

# Minto Metals Announces Second Quarter Results and Provides Update on Reclamation Costs Security

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WHITEHORSE, YT , Aug. 23, 2022 /CNW/ - [Minto Metals Corp.](#) ("Minto" or the "Company") today announced the financial production results for the second quarter ("Quarter 2 2022") and the Half Year results of 2022 ("H1/2022"). The Half Year include record EBITDA highlighting a strong 45% growth in production, and a 131% Adjusted EBITDA increase compared to the same period in 2021.

## Second Quarter Highlights:

- Copper sales increased 16% to 5.37 million pounds compared to 4.62 million pounds in Quarter 2 2021, however Half Year sales are down from 9.1 million pounds in Quarter 1 2022.
- Quarter 2 2022 revenue declined 9.6% from the same period in 2021: Revenue totaled \$32.0 million, a \$3.4 million decrease from the same period in 2021.
- Copper sales for H1/2022 increased 45.2% to \$14.4 million over the same period compared to \$9.9 million for the same period in 2021.
- 1. Reconciliation Cash Costs & All-In Sustaining Costs "Non-IFRS Measures" on page 20 of the Company's Quarterly Report increased \$85.3 million a growth of \$21.4 million or 40.1% compared to the same period in 2021.
- Minto Mine property and as a result, the milling operation was temporarily suspended for two separate occasions in 2022. The total cost of the suspension was \$0.4 million.
- 2. Return to Adjusted Earnings before Interest, Depreciation, and Amortization on page 20 of the Company's Quarterly Report increased 27.0% to \$64.7 million compared to \$50.9 million for the same period in 2021.
- Operational ramp-up in 2022: The mill's operational ramp-up in 2022 was impacted by environmental conditions during the Yukon's "Spring Freshet" (a seasonal decrease in snowmelt) and a significant increase in water volume during the spring freshet. In spite of that, Quarter 2 represents the third consecutive quarter (versus the prior year) of positive momentum and we are poised for the positive trend to continue for the second quarter of 2022. Our team will remain extremely focused on the balance of 2022 on our strategy of FID, FID and OPEX along with continuing our targeted exploration to provide viable mine life expansion, commented Chris Stewart, President & Chief Executive Officer of Minto Metals.
- All-In Sustaining Costs ("AISC") per pound sold averaged U.S.D. \$4.75/lb, a 5.2% decrease from \$5.00/lb in 2021.
- At the end of Quarter 2, there was a stockpile of 77,300 tonnes of ore on surface, representing 10.5 weeks of production, therefore allowing Minto to remain on track to meet its previously announced production guidance.

"We have a lot of great people on Minto's team and their dedication and hard work continues to improve the business. I thank everyone for their efforts during a challenging second quarter. I am excited about the future at Minto and look forward to building stronger relationships within the Selkirk First Nation and the various Yukon regulatory agencies," Mr. Stewart added.

The Minto Mine Milling Operations and Spring Freshet in 2022 Yukon received between 150% and 400% of the normal annual snowfall during this past winter which generated a volume of water during the spring freshet. During Quarter 2, 2022, the Minto mine site saw the daily water volume inflow to the mine's discharge capacities which caused the storage pond water levels to rise. As a precautionary measure the Company temporarily suspended its milling operations for a total of 4 ½ weeks during the quarter. In doing so, the Company was able to ensure all water arriving on the mine site was properly managed within our water management system and that the environment was protected.

Underground mining operations continued uninterrupted during Quarter 2, 2022 with ore being stockpiled ahead of the facility. The Mill is permitted to process an average of 4,200 tonnes/day of ore and underground production is currently approximately 3,000 tonnes/day. The stockpiled ore will be processed at a higher rate during H2/2022 and as a result, anticipates the original production guidance provided for 2022 will not be impacted.

"Since the launch of [Minto Metals Corp.](#) in November 2021, we have been operating the mine following our five Core Values: Safe, Be Honest, Be Responsible, Be Respectful and Be Great. Our environmental stewardship remains the utmost priority and our commitment is to be safe and responsible to the Selkirk First Nation Settlement Lands on which we operate despite the financial impact of a temporary suspension of our mill. We are confident the spring freshet has concluded and our water management has stabilized. Our mill is back to regular operations with ore being processed at a higher throughput in 2022 through the stockpiled ore," continued Mr. Stewart.

## Yukon Government Security Update

On January 4<sup>th</sup>, 2022 the Yukon Government determined that the security for the Minto Mine site should be increased from \$72 million to \$104 million. Until Minto Metals is able to furnish the increased security the Yukon Government placed the Minto Mine under restricted operating conditions related to water management activities on site and provided Minto additional time, most recently until September 1<sup>st</sup>, 2022, to furnish the increased security.

