

Strategic Minerals Europe Corp. reports fourth quarter and full-year 2023 financial results

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TORONTO, March 27, 2024 - [Strategic Minerals Europe Corp.](#) (Cboe: SNTA) (FRA: 26K0) (OTCQB: SNTAF) ("Strategic Minerals" or the "Company"), a company focused on the production, development, and exploration of tin, tantalum and niobium, announces the results for the three months and full year ended December 31, 2023. Strategic Minerals' 2023 annual audited financial statements and associated MD&A have been filed on SEDAR+ (www.sedarplus.ca). Unless otherwise indicated, all currency amounts are in U.S. dollars.

Fiscal Year and Q4 2023 Highlights

- On October 19, 2023, the Superior Court of Xustiza of Galicia (the "TSXG") decided to provisionally suspend the section C permit for the Company's Penouta Project after a complaint filed against the regional mining authority Xunta de Galicia (the "Xunta"), requesting a revocation of the section C permit granted to the Company in May 2022. On October 23, 2023, the Company submitted an appeal of the Decision to the Administrative Court of the High Court of Justice of Galicia (the "High Court"). On December 13, 2023, the Company was notified of the High Court's decision to maintain the Decision and continue the provisional suspension of the Penouta Project until the main proceeding is decided. As of the date of this release, no resolution has been reached, and operations at the Penouta Project continue to be suspended.

- In 2023, production reached a record high of 603 tonnes, and the quality of concentrate improved during the year. Fourth-quarter production halted on October 14, 2023, at 28 tonnes of primary concentrate production.

- Cassiterite concentrate production reached 501 tonnes in 2023 with 70.0% tin content.

- Tantalite/columbite concentrate production reached 102 tonnes in 2023 with 24.1% tantalite content and 25.4% columbite content.

- The Company achieved record sales of 629 tonnes of concentrates and 418 tonnes of contained minerals in 2023, an increase of 20% and 19%, respectively, compared to 2022. Sales during Q4 2023 amounted to 29 tonnes of concentrates and 20 tonnes of contained minerals before the temporary suspension of operations. This represented a decrease of 76% and 75%, respectively, compared to the same period in 2022, although the production time decreased by 86%.

- Cassiterite contributed 83% of the sales mix for 2023 and 86% for Q4 2023.

- Revenues totaled \$12.8 million in 2023, an increase of 10% compared to 2022. At the halt of operations, revenues for Q4 2024 reached \$0.5 million, a reduction of 77% from the same period of 2022.

- During the year, the Company's share price declined such that the carrying value of its net assets exceeded its market capitalization, operations at the Penouta Project were suspended due to the aforementioned court decision, and, subsequent to December 31, 2023, the Company entered into a business combination agreement where all of the issued and outstanding common shares in the capital of the Company would be acquired by IberAmerican Lithium Corp (Cboe: IBER) ("IberAmerican"). As a result, the Company recorded an impairment loss of \$13.1 million as the recoverable amount of the assets is less than carrying amount as of December 31, 2023.

- Net loss of \$16.9 million (\$0.071 per share) in 2023 compared to a net loss of \$1.4 million (\$0.006 per share) in 2022. Net loss for Q4 2023 was \$15.1 million (loss of \$0.063 per share) compared to a net loss of \$0.796 million (loss of \$0.003 per share) in Q4 2022. The reason for the net loss in Q4 2023 compared to Q4 2022 was the production halt on October 14, 2023 and the recording of the impairment described above.

- On January 24, 2023, the Company closed the Gross Revenue Royalty Transaction with Electric Royalties Ltd. ("Electric Royalties"), (TSXV: ELEC) (OTCQB: ELECF), which acquired a 0.75% gross revenue royalty on the production of the Penouta Project in exchange for a cash payment of CA\$1.0 million and the issuance of 500,000 common shares in the capital of Electric Royalties to the Company. On July 27, 2023, Electric

Royalties exercised its option to increase its 0.75% gross revenue royalty on the Company's Penouta Project by a further 0.75% in exchange for a cash payment of CA\$1.25 million. Electric Royalties now holds an aggregated 1.5% gross revenue royalty on the production of the Penouta Project and the royalty rates will be reduced to 1.25% and 1.0%, respectively, once CA\$1.67 million and CA\$3.34 million in royalty revenues have been paid.

- On September 28, 2023, the Company reached an agreement with IberAmerican for its 30% interest in the investigation permit No 5186 and the application for investigation permit No. 5191 related to the Alberta II and Carlota lithium projects, respectively, located in Spain (the "Lithium Project"). IberAmerican acquired the Company's remaining interest for CA\$1 million, paid in cash.

