove invaluable as we accelerate our efforts to execute on our M&A objectives and deliver value to our stakeholders."

#### Notice of Conference Call and Webcast

Management of Andean will host a conference call today, August 11, 2022, at 8:30 a.m. ET to discuss its second quarter financial results. All interested parties may join the conference call by dialing 1-800-319-4610 in Canada and the United States, or 1-604-638-5340 internationally, approximately 15 minutes prior to the call to secure a line.

A live audio webcast of the call will be available at <https://bit.ly/Q22022APM>. Please connect at least 15 minutes prior to the conference call to ensure adequate time for any software download that may be required to join the webcast. An archived replay of the webcast will be available for 90 days.

#### Qualified Person Statement

The scientific and technical content disclosed in this press release was reviewed and approved by Donald J.

Birak, Independent Consulting Geologist to the Company, a Qualified Person as defined by Canadian National Instrument 43-101, Registered Member, Society for Mining, Metallurgy and Exploration (SME), Fellow, Australasian Institute of Mining and Metallurgy (AusIMM).

#### About Andean Precious Metals Corp.

Andean Precious Metals is a Canadian headquartered, growth-focused silver producer that owns and operates the San Bartolomé project located in the department of Potosí, Bolivia. San Bartolomé has been operating continuously since 2008, producing an average of over five million ounces of silver equivalents per year. The Company is also exploring its wholly owned San Pablo and Rio Blanco gold projects and seeking other accretive opportunities in Bolivia and Latin America. Andean is committed to fostering safe, sustainable and responsible operations. For more information, please visit [www.andeanpm.com](http://www.andeanpm.com).

#### Company Contact

Trish Moran  
VP Investor Relations  
[tmoran@andeanpm.com](mailto:tmoran@andeanpm.com)  
T: +1 416 564 4290

#### North America

Anna Speyer  
NATIONAL Capital Markets  
[aspeyer@national.ca](mailto:aspeyer@national.ca)  
T: +1 416-848-1376

#### Europe

Charles Vivian  
Tavistock  
[andean@tavistock.co.uk](mailto:andean@tavistock.co.uk)  
T: +44 20 7920 3150

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#### Caution Regarding Forward-Looking Statements

This press release contains statements which constitute "forward-looking statements" and "forward-looking information" within the meaning of applicable securities laws (collectively, "forward-looking statements"), including statements regarding the plans, intentions, beliefs and current expectations of Andean with respect to future business activities and operating performance. Forward-looking statements are often identified by the words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" or similar expressions. Forward-looking statements in this news release include without limitation, statements regarding production and costs improving in the latter part of the year, Andean's commitment to extending the mine life at San Bartolomé by identifying new oxide feed sources, Andean's increase in efforts to secure accretive M&A transaction in Bolivia and in the wider Latin America region, statements made under the heading Andean's 2022 Outlook and Guidance, statements regarding Andean's plans to continue to process ore from its surface deposits at San Bartolomé and reclaim silver bearing mine waste stockpiles, Andean's expectation that silver equivalent production will normalize in the second half of 2022, Andean's expectation that unit costs will be lower through year end, the statement regarding Andean's position for growth in the future and statements regarding Andean's fiscal 2022 production and AISC guidance.

Investors are cautioned that forward-looking statements are not based on historical facts but instead reflect Andean's expectations, estimates or projections concerning future results or events based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made. Although Andean believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed

thereon, as unknown or unpredictable factors could have material adverse effects on future results, performance or achievements of Andean. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking statements are the following: changes in general economic, business and political conditions, including changes in the financial markets; changes in applicable laws and regulations both locally and in foreign jurisdictions; compliance with extensive government regulation; the risks and uncertainties associated with foreign markets. These forward-looking statements may be affected by risks and uncertainties in the business of Andean and general market conditions, including COVID-19 and the ongoing conflict between Russia and Ukraine and any actions taken by other countries in response thereto, such as sanctions or export controls.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Although Andean has attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended and such changes could be material. Andean does not intend, and does not assume any obligation, to update the forward-looking statements except as otherwise required by applicable law.

## Non-IFRS Measures

### COC and AISC

COC and AISC are non-IFRS performance measures. COC include total production cash costs incurred at the Company's mining operations, which form the basis of the Company's cash costs, less by-product revenues from gold sales. AISC includes COC plus sustaining capital expenditures, general and administrative expenses, sustaining exploration and evaluation costs and reclamation cost accretion. Reclamation and closure costs represent the gradual unwinding of the discounted liability to rehabilitate the area around San Bartolomé at the end of its mine life. The Company reports these measures on a silver ounce sold basis. The Company believes that AISC represents the total costs of producing silver from current operations and provides the Company and other stakeholders of the Company with additional information relating to the Company's operational performance and ability to generate cash flows. These measures are used by management to assess the Company's performance and its expected future performance; however, these measures do not have any standardized meaning. As such, there are likely to be differences in the method of computation when compared to similar measures presented by other issuers. Accordingly, these measures are 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.