On August 19, 2022 the Company received a letter from the Yukon Government revising the required security due by September 1, 2022 to \$93 million. This reduction is based on reclamation work already completed on-site as well as the removal of security for two new mining areas which have not been started yet.

Minto has been in ongoing discussions with the Selkirk First Nation and the Yukon Government to finalize a solution that is acceptable to all parties. Various solutions are being discussed while the Company continues carrying out progressive reclamation activities thereby potentially decreasing the required security increase. Further updates will be provided in the coming weeks as the Company works with the Selkirk First Nation and the Yukon Government. But if Minto does not furnish the required \$93 million security by September 1, 2022, and/or the Yukon Government does not provide an extension, Minto will be out of compliance with its Quartz Mining License. As a result of that non-compliance, the Yukon Government may direct Minto to take certain actions including cessation of mining and milling activities until such time as the Company furnishes the required security in full. Although the Company currently believes it will be able to secure the required \$93 million security by the September 1, 2022 deadline, there can be no assurance it will be able to do so by such time, or at all.

"At the beginning of 2022 Minto committed to investing \$8 million dollars in improvements to the mine water management system at the Minto Mine. Year to date we have spent over \$5 million including upgrades to our water treatment plant, the installation of a new microfiltration plant, and the purchase of evaporation units, all to support improved environmental stewardship. Minto Metals takes the protection of the environment extremely seriously as is demonstrated by the investments we are making," concluded Mr. Stewart.

## Q2 2022 Financial Highlights

### Adjusted EBITDA<sup>1</sup> Reconciliation to Net Income

	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Net (loss) income and comprehensive (loss) income	\$ (9,458)	\$ 3,052	\$ 5,078	\$ 288
Finance costs	1,229	1,151	3,293	2,257
Depletion and amortization	3,647	2,433	6,813	4,819
Income tax expense (recovery)	780	(26)	1,038	(276)
EBITDA	\$ (3,802)	\$ 6,610	\$ 16,222	\$ 7,088
Share-based compensation expense	-	-	90	-
Unrealized foreign exchange (gain) loss	(115)	705	423	78
Mark-to-market revenue adjustments	3,904	1,053	2,944	145
Amortization of flow-through shares benefit	(478)	-	(963)	-
Loss on lease termination	-	-	-	192
RTO Financing expenses	-	350	-	613
Adjusted EBITDA	\$ (491)	\$ 8,718	\$ 18,716	\$ 8,116

1.	Refers to Adjusted Earnings before Interest, Taxes, Depreciation, and Amortization "Alternative Performance Measures" on page 19 of the Company's Q2 2022 MD&A.
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2022 Q2 Interim Consolidated Statements of Loss and Comprehensive Loss - Unaudited

	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Revenue	\$ 32,023	\$ 35,414	\$ 85,305	\$ 60,883
Production costs	(31,510)	(25,718)	(64,681)	(50,917)
Royalty expense	(991)	(853)	(2,181)	(1,615)
Depletion and amortization	(3,647)	(2,433)	(6,813)	(4,819)
(Loss) income from mine operations	(4,125)	6,410	11,630	3,532
Expenses				
Related party management fees	-	(125)	-	(250)
Stock-based compensation expense	-	-	(90)	-
Other expenses	-	(350)	-	(613)
(Loss) income from operations	(4,125)	5,935	11,540	2,669
Other income (loss), net	(3,324)	(1,758)	(2,131)	(400)
Finance items				
Finance costs	(1,229)	(1,151)	(3,293)	(2,257)
(Loss) income before income taxes	(8,678)	3,026	6,116	12
Income tax (expense) recovery	(780)	26	(1,038)	276
Net (loss) income and comprehensive (loss) income	\$ (9,458)	\$ 3,052	\$ 5,078	\$ 288
Per share amounts				
Basic and diluted	\$ (0.13)	\$ 0.00	\$ 0.07	\$ 0.00
Weighted Average Number of Common Shares Outstanding	72,917,202	722,746,364	72,917,202	722,746,364

## 2022 Q2 Interim Consolidated Statements of Financial Position - Unaudited

As at	June 30, 2022	December 31, 2021
Assets		
Current assets		
Cash	\$ 1,183	\$ 9,979
Accounts Receivable	14,525	20,762
Foreign Exchange Forward Contracts Due from Broker	18,942	-
Inventories	10,297	6,212

