Galantas Reports Results for the Three and Six Months Ended June 30, 2014

20.08.2014 | Marketwired

TORONTO, ONTARIO--(Marketwired - Aug 20, 2014) - Galantas Gold Corp. (TSX VENTURE:GAL)(AIM:GAL) (the 'Company') is pleased to announce financial results for the three and six months ended June 30, 2014.

Financial Highlights

Highlights of the 2014 second quarter's and first six months results, which are expressed in Canadian Dollars, are summarized below:

All figures denominated in Canadian Dollars (CDN$)	Second Quarter Ended June 30		Six Months Ended June 30	
	2014	2013	2014	2013
Revenue	$ 0	$ 532,856	$ 0	$ 888,532
Cost of Sales	$ 99,446	$ 511,833	$ 176,680	$ 909,421
Income (Loss) before the undernoted	$ (99,446)	$ 12,023	$ (176,680)	$ (20,889)
Depreciation	$ 62,171	$ 122,224	$ 127,263	$ 246,830
General administrative expenses	$ 347,528	$ 294,721	$ 619,709	$ 591,780
(Gain) on sale of property, plant and equipment	$ (19,312)	$ (64,531)	$ (19,860)	$ (64,531)
Unrealized (gain) on fair value of derivative financial liability	$ (210,000)	$ 0	$ (210,000)	$ 0
Foreign exchange loss	$ 16,770	$ 17,272	$ 104,911	$ 3,249
Net (Loss) for the period	$ (296,603)	$ (357,663)	$ (798,703)	$ (798,217)
Working Capital (Deficit)	$ (2,607,058)	$ (3,037,837)	$ (2,607,058)	$ (3,037,837)
Cash (loss) from operating activities before changes in non-cash working capital	$ (450,143)	$ (323,010)	$ (969,676)	$ (562,927)
Cash at June 30, 2014	$ 458,849	$ 476,581	$ 458,849	$ 476,581

The Net Loss for the three months ended June 30, 2014, amounted to CDN$ 296,603 (2013 Q2: CDN$ 357,663) and the cash loss from operating activities before changes in non-cash working capital in the second quarter of 2014 amounted to CDN$ 450,143 (2013 Q2: CDN$ 323,010). The Net Loss for the six months ended June 30, 2014, amounted to CDN$ 798,703 (2013: CDN$ 798,217) and the cash loss from operating activities before changes in non-cash working capital for the first six months of 2014 amounted to CDN$ 969,676 (2013: CDN$ 562,927).

Sales revenues for the second quarter and six months ended June 30, 2014 amounted to CDN$ Nil (2013: CDN $ 532,856 and $ 888,532 respectively). Following the suspension of production during the fourth quarter of 2013 due primarily to lower concentrate gold grade coupled with falling gold prices, there were no shipments of concentrates sales from the mine during the second quarter and first six months. The Company continues to review the economics of continuing production through the processing of tailings cells.

Cost of sales for the second quarter and six months ended June 30, 2014 amounted to CDN$ 99,446 and $ 176,680 respectively (2013: CDN$ 511,833 and $ 909,421). There was a decrease in all production costs at the Omagh mine during both periods following the suspension of production during 2013.

The Company had cash balances of $ 458,849 at June 30, 2014 compared to $ 476,581 at June 30, 2013. The working capital deficit at June 30, 2014 amounted to $ 2,607,058 compared to a working capital deficit of $ 3,307,837 at June 30, 2013.

During the second quarter Galantas completed a private placement financing for aggregate gross proceeds of approximately UK£ 516,500. Pursuant to the offering, an aggregate of 10,330,000 units were sold at a price of UK£ 0.05/CDN$0.09375 per common share. Each unit is comprised of one common share and one common share purchase warrant. In addition a shares for debt exchange of 15,125,140 common shares for CDN$ 1,389,150/ UK£ 756,157of the Company's debt was completed during the second quarter.

Production

Production at the Omagh mine remains suspended awaiting planning consent to continue operations underground. Due to continued delays in the planning process, management had to make significant redundancies in the workforce, alongside other cost reduction measures.