The following table provides a reconciliation of the cash operating cost per silver ounce sold on a by-product basis:

	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Costs of sales, as reported	\$ 24,532	\$ 24,373	\$ 45,179	\$ 49,019
Total cash operating cost before by-product credits	24,532	24,373	45,179	49,019
Less: by-product gold credits	(1,648 )	(2,408 )	(2,931 )	(4,524 )
Total cash operating costs	22,884	21,965	42,248	44,495
Divided by silver ounces sold (k ozs)	1,225	1,334	2,398	2,751
COC per silver ounce sold, on a by-product basis	\$ 18.68	\$ 16.47	\$ 17.62	\$ 16.17

The following table provides a reconciliation of the all-in sustaining cost per silver ounce on a by-product basis:

	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Cash costs, net of by-product credits	\$ 22,884	\$ 21,965	\$ 42,248	\$ 44,495
General and administrative expenses <sup>1</sup>	2,352	1,999	4,332	3,479
Sustaining capital expenditures <sup>2</sup>	634	1,093	1,081	1,448
Lease payments	44	-	88	-
Accretion for decommissioning liability	282	248	564	477
Sustaining exploration and evaluation <sup>2</sup>	-	1	-	19
All-in sustaining costs	26,196	25,306	48,313	49,918
Divided by silver ounces sold (k ozs)	1,225	1,334	2,398	2,751

	Q2 2022	Q2 2021	YTD 2022	YTD 2021
AISC per silver ounce sold, on a by-product basis	\$21.38	\$18.97	\$20.15	\$18.15

<sup>1</sup> For the three and six months ended June 30, 2022, general and administrative expenses exclude corporate development costs of \$749 and \$1,056, respectively; and non-cash share-based compensation costs of \$446 and \$1,034, respectively.

<sup>2</sup> Sustaining capital expenditures and exploration and evaluation reflect costs necessary to maintain current production.

## Adjusted EBITDA

The Company has included adjusted EBITDA as a non-IFRS performance measure. The Company excludes certain items from net income to provide a measure, which allows the Company and investors to evaluate the results of the underlying core operations of the Company and its ability to generate cash flows. As this measure does not have any standardized meaning, there are likely to be differences in the method of computation when compared to similar measures presented by other issuers. 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.

The following table provides a reconciliation of adjusted EBITDA:

	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Net income (loss)	\$(6,184)	\$3,870	\$(3,909)	\$2,348
Add:				
Income taxes	1,501	7,497	4,159	13,161
Finance costs	339	327	660	608
Depreciation and depletion	747	2,376	3,564	4,800
EBITDA	\$(3,597)	\$14,070	\$4,474	\$20,917
Add: RTO Transaction costs	-	-	-	3,451
Add: Change in fair value of marketable securities <sup>1</sup>	2,882	-	179	-
Less: Santacruz loan recovery	-	(3,820)	-	(3,820)
Adjusted EBITDA	\$(715)	\$10,250	\$4,653	\$20,548

<sup>1</sup> These amounts refer to mark-to-market adjustments on securities held of Santacruz Silver.

## Free Cash Flow

The Company has included free cash flow as a non-IFRS performance measure. The Company considers operating cash flow plus capital expenditures to provide a measure, which allows the Company and investors to evaluate the ability of the Company to generate cash flows. As this measure does not have any standardized meaning, there are likely to be differences in the method of computation when compared to similar measures presented by other issuers. 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.

The following table provides a reconciliation of free cash flow:

	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Operating cash flows	\$45	\$11,399	\$2,748	\$22,651
Less:				
Expenditures on property, plant and equipment	(634)	(1,064)	(1,081)	(1,312)
Lease payments	(44)	(29)	(88)	(136)
Free cash flow	\$(633)	\$10,306	\$1,579	\$21,203

## Realized Gold and Silver Prices

The Company has included realized prices as a non-IFRS performance measure. The Company quantifies average realized price as revenue per the Statement of Operations divided by ounces of silver or gold sold.

As this measure does not have any standardized meaning, there are likely to be differences in the method of computation when compared to similar measures presented by other issuers. 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.

The following table provides a reconciliation of realized prices:

	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Silver revenue	\$ 27,244	\$ 35,630	\$ 55,849	71,861
Silver oz sold (k ozs)	1,225	1,334	2,398	2,751
Average realized silver price	\$ 22.24	\$ 26.71	\$ 23.29	26.12
	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Gold revenue	\$ 1,648	\$ 2,408	\$ 2,931	4,524
Gold oz sold (ozs)	900	1,326	1,571	2,577
Average realized gold price	\$ 1,831	\$ 1,815	\$ 1,866	\$ 1,755

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