

Bear Creek Mining Reports Q3 2023 Financial and Operating Results

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Vancouver, November 24, 2023 - [Bear Creek Mining Corp.](#) (TSXV: BCM) (OTCQX: BCEKF) (BVL: BCM) ("Bear Creek" or the "Company") reports its interim condensed consolidated financial results for the three and nine months ended September 30, 2023 ("Q3 2023"). Monetary amounts in this news release are in United States dollars unless otherwise stated.

This news release should be read in conjunction with the Company's interim condensed consolidated financial statements and management discussion and analysis ("MD&A") for the three and nine months ended September 30, 2023, which are available on SEDAR+ (www.sedarplus.ca) and the Company's website (www.bearcreekmining.com).

Overview - Corporate Developments and Technical Results

Bear Creek's efforts to improve the performance of the Mercedes Gold Mine in Sonora, Mexico ("Mercedes") and to improve the Company's financial condition continued during Q3 2023. Most notably, the Company entered into two significant restructuring agreements to refinance and extend current and near term debt obligations to 2028 and to improve Mercedes' ability to produce free cash flow through a significant reduction of gold and silver stream obligations. The Company also completed two equity raises during and subsequent to the end of Q3 2023. These transactions include:

- A restructuring agreement with Equinox Gold Corp. ("Equinox Gold") to convert a \$26 million current liability into a non-current obligation by issuing a five-year convertible promissory note (the "EQX P-Note") at a competitive interest rate. The EQX P-Note was approved by shareholders of the Company at a meeting held on September 21, 2023 and the EQX P-Note was issued subsequent to the end of Q3 2023. Final approval from the TSX Venture Exchange ("TSX-V") is pending.
- A restructuring agreement (the "Restructuring Agreement") with [Sandstorm Gold Ltd.](#) and its subsidiaries (collectively "Sandstorm") to reduce near-term Mercedes gold and silver stream delivery obligations and refinance and extend debt owed to Sandstorm. Closing of the Sandstorm Restructuring is subject to TSX-V approval.
- Completion of a private placement financing to raise an aggregate of approximately C\$8.2 million in July 2023 and completion of a C\$ 9.5 million bought deal financing in October 2023.

Additional details regarding these transactions are provided below and in the Company's news releases dated July 5, September 13, September 21, September 28, October 5, October 12, and October 19, 2023.

The Mercedes mine has been inconsistent in achieving the anticipated gold grades projected in the mine plans and geological models the Company inherited upon its acquisition of Mercedes in April 2022. The Company has identified underlying factors and taken steps to improve the geological model, increase development, decrease costs, eliminate operating inefficiencies, and improve staffing at Mercedes. While these efforts have been largely successful, deficiencies in development and poor ground conditions in certain workings continued to impact Mercedes' operations during Q3 2023. Subsequent to the end of the quarter, Bear Creek revised its gold production guidance for 2023 to 39,000 - 45,000 ounces. No other guidance was revised. Efforts to identify and overcome remaining barriers are ongoing and the Company has taken steps to shorten its response time as it continues to work to further increase underground development, improve processing grades and reduce dilution. Included in these operational changes is a dedicated effort to assemble a skilled team that shares the Company's focus on Mercedes' profitability. Bear Creek's Board of Directors (the "Board") and management believe Mercedes has the elements necessary to improve annual production, discover additional mineralization, lower costs and contribute significant free cash flow and the Company is working relentlessly to provide the strategic operational tools and sufficient financial resources to make these improvements come to fruition.

The Company announced the appointment of two new directors to the Board, Ms. Sandra Daycock and Ms. Susan Toews, and a new Chief Operating Officer, Brian Peer, on November 11, 2023. Sandra and Susan

will contribute their cumulative financial, legal, strategic and governance expertise to the direction of the Company, and with over three decades of hands-on experience at mining operations throughout the Americas, Brian is a welcome addition to the Company's senior management team. During Q3 2023 Erfan Kazemi retired from the Board to concentrate on his other business obligations, and on September 11, 2023 the Company announced that Tony Hawkshaw, former CEO of the Company, had retired from the Board for medical reasons. Mr. Hawkshaw passed away on November 4, 2023.

Eric Caba, Bear Creek's President and CEO, stated, "We are systematically addressing the short term challenges in front of us to realize the potential in Mercedes and recoup the value lost across the last year. The restructuring of the debt and stream burden has set Bear Creek up to begin positive cash generation going forward and continue to advance Corani, our cornerstone asset. We are building a management and technical team, supported by the Board, that is focused on increasing margins as well as production. These technical and managerial changes are starting to make a difference at Mercedes and we continue to be excited about the long term."