Operational and Financial Summary for the fourth quarter and full year ended December 31, 2023

Description	Units	Actual				
Q4 2023	Q4 2022	% Change	FY2023	FY2022	% Change	
Total Concentrate Production	Tonnes	28 105	(73.3 %)	603 541	11.5 %	
Tin Concentrate Sold	Tonnes	25 100	(75.0 %)	519 444	16.9 %	
Tantalite and Columbite Concentrate Sold	Tonnes	4 21	(81.0 %)	110 80	37.5 %	
Revenue	\$'000	507 2,200	(77.0 %)	12,806 11,659	9.8 %	
Profit before expenses & other	\$'000	(570) 326	NM	4,773 6,118	(22.0 %)	
Adjusted EBITDA1	\$'000	(1,239) (1,234)	NM	(2,104) (578)	NM	
Net Income (Loss) Per Share	\$	(0.063) (0.003)	NM	(0.071) (0.006)	NM	

1 This is not a standardized financial measure and may not be comparable to similar financial measures of other issuers. See "Use of Non-IFRS Financial Measures" below for the composition and calculation of this financial measure.

"The financial results for the fourth quarter and full year of 2023 were significantly impacted by the court-ordered suspension of production in October," said Jaime Perez Branger, CEO of Strategic Minerals. "While we believe that the complaint filed against the regional mining authority Xunta de Galicia holds no merit, the Board has decided that the best course for the company is to complete the announced business combination with IberAmerican Lithium. This will provide the financial stability to position Strategic Minerals to continue operations at Penouta when allowed and also grant shareholders exposure to the lithium exploration opportunities at the property."

Operational and Financial Performance

Total production for 2023 reached a record of 603 tonnes, an increase of 11.5% from 2022, despite production having halted on October 14, 2023, for the remainder of the year, and over two weeks in September 2023 due to an unusual drought affecting Spain. Production for the fourth quarter amounted to 28 tonnes, a 73.3% decrease from the 105 tonnes produced during the same period of 2022.

Quality of concentrate improved during 2023. Cassiterite concentrate production reached 501 tonnes with 70.0% tin content (455 tonnes with 70.4% tin content in 2022), and tantalite/columbite concentrate production reached 102 tonnes with 24.1% tantalite content and 25.4% columbite content (86 tonnes with 23.3% tantalite and 24.6% columbite content in 2022).

Production during the fourth quarter of 2023 consisted of 24 tonnes of cassiterite concentrate with 71.0% tin content (87 tonnes with 69.9% tin concentrate in 2022), and 4 tonnes of tantalite/columbite concentrate with 24.8% tantalite content and 26.2% columbite content (18 tonnes with 24.3% tantalite and 25.3% columbite content in Q4 2022).

Total sales for 2023 amounted to 629 tonnes of concentrates and 418 tonnes of contained minerals, which are 20% and 19% higher than in 2022, respectively. Sales of contained cassiterite for the year reached 363 tonnes, an increase of 16% from 313 tonnes in 2022. Sales of contained tantalite and columbite reached 54 tonnes, a 42% increase from the 38 tonnes sold during 2022. Cassiterite contributed 83% of the mix of sales for the full year 2023.

Sales during the fourth quarter reached 29 tonnes of concentrates and 20 tonnes of contained minerals, a decrease of 76% and 75%, respectively, over the same period of 2022 as a consequence of the suspension of production as per the Decision. The contained minerals sales breakdown was 18 tonnes of contained cassiterite (cassiterite concentrate multiplied by tin grade percentage) and 2 tonnes of contained tantalite and columbite (tantalite and columbite concentrate multiplied by the corresponding grade percentage).

Cassiterite contributed 86% of the mix of sales for the fourth quarter.

In 2023, the average price of tin decreased 12% from 2022, and the average price of tantalum concentrate decreased 1% from 2022 to 2023.

Revenues for 2023 totaled \$12.806 million, an increase of 10% compared to 2022. Revenues for the fourth quarter were \$0.507 million, a decrease of 77% from the same period of 2022 due to the halt of operations commencing on October 14, 2023.

At the end of the period, cash and cash equivalents were \$0.8 million compared to \$0.9 million on December 31, 2022. Cash during the year was mainly used for equipment required for capacity increase, debt repayment and operations.

Outlook

The Company is currently focused on appealing the Decision by the High Court, as described above, to be able to resume operations at the Penouta Project and is trying to raise the necessary funds through the issuance of equity or debt to support the idle cost incurred while waiting for the Decision in the main proceeding to be received.

Once the Decision is resolved, subject to the Company being able to raise the necessary funds, the Company will concentrate on improving its operations by increasing production to reduce unit costs, reinvesting profits to achieve organic and sustainable growth, and looking for new external financing opportunities.

To execute the above, the Company has formulated a strategic plan described below, which is not based on a technical report filed under National Instrument 43-101 Standards of Disclosure for Mineral Projects.

Development of the Penouta Project

The Company will continue to work on operational improvements to increase its recovery and output in production and optimize energy consumption. This will include improvements in machinery and equipment, which will allow the Company to install backup equipment in certain critical areas to minimize interruptions in the production process and configure subprocess systems through standby equipment, thereby curbing downtime and operational inefficiencies that result from mechanical and equipment malfunctions.