During the first quarter of 2014 the Company commenced pilot tests with regards to the processing of tailing cells filled during the earlier operation of the mine. The results confirm pre-existing data that indicated the tailings contain between 0.5g/t gold and 1 g/t gold and meet European Union standards for definition as inert material. A low energy cost processing solution, based upon a Knelson CD12 centrifugal gravity concentrator, which was already utilized in the gold processing plant in a secondary role, was successfully pilot tested as a prime re-treatment component for flotation tailings. The tailings do not require comminution (crushing and grinding) for re-processing by this method. Extended in-house tests with the Knelson concentrator produced a variation in results in terms of grade and recovery. Consequently, alternative gravity oriented test-work was carried out. The results successfully indicate that it is possible to uprate tailings by a low energy consuming, bulk gravity method from 0.5-1.0 g/t to 2-3 g/t gold. The higher feed grade produced in testing has been tested with froth flotation in the Company's in-house laboratory to simulate production flotation in the company's processing plant, followed by an additional gravity scavenging treatment. The results indicate that a finer grind than was previously required may be necessary to enhance the concentrate grade. The existing Knelson concentrator, whilst large enough to test the process, is not large enough to satisfactorily operate the process at the scale required for robust economics at present gold prices. The economics of acquiring a larger concentrator unit and ancillary equipment is subject to satisfactory recoveries being confirmed. The test-work is continuing.

Reserves and Resources

Work continued during the first half of 2014 on updating the resource estimate to incorporate results from later drill holes not included previously. Also the main veins were re-strung to incorporate the new drill data and accommodate the revised cut-off grade and minimum mining width parameters. Importantly, the Joshua and Kearney drill intersects were strung to individual historic channels, this time consuming process has incorporated all of the available assay data in order to make a more informed assessment of grade continuity and vein geometry. The improved statistical assessment is expected to allow some category upgrading in that portion of the resource affected. Based upon the updated technical analysis, work is also well advanced on finalising a revised NI 43-101 report. The work includes the delineation of mining reserves, the completion of a detailed mining plan, mining schedule and comprehensive cost estimates, based upon underground working of the Joshua and Kearney veins.

Subsequent to June 30, 2014 Galantas reported on the revised updated estimate of gold resources together with a Preliminary Economic Assessment (PEA) update (see press release dated July 28, 2014). The revised estimate of resources is in compliance with the Pan European Reporting Code (PERC), Canadian Institute of Mining, Metallurgy and Petroleum (CIM) standards and Canadian National Instrument (NI) 43-101 and is summarised below.

	RESOURCE ESTIMATE : GALANTAS 2014 CUT-OFF 2 g/t Au			Increase over
RESOURCE CATEGORY	TONNES	GRADE (Au g/t)	Au Ozs	GAL 2013 report
MEASURED	138,241	7.24	32,202	55%
INDICATED	679,992	6.78	147,784	21.4%
INFERRED	1,373,879	7.71	341,123	15.4%

Minerals Resources that are not Mineral Reserves do not have demonstrated economic viability.

Overall there has been a 19% increase in resources since the Galantas June 2013 Resource Report and a 60% increase in resources since the July 2012 Resource Report by ACA Howe International Ltd. The increases since 2012 largely relate to the Kearney and Joshua veins, since this is where the drilling program has been concentrated. The drilling program was mainly designed to focus on increasing the quantity of

Measured and Indicated resources on these two veins, to support potential bank funding opportunities for the financing of production. The resource estimate for each vein is tabulated below.

RESOURCE ESTIMATE BY VEIN : GALANTAS 2014									
	MEASURED			INDICATED			INFERRED		
	Tonnes	Grade Au (g/t)	Contained Au (oz)	Tonnes	Grade Au (g/t)	Contained Au (oz)	Tonnes	Grade Au (g/t)	Contained Au (oz)
KEARNEY	76,936	7.48	18,490	383,220	6.66	82,055	909,277	6.61	193,330
JOSHUA	54,457	7.25	12,693	216,211	7.92	55,046	291,204	10.74	100,588
KERR	6,848	4.63	1,019	12,061	4.34	1,683	23,398	3.2	2,405
ELKINS				68,500	4.24	9,000	20,000	5.84	3,800
GORMLEYS							75,000	8.78	21,000
PRINCES							10,000	38.11	13,000
SAMMY'S							27,000	6.07	5,000
KEARNEY NORTH							18,000	3.47	2,000
TOTAL	138,241	7.25	32,202	679,992	6.78	147,784	1,373,879	7.71	341,123

The resources are calculated at a cut-off grade of 2 g/t gold (Au), numbers are rounded, gold grades are capped at 75 g/t gold and a minimum mining width of 0.9m has been applied.

Measured and Indicated resources on Kearney vein have increased to 100,545 ounces of gold from 69,000 ounces in 2012. Measured and Indicated resources on Joshua vein have increased to 67,739 ounces of gold from 15,800 ounces in 2012. The Kearney and Joshua veins are the early targets of underground mining. Combined Measured and Indicated resource category on these two veins are estimated at 168,284 ounces of gold, with 293,918 ounces of gold in the Inferred resource category. Both vein systems are open at depth.