Selected Q3 2023 Financial and Production Results

Financial Results (thousands of dollars, except share and per share amounts)	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
Revenue	\$18,805	\$62,976
Comprehensive earnings (loss) after taxes	\$(9,783)	\$(29,042)
Comprehensive earnings (loss) per share ⁽¹⁾	\$(0.06)	\$(0.18)
Cash from (used in) operating activities		\$2,036
Cash from (used in) investing activities		\$(12,247)
Cash from (used in) financing activities		\$8,400
Weighted average shares during period	167,547,723	158,953,329
Shares issued and outstanding at end of period	171,365,386	171,365,386
Mercedes Operating Highlights	Q3 2023	
Gold ounces produced	9,155	
Silver ounces produced	33,686	
Gold Equivalent Ounces ⁽²⁾ ("GEOs") sold	9,815	
Cash costs per GEO sold ⁽³⁾	\$1,329	
AISC per GEO sold ⁽³⁾	\$1,949	
Tonnes mined (thousands)	123.5	
Tonnes processed (thousands)	126.2	
Average gold grade mined (g/t)	2.79	
Average gold grade processed (g/t)	2.40	
Recovery rate gold	93.98%	

(1) Per share amounts are based on weighted average shares during the period.

(2) GEOs comprise gold and silver, with silver ounces converted to an equivalent number of gold ounces at a ratio equivalent to the last LBMA PM price of gold and silver at the period end date. For Q3 2023, the silver to gold price ratio was 81:1.

(3) Non-IFRS Measure. Please see "Non-IFRS Measures" below for further information.

Mercedes Gold Mine, Mexico

Safety

The Mercedes Mine had one lost time incident ("LTI"), one restricted work incident and no medical treatment incidents during Q3 2023. No reportable environmental incidents occurred during Q3 2023.

Mine Plan and Development

The changes in mining methods initiated during Q2 2023, from cut and fill at the Marianas and San Martin deposits to room and pillar mining at San Martin and sub-level caving and sub-level stoping at Marianas, have proven beneficial with an increase in efficiency of the development work as more tons of ore become available per meter of development. However, due to the poor rock quality in some areas of the Marianas deposit, the mining methods currently in use continue to be evaluated in an effort to minimize excessive dilution. These rock quality issues required the unplanned development of a bypass ramp and parallel ventilation ramp, which manifested in lower grades available to be processed during the quarter. Despite these challenges, Q3 2023 mine development continued to improve throughout the quarter, yielding a 31% increase in development meters (from 1,364 meters during Q2 2023 to 1,791 meters during Q3 2023).

The changes to mining methods during Q2 2023 significantly and positively impacted mining costs from May 2023 onward. Average mining costs at Mercedes have decreased from \$80.84 per tonne of ore mined during the first four months of the year to \$68.37 per tonne of ore mined during the period May 1 to September 30, 2023; a decrease of approximately 15%. Mining Costs per tonne of ore mined are expected to continue to decline during the final quarter of 2023 as mining methods are further optimized and the Company implements more rigorous controls and supervision over blasting and ground control practices. Additional details regarding the decrease in mining costs per tonne, which are a non-IFRS measurement, and their reconciliation to production costs, are provided in the Company's MD&A for the three and nine months ended September 30, 2023.

Exploration

Delineation drilling focused on advances within the Marianas, San Martin, Rey de Oro, Diluvio and Lupita deposits at Mercedes increased during Q3 2023. Results from delineation drilling at Mercedes announced during Q3 2023 included numerous intercepts with gold grades substantially higher than the currently defined resources, including up to 62.6 g/t gold over 5.2 m true width at the Marianas deposit. This drilling also encountered zones of intense structural complexity, including hydrothermal breccias, that in combination with higher gold and silver grades may point to a closer proximity to the source structures of mineralization in the Mercedes district and bode well for future exploration potential. Full details of drill results issued during Q2 2023 are provided in the Company's news release dated August 3, 2023.