- The Company will invest in new equipment to improve water recirculation and decrease freshwater consumption. This investment will prevent production interruptions in case of future droughts in Spain.
- The Company will also adapt the tailing ponds to better manage the water used in the production process and install a filter press stage for more efficient and safer tailings handling.
- The Company will work on the mine development by carrying out the necessary stripping to get access to the higher mineralization areas.
- The Company intends to establish a state-of-the-art cassiterite foundry plant. This innovative initiative aims to add significant value to its products by enhancing the recovery of strategic minerals such as tantalum and niobium from smelting residues. Not only does this project promise to boost our overall mineral recovery, but it also underscores the critical role of tin as a strategic metal across diverse industries.
- Given the volume of reserves, the Company will evaluate whether to seek additional financing to expand the plant's capacity to increase concentrate production.

Proposed Transaction

On March 19, 2024, the Company entered into a business combination agreement (the "Business Combination Agreement") with IberAmerican and [IberAmerican Resources Inc.](#) ("Subco"), a wholly-owned subsidiary of IberAmerican. Pursuant to this agreement, IberAmerican will acquire all of the issued and outstanding common shares in the capital of the Company ("Strategic Shares") (the "Proposed Transaction"). Under the terms of the Business Combination Agreement, each holder of Strategic Shares will be entitled to receive one common share of IberAmerican ("Iber Share") for every seven Strategic Shares held.

The company's board of directors has unanimously approved the Business Combination Agreement and

determined that the Amalgamation is fair to shareholders and in the best interest of the Company. The board recommends that shareholders vote in favor of the Proposed Transaction.

The Company intends to call a special meeting of the shareholders to be held in May 2024 to seek shareholder approval for the Proposed Transaction.

For more information on the Proposed Transaction, please refer to the Company's Q4 2023 MD&A filed on SEDAR at sedarplus.ca.

About Strategic Minerals Europe Corp.

Strategic Minerals' wholly-owned subsidiary, Strategic Minerals Spain, S.L. ("SMS"), produces, identifies, explores, and develops mineral resource properties critical to the green economy, predominantly in Spain. SMS holds permits and a license for the Penouta Project. SMS is the largest cassiterite concentrate and tantalite producer in the European Union and has been recognized within the EU as an exemplary company of good practices in the circular economy. The Company is well-positioned as a major producer of sustainable and conflict-free tin, tantalum, and niobium. Strategic Minerals is a "reporting issuer" under applicable securities legislation in the provinces of British Columbia, Alberta, and Ontario.

Additional information on Strategic Minerals can be found by reviewing its profile on SEDAR at www.sedarplus.ca.

Cautionary Note Regarding 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 at the date of this news release, including, without limitation, management's beliefs regarding maintaining the current levels of production and meeting guidance targets, and the Proposed Transaction as proposed to be affected pursuant to the Business Combination Agreement, the ability of the parties to satisfy the conditions to closing of the Proposed Transaction, the mailing of the management information circular in connection with the Meeting, delisting of the Company from Cboe Canada and the timing thereof and the anticipated timing of closing of the Proposed Transaction. 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 "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.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Strategic Minerals to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause actual results to differ materially from those anticipated in these forward-looking statements are described under the caption "Risks Factors" in the Company's Annual Information Form dated March 30, 2023, which is available for view on SEDAR+ at www.sedarplus.ca. These risks include but are not limited to, the risks associated with the mining and exploration industry, such as operational risks in development or capital expenditures, the uncertainty of projections relating to production, and any delays or changes in plans with respect to the exploitation of the site. Forward-looking statements contained herein, are made as of the date of this press release, and Strategic Minerals disclaims, other than as required by law, any obligation to update any forward-looking statements whether as a result of new information, results, future events, circumstances, or if management's estimates or opinions should change, or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, the reader is cautioned not to place undue reliance on forward-looking statements.

RECONCILIATION OF NON-IFRS FINANCIAL MEASURES

This announcement refers to the following non-IFRS financial performance measures:

Adjusted EBITDA

Adjusted EBITDA represents earnings before interest, income taxes, depreciation, and amortization

("EBITDA"), adjusted to exclude share-based payments, gain on retained investment in associate, gain on sales of assets, gain on disposal of investment in associate and reverse takeover ("RTO") transaction costs. Adjusted EBITDA provides insight into our overall business performance (a combination of cost management and growth) and is intended to provide additional information for the reader as we believe certain investors could use this information to evaluate the Company's underlying performance of its core operations and its ability to generate cash flow and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to other issuers.

The following table provides a reconciliation of adjusted EBITDA to net income (loss) as reported in the Financial Statements:

(\$ thousands)	Q4 2023	Q4 2022	FY2023	FY2022	
Net income (loss)	(15,065)	(796)	(16,941)	(1,419)	
Finance income	(86)	0	(178)		
Finance costs	268	75	263		
Gain on settlement of debt	–	–	(8)	–	
Change in fair value of investment		(13)	–	39	–
Income tax expense	0	–	–		
Impairment loss on property, plant and equipment			13,144	–	13,144
Depreciation and amortization expense		513	474	1,997	1,724
EBITDA	(1,239)	(247)	391		
RTO Transaction cost	–	–	836		
Gain on sale of assets and investment in associate			–	(988)	(1,319)
Loss from investment in associate		–	–	42	–
Share-based payments	–	–	259	19	
Adjusted EBITDA	(1,239)	(1,234)	(2,104)	1,184	

SOURCE Strategic Minerals Europe Corp.

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