Prepaid expenses	2,977	2,855
	47,924	39,808
Non-current assets		
Mineral properties, plant and equipment	59,893	53,702
Right-of-use assets	11,332	9,245
Long-term deposits	13,585	13,399
Total assets	\$ 132,734	\$ 116,154
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 34,795	\$ 36,370
Foreign Exchange Forward Contracts Due to Broker	18,942	-
Current portion of Sumitomo loan	1,020	10,221
Current portion of Note payable to Pembridge	6,443	-
Current portion of Due to Pembridge	3,299	4,000
Current portion of lease liability	7,013	5,436
	71,512	56,027
Non-current liabilities		
Lease liabilities	3,586	3,895
Due to Pembridge	-	1,174
Note payable to Pembridge	-	6,368
Due to Sumitomo	4,829	-
Long-term debt	12,096	11,702
Deferred revenue	13,634	14,463
Deferred income tax liabilities	4,144	3,109
Asset retirement obligation	32,329	35,288
Total liabilities	142,130	132,026
Shareholders' equity (deficiency)		
Share capital	223,238	221,840
2022 Q2 Interim Consolidated Statements of Cash Flows (unaudited) Deficit	(232,634)	(237,712)
Total shareholders' deficiency	(9,396)	(15,872)
Total liabilities and shareholders' deficiency	\$ 132,734	\$ 116,154

	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
<b>Operating activities</b>				
Net (loss) income for the period	\$ (9,458)	\$ 3,052	\$ 5,078	\$ 288
Adjustments for the following items:				
Depletion, depreciation and accretion	3,647	2,433	6,813	4,819
Finance costs	1,229	1,054	3,293	1,455
Other income (loss), net	3,324	(293)	2,131	(291)
Stock-based compensation expense	-	-	90	-
Amortization of deferred revenue	(603)	(888)	(1,389)	(577)
Income tax expense (recovery)	780	(26)	1,038	(276)
Change in non-cash working capital	1,467	(3,400)	(1,284)	3,467
	386	1,932	15,770	8,885
Interest paid	(283)	-	(667)	-
Net cash provided by operating activities	103	1,932	15,103	8,885
<b>Investing activities</b>				
Additions to mineral properties, plant and equipment (6,769)	(6,769)	(1,058)	(12,666)	(2,205)
Right-of-use asset additions	-	-	(768)	-
Net cash used in investing activities	(6,769)	(1,058)	(13,434)	(2,205)
<b>Financing activities</b>				
Advances from Sumitomo	-	2,515	-	6,299
Repayments on Sumitomo loan	(887)	(937)	(4,412)	(1,522)
Payment of lease liabilities	(2,136)	(1,796)	(4,053)	(3,278)
Repayment of Due to Pembridge	(1,000)	-	(2,000)	-
Return of capital	-	-	-	(6,306)
Long-term deposits	-	(905)	-	(1,851)
Net cash used in financing activities	(4,023)	(1,123)	(10,465)	(6,658)
Change in cash	(10,689)	(249)	(8,796)	22
Cash, beginning of period	11,872	778	9,979	507
Cash, end of period	\$ 1,183	\$ 529	\$ 1,183	\$ 529

## Operational Outlook

Minto is pleased to reconfirm the financial guidance for 2022 as we continue to ramp up our ore production throughout the year. We are committed to a cost control strategy while improving our mine and milling operations.

Production Volumes	Dec 31, 2022	Six Months Ended June 30, 2022
Payable Copper (million pounds)	27.0 - 31.0	14.5
Gold (ounces) <sup>(1)</sup>	11,000 - 12,100	5,898
Silver (ounces) <sup>(1)</sup>	140,000 - 150,000	69,577

Production Costs	Dec 31, 2022	Six Months Ended June 30, 2022
Cash Costs (\$USD/lb) <sup>(2)</sup>	\$2.70 - \$2.90	\$2.76
AISC (\$USD/lb) <sup>(2)</sup>	\$3.85 - \$4.00	\$3.89
Exploration (\$ millions)	\$9.2	\$4.3
Sustaining Capital <sup>(2)</sup>	\$27.0- \$31.0	\$10.4

1.	100% amounts. Under the agreement with Wheaton Precious Metals, the Company receives 65% of the value of the gold shipments up to 11,000 ounces. Silver receipts are the lesser of the prevailing market price and US \$4.35/oz.
2.	Refers to Cash Costs, All-In Sustaining Costs and Sustaining Capital "Alternative Performance Measures" on page 19 of the Company's Q2 2022 MD&A.

Minto operates the producing Minto mine located in the Minto Copper Belt, Yukon. The Minto mine has been in operation since 2007 with underground mining commencing in 2014. Since 2007, approximately 500Mlbs of copper have been produced from the Minto mine. The current mine operations are based on underground mining, a process plant to produce high-grade copper, gold, and silver concentrate, and all supporting infrastructure associated with a remote location in Yukon. The Minto property is located west of the Yukon River, about 20 km WNW of Minto Landing, the latter on the east side of the river, and approximately 250 road-km north of the City of Whitehorse, the capital city of Yukon.

## Forward-Looking Information

This news release contains "forward-looking information" and "forward-looking statements" (collectively, "forward-looking statements") within the meaning of the applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates, and projections as of the date of this news release. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "anticipated" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may" or "could", "would", "might" or "will" be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements. In this news release, forward-looking