Outlook

The Company has undertaken to update and revise Mercedes geological modeling, reserve block modeling, mining methodology optimization and mine sequencing, all of which continue to progress. Aggressive underground delineation drilling is ongoing, providing the Company with the means to convert resources to reserves while continuing with production. The Company expects that the impact of the drilling results, mining methodology optimization, implementation of increased supervision, and controls to improve blasting and ground control will support final 2023 production of 39,000 - 45,000 ounces as announced on October 20, 2023. Exploration drilling focused on the Marianas Deep, Marianas Extension and San Martin Displacement targets is scheduled to restart in Q4 2023.

The Marianas deposit has contributed significantly to Mercedes production during 2023 which trend is expected to continue into 2024. Marianas is also a vital component of the Company's longer-term plans for Mercedes. Marianas is located on the prolific Mercedes structural trend, which has contributed over 3.5 million tonnes of ore and over 580,000 ounces of gold to the mine's historical production since 2011. Bear Creek's understanding of the deposit is evolving with additional delineation drilling and projected surface exploration drilling stepping out both along strike and below the existing Marianas workings.

Tonnes mined from the San Martin deposit increased from 400 to almost 600 tonnes daily during Q3 2023, and improvements in both tonnage (to over 800 tonnes per day) and grade are expected in Q4 2023 as the available working faces increase and as development enters into the higher grade core of the ore body.

The Company is also advancing the development of the Rey de Oro mine. Delineation drilling and the appointment of a development contractor are underway. Production from Rey de Oro is expected to commence during Q4 2023.

Overview of Results of Operations, Liquidity, and Capital Resources

Results of Operations

For the three months ended September 30, 2023, the Company recorded revenue of \$18.8 million from the sale of gold and silver. The Company sold a total of 9,815 GEOs at an average price of \$1,916/GEO. The cost of goods sold was \$14.3 million, and depletion, amortization, and depreciation amounted to \$11.2 million.

The gross loss from Mercedes operations was \$6.8 million during Q3 2023. Operations and operating costs were negatively impacted by poor ground conditions in some working areas of the mine, and by inflationary pressures, mainly reflecting increased prices for diesel and certain consumables such as tires, lubricants, explosives and steel products, and the effect of similar inflationary impacts on the Company's third party suppliers. Spending on the Corani property totaled \$2.2 million during Q3 2022, comprising direct project expenditures and corporate overhead costs. After all operating expenses, other income and expenses, tax expenses, and recoveries, the Company recorded a comprehensive net loss of \$9.8 million (\$0.06 per share)

for the three months ended September 30, 2023.

Management has assessed impairment indicators on the Company's property and equipment. The Company concluded that impairment indicators on the Mercedes mine exist as of September 30, 2023 and therefore was required to update the estimate of the recoverable amount of the Mercedes mine. As the recoverable amount of the Mercedes mine exceeded the carrying value as at September 30, 2023, no impairment charge was taken.

Liquidity

On September 30, 2023 the Company held cash and cash equivalents and short-term investments in the amount of \$1.7 million (not including \$1.7 million in restricted cash), a decrease of \$1.8 million from December 31, 2022. For the nine months ending September 30, 2023, operating activities resulted in a cash inflow of \$2.0 million, investing activities used \$12.2 million, and financing activities provided \$8.4 million in cash. Cash flow for the nine months ended September 30, 2023 was impacted by higher than normal investment in mine development and equipment made during Q3 2023 to improve Mercedes' future production.

On June 30, 2023, the Company's net working capital deficiency was \$66.1 million (compared to \$57.7 million on June 30, 2022, \$60.0 million on March 31, 2023 and \$51.2 million on December 31, 2022). Significant amounts contributing to the September 30, 2023 net working capital deficiency are current amounts owing in relation to \$26 million Mercedes deferred payment, accounts payable, and deferred revenue plus streams.

Subsequent to the end of Q3 2023, the Company closed a bought deal equity financing pursuant to which 27,200,000 units ("Units") were sold at a price of C\$0.35 per Unit for gross proceeds of C\$9.5 million. Each Unit is comprised of one common share ("Share") and one common share purchase warrant ("Warrant") of the Company. Each Warrant will be exercisable to acquire one Share (a "Warrant Share") at an exercise price of C\$0.42 per Warrant Share until October 5, 2028. Additional information is provided in the Company's news releases dated September 28, October 5 and October 12, 2023.