With regards to the Preliminary Economic Assessment a restricted portion of Inferred resources for two veins - Joshua and Kearney have been included with the Measured and Indicated resources. The Inferred resources (which have lower statistical support than Measured or Indicated Resources) are contiguous with Measured or Indicated resources and / or lie within scheduled mining areas. The use of Inferred resources, in a restricted qualifying manner, is permitted by the PERC code in regard to economic studies but is excluded within NI 43-101, except within a Preliminary Economic Assessment. PERC is an approved code is respect of NI 43-101. As part of PERC requirements, a comparative Feasibility study will be included in the detailed technical report which will not include Inferred resources and will also include studies on sensitivity to gold price.

The total of scheduled Measured and Indicated ounces utilised within the mining study is 104,627 ounces. The Inferred resources scheduled in the economic study are estimated at 60,635 ounces. Total Inferred resource estimated on the Joshua and Kearney orebodies is 293,918 ounces of gold. The amount of Inferred resources included in the PEA amounts to 20.6% of the total Inferred resources estimated on these veins. Were Inferred resources excluded within the mining plan, approximately 1 year would be removed from the estimate of mine life and annual output would be reduced.

At a gold price of UK£750 / US$ 1,260 oz, the pre-tax operating surplus after capital expenditure estimates an Internal Rate of Return of 72% and, at an 8% discount rate, a net present value of approximately UK£ 14.5m (CDN$ 26.6m) and a cash cost of production of UK£394 per ounce (USD$ 662 at $1.68/UK£). The study scheduled approximately 36% of the combined resources identified on the Kearney and Joshua veins.

The Company will file the complete Technical Report on SEDAR during the third quarter, as required by NI 43-101.

Exploration

Following the receipt of two new licences in the Republic of Ireland earlier in 2014 Omagh Minerals Limited now holds a total of 11 exploration licenses with a total coverage of 766.5 km^2. Exploration during the second quarter was restricted to conserve cash funds exploration reports and publications relating to the geology and known mineralisation of the two new licences referred to above were reviewed. Following this, some reconnaissance fieldwork was carried out in order to identify the areas which will be prioritised for exploration over the summer. Four broad exploration targets have been established, based on the potential for mineralisation with consideration given to land accessibility and suitable exposure.

Permitting

Discussions continued with the planning services in Northern Ireland during the first half of 2014 with regards to the planning application for an underground mine plan and accompanying Environmental Statement which were submitted to the Planning Services in 2012. The Company has been advised that the final consultation response has been received and is positive. The Company understands a timeline in the fourth quarter of 2014 is possible for a final determination. However it should be noted that the timeline for delivery of the determination is not within the control of the Company. Shareholders may see progress on the public planning portal at :-http://epicpublic.planningni.gov.uk/PublicAccess/zd/zdApplication/application_detailview.aspx?case

Roland Phelps, President & CEO, Galantas Gold Corp., commented, "The robust results of the recent economic study, with the upcoming planning determination, which we expect to be positive, lead us to be confident about the establishment of a sound business based on the Omagh gold property."

The detailed results and Management Discussion and Analysis (MD&A) are available on www.sedar.com and www.galantas.com and the highlights in this release should be read in conjunction with the detailed results and MD&A. The MD&A provides an analysis of comparisons with previous periods, trends affecting the business and risk factors.

Qualified Person

The financial components of this disclosure has been reviewed by Leo O' Shaughnessy (Chief Financial Officer) and the production, exploration and permitting components by Roland Phelps (President & CEO), qualified persons under the meaning of NI. 43-101. The information is based upon local production and financial data prepared under their supervision.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS: This press release contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities laws, including revenues and cost estimates, for the Omagh Gold project. Forward-looking statements are based on estimates and assumptions made by Galantas in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that Galantas believes are appropriate in the circumstances. Many factors could cause Galantas' actual results, the performance or achievements to differ materially from those expressed or implied by the forward looking statements or strategy, including: gold price volatility; discrepancies between actual and estimated production, actual and estimated metallurgical recoveries and throughputs; mining operational risk, geological uncertainties; regulatory restrictions, including environmental regulatory restrictions and liability; risks of sovereign involvement; speculative nature of gold exploration; dilution; competition; loss of or availability of key employees; additional funding requirements; uncertainties regarding planning and other permitting issues; and defective title to mineral claims or property. These factors and others that could affect Galantas's forward-looking statements are discussed in greater detail in the section entitled "Risk Factors" in Galantas' Management Discussion & Analysis of the financial statements of Galantas and elsewhere in documents filed from time to time with the Canadian provincial securities regulators and other regulatory authorities. These factors should be considered carefully, and persons reviewing this press release should not place undue reliance on forward-looking statements. Galantas has no intention and undertakes no obligation to update or revise any forward-looking statements in this press release, except as required by law.

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