Restructuring of Deferred Payment

As described above and in the Company's news releases dated May 30, 2023 and July 5, 2023, Bear Creek entered into a restructuring agreement with Equinox Gold to convert a \$26 million current liability into a non-current obligation by issuing the "EQX P-Note". On September 21, 2023, the Company held a Special Meeting at which shareholders were asked to consider and, if thought fit, to pass an ordinary resolution (the "Resolution") to approve the: (i) issuance of the EQX P-Note; and (ii) creation of Equinox Gold, and/or any affiliates of Equinox Gold, as a new "Control Person" (as defined in the policies of the TSXV) of the Company. Fifty-seven percent of shares eligible to be voted at the Special Meeting were cast and the Resolution was passed by 88.9% of votes cast. The EQX P-Note in the amount of \$26.6 million was issued on October 19, 2023 but remains subject to final approval by the TSX-V. The EQX P-Note matures on the fifth anniversary of the issuance date ("Maturity Date"), with all of outstanding, accrued and unpaid interest due on this date. Interest will accrue monthly on the unpaid balance at a rate equal to 7% per annum. The Company is required to make monthly interest payments in the amount of \$0.16 million to Equinox Gold with the balance of the principal and accrued interest payable in full on the Maturity Date. Additional details are provided in the Company's MD&A for the three and nine month periods ended September 30, 2023.

Short-term Loan

On September 13, 2023, the Company entered into a short term loan via a Promissory Note with Equinox Gold ("Short Term Loan") in the amount of \$1.3 million, effective September 7, 2023. The loan bears interest at 13% with interest calculated daily and the outstanding balance (interest and principal) is payable on January 7, 2023. Additional information is available in the Company's news release dated September 13, 2023.

Conclusion of Nomad Gold Stream

As part of its acquisition of Mercedes on April 21, 2022, the Company assumed a gold prepay agreement with Nomad Royalty Co. Ltd. (the "Nomad Gold Stream") with 5,400 ounces remaining to be delivered at a rate of between 900 and 1,100 ounces of gold per quarter, depending on the price of gold. The Nomad Gold Stream was fully completed on September 27, 2023 with no further quarterly gold payments due. As a result, over 300 additional ounces of gold produced at Mercedes per month are available for sale by the Company.

Restructuring of Stream and Debt Obligations

On September 28, 2023, the Company announced a restructuring of its current stream and debt obligations with Sandstorm that is expected to be effected by way of the Restructuring Agreement. Under the Restructuring Agreement, effective January 1, 2024, gold deliveries pursuant to the Sandstorm Gold Stream are expected to be reduced from 600 oz per month to 275 oz per month and silver deliveries pursuant to the Nomad Silver Stream are expected to be fully suspended until April 2028. Together with the retirement of the Nomad Gold Stream, the stream burden on Mercedes will be reduced by 78% commencing January 1, 2024.

Consideration to Sandstorm in exchange for the stream amendments will consist of a 1.0% net smelter returns ("NSR") royalty on Corani, and payment of up to \$10 million in the form of Shares of Bear Creek, provided that Sandstorm will own no more than 19.99% of Bear Creek's issued and outstanding shares on a post-closing basis (the "Consideration Shares"). The Restructuring Agreement requires approval by the TSXV and the Restructuring Agreement, including the issuance of the Consideration Shares, will occur once this approval is received.

Pursuant to the Restructuring Agreement, Sandstorm is expected to refinance its \$22.5 million convertible debenture into a 5-year convertible promissory note bearing interest at 7% per year and convertible into common shares of Bear Creek at a strike price of C\$0.73 per share (the "Refinanced Sandstorm Note"). The Refinanced Sandstorm Note is expected to have a maturity date of September 22, 2028 and be secured by first lien pledges on the assets of Mercedes, Bear Creek's equity interests in Mercedes and Corani; and Sandstorm is also expected to refinance its \$9 million secured loan (the "Sandstorm Secured Loan") that was acquired by a wholly-owned subsidiary of Sandstorm (previously the "Auramet Loan"), into a second 5-year convertible promissory note (the "Second Refinanced Sandstorm Note") on the same terms as the Refinanced Sandstorm Note.

Additional information related to the Restructuring Agreement is available in the Company's MD&A for the three and nine month periods ended September 30, 2023 and news release dated September 28, 2023.

Going Concern

The Company's Q3 2023 interim condensed consolidated financial statements were prepared following accounting principles applicable to a going concern, which assumes the Company will be able to continue in operation for at least twelve months from September 30, 2023 and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. While the July 2023 private placement, October equity financing, EQX P-Note, Restructuring Agreement and other developments outlined above improve the Company's liquidity, uncertainty remains in relation to the ability of the Company to achieve the operating results and necessary cash flow generation from the Mercedes mine to avoid seeking additional financing, which may give rise to significant doubt about the Company's ability to continue as a going concern.

The interim condensed consolidated financial statements of the Company for the three and nine month period ended September 30, 2023 do not include adjustments to the carrying values of the assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used, should the Company be unable to continue as a going concern. These adjustments could be material.

Non-IFRS Measures

This news release includes disclosure of certain non-IFRS and Non-GAAP financial measures or ratios, as such terms are used in National Instrument 52-112 - Non-GAAP and Other Financial Measures Disclosure, including AISC, Cash Costs, AISC per GEO sold, Cash Cost per GEO sold, and Mining Cost per tonne of ore mined. The non-IFRS financial measures used in this news release are not standardized financial measures under IFRS and might not be comparable to similar measures presented by other companies. The Company believes that these measures and ratios provide investors with an improved ability to evaluate the prospects of the Company. For further information regarding these Non-IFRS financial measures, please see the information under the heading "Cash Cost and All-in-Sustaining Cost ("AISC") for Mercedes" in the Company's MD&A for the period ended September 30, 2023, available on its website (www.bearcreekmining.com) and on SEDAR+ (www.sedar.com).

On behalf of the Board of Directors,

Eric Caba
President and Chief Executive Officer

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NI 43-101 Disclosure

Unless otherwise indicated, scientific and technical information in this news release is based on work programs and initiatives conducted under the supervision of, and/or has been reviewed and approved by, Andrew Swarthout, AIPG Certified Professional Geologist, a director of the Company who is a Qualified Person ("QP") as defined in NI 43-101. Additional information related to the Mercedes Mine and the Corani Project, including the Quality Assurance and Quality Control measures applied to the Company's sampling and assaying practices, is available in its Annual Information Form for the year ended December 31, 2022, available on its website and on SEDAR+.

Cautionary Statement Regarding Forward-Looking Information

This news release contains forward-looking statements regarding: the Company's 2023 business priorities; the information intended to result from the Mercedes geological interpretation review; the Company's expectations regarding future production and financial results and the potential impacts on production from increased development, staffing changes, revisions to plans and other efforts to improve Mercedes' performance; anticipated impacts stemming from the EQX P-Note issuance and Restructuring Agreement; TSXV approval of the EQX P-Note; TSX-V approval of the Restructuring Agreement; terms and conditions of the EQX P-Note and the Restructuring Agreement, including terms related to the conversion of debt into Shares; the ability of the Company to meet the monthly payments, interest and principal repayment obligations under the EQX P-Note and the Restructuring Agreement; the anticipated effect of the EQX P-Note and Restructuring Agreement on the Company's financial condition; the anticipated increase in gold and silver available to the Company as a result of the Restructuring Agreement; anticipated 2023 Mercedes drilling plans; the progression and timing of development work at the Mercedes mine; expectations regarding ongoing reductions in operating cost per tonne of ore mined at Mercedes through 2023; the expected contributions of ore from Marianas, San Martin and Re de Oro and the timing thereof; the expectation that Mercedes will generate free cash flow; the Company's ability to remain a going concern; and the Company's ability to meet its debt and streamlining obligations, including payments in respect of the EQX P-Note and the Refinanced Sandstorm Note. These forward-looking statements are provided as of the date of this news release and reflect predictions, expectations, or beliefs regarding future events based on the Company's beliefs at the time the statements were made, as well as various assumptions made by and information currently available to them. In making the forward-looking statements included in this news release, the Company has applied several material assumptions, including, but not limited to: that the TSX Venture Exchange will approve the EQX P-Note and the Restructuring Agreement; that unforeseen factors will not impede the anticipated performance of the Mercedes mine; that development work at Mercedes will continue as planned and result in contributions to production as anticipated; and that exploration drilling plans will transpire as and when predicted. Although management considers this assumption to be reasonable based on the information available to it, it may prove to be incorrect. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and the risk exists that estimates, forecasts, projections, and other forward-looking statements will not be achieved or that assumptions on which they are based do not reflect future experience. We caution readers not to place undue reliance on these forward-looking statements as several important factors could cause the actual outcomes to differ materially from the expectations expressed in them. These risk factors may be generally stated as the risk that the assumptions expressed above do not occur, but may include additional risks as described in the Company's latest Annual Information Form, and other disclosure documents filed by the Company on SEDAR+. The foregoing list of factors that may affect future results is not exhaustive. Investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the Company or on behalf of the Company, except as required by law.

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