

# Excellon Reports Third Quarter 2014 Financial Results

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TORONTO, ON--(Marketwired - October 30, 2014) - [Excellon Resources Inc.](#) (TSX: EXN) (OTC: EXLLF) ("**Excellon**" or the "**Company**"), Mexico's highest grade silver producer, reports financial results for the three and nine-month periods ended September 30, 2014.

## Q3 2014 Financial Highlights

- Revenue of \$7.2 million (Q3 2013 - \$11.6 million)
- Production of 455,150 AgEq ounces (Q3 2013 - 607,252 AgEq ounces)
- Mine operating loss of \$0.1 million (Q3 2013 - earnings of \$6.3 million)
- Adjusted net loss of \$2.4 million before impairment charges on exploration properties in Canada (Q3 2013 - net income of \$3.0 million), primarily due to a production disruption in September
- Cash out flow of \$1.1 million before changes in working capital (Q3 2013 - cash flow of \$4.8 million)
- Total cash cost per Ag ounce payable of \$15.52 (Q3 2013 - \$6.17)

## 9-mos 2014 Financial Highlights

- Revenue of \$26.5 million (9-mos 2013 - \$25.8 million)
- Production of 1,681,745 AgEq oz (9-mos 2013 - 1,504,639)
- Mine operating earnings of \$4.7 million (9-mos 2013 - \$8.5 million)
- Adjusted net loss of \$1.2 million (9-mos 2013 - net loss of \$2.6 million)
- Cash flow of \$2.7 million (9-mos 2013 - \$0.9 million)
- Total cash cost per Ag ounce payable of \$11.66 (9-mos 2013 - \$8.92)
- All-in sustaining cost ("AISC") per Ag ounce payable of \$18.33 (9-mos 2013 - \$20.03)
- Cash, receivables and marketable securities totaled \$8.3 million at September 30, 2014
- Working capital of \$10.3 million at September 30, 2014
- On track to meet 2014 production outlook of 2.1 to 2.3 million AgEq ounces

"The Company's third quarter results demonstrate the opportunity to further reduce costs at Platosa," stated Brendan Cahill, President and Chief Executive Officer. "We have reduced costs throughout the organization and operation, but the biggest opportunity to increase cash flow continues to be comprehensive water management at the mine. Our primary focus over the next few quarters will be on new solutions to water management at Platosa."

## Financial and Operating Highlights

('000s of USD, except amounts per share and per ounce)	Q3 2014	Q3 2013	9-Mos 2014	9-Mos 2013
Revenue	7,205	11,645	26,533	25,887
Production costs	(6,405)	(4,458)	(18,824)	(14,705)
Depletion and amortization	(942)	(931)	(2,982)	(2,650)
Cost of sales	(7,347)	(5,389)	(21,806)	(17,355)
Gross profit (loss)	(142)	6,256	4,727	8,532
Corporate administration	(1,013)	(1,053)	(3,340)	(4,383)
Exploration	(1,282)	(299)	(1,800)	(6,506)
Other (incl. finance cost)	49	(614)	224	(310)
Impairment of mineral rights	(15,463)	-	(15,463)	-
Income tax recovery (expense)	(19)	(1,288)	(1,054)	33
Net income (loss)	(17,870)	3,002	(16,706)	(2,634)

Adjusted net income (loss) <sup>(1)</sup>	(2,407)	3,002	(1,243)	(2,634)
Earnings (loss) per share - basic	(0.33)	0.05	(0.30)	(0.05)
Adjusted earnings (loss) per share - basic	(0.04)	0.05	(0.02)	(0.05)
Cash flow from operations <sup>(2)</sup>	(1,077)	4,766	2,681	910
Cash flow from operations per share - basic	(0.02)	0.09	0.05	0.02
Total cash cost per silver ounce payable (\$/Ag oz)	15.52	6.17	11.66	8.92
AISC per silver ounce payable (\$/AgEq oz)	25.77	11.50	18.33	20.03
Average realized prices <sup>(3)</sup> :				
Silver - (\$US/oz)	19.00	22.54	19.66	21.84
Lead - (\$US/lb)	0.98	0.96	0.97	0.94
Zinc - (\$US/lb)	1.06	0.84	0.99	0.85

(1) Adjusted net loss is net loss before \$15.5 million impairment charge on exploration properties in Canada.

(2) Cash flow from operations before changes in working capital.

(3) Average realized price is calculated on current period sale deliveries and does not include prior period provisional adjustments in the period.

The Company recorded a net loss of \$17.9 million for Q3 2014 compared to net income of \$3.0 million in Q3 2013. The net loss was primarily composed of an impairment of \$15.5 million on the Company's exploration properties in Canada, which impairment was based on current valuations attributable to similar stage projects in similar jurisdictions, which valuations are related, in part, to current commodity prices, equity market conditions and the availability of exploration financing for such projects.

The Company's adjusted net loss of \$2.4 million during the third quarter was primarily due to low production during September (and consequent lower production during the quarter of 455,150 AgEq ounces), which resulted from a transformer failure in the Guadalupe South Manto and associated increased water management in the Guadalupe South and 6A mantos.

Lower net revenues of \$7.2 million compared to \$11.6 million during Q3 2013 resulted from (i) lower production of payable silver ounces relative Q3 2013, (ii) lower silver grade of 550 g/t Ag in Q3 2014 vs. 975 g/t Ag in Q3 2013, though consistent with estimates for the Platosa mineral resources mined during the period, and (iii) lower silver prices of \$19.00 in Q3 2014 vs. \$22.54 in Q3 2013.

Cash corporate administration expenses were comparable to Q3 2013, reflecting continuing cost reductions at the corporate head office in Toronto during both periods. Through the first nine months of 2014, cash general administrative expenses decreased by \$0.6 million compared to the same period of 2013.

Exploration expenses increased during the quarter to \$1.3 million, as the Company carried out a 2D seismic reflection survey at its Platosa property in Mexico and drilled nine diamond drill holes totaling 4,328 metres. The seismic survey provided significant structural data and the Company is continuing its analysis of the results while considering future plans to use this effective structural mapping tool in conjunction with other geophysical data. The Company expects to monitor and incur exploration expenses in the fourth quarter and into 2015 relative to silver prices and the Company's production profile.

The Company spent \$1.0 million in capital expenditures for mine development in Q3 2014 compared to \$0.8 million in Q3 2013. Mine development continues to be a priority for the remainder of 2014 and early 2015 as the Company prepares to access the higher grade Rodilla and 623 mantos, the latter of which hosts mineral resources of 83,000 tonnes at 1,232 g/t Ag (1,777 g/t AgEq).

Total cash cost per silver ounce payable was \$15.52 during the quarter versus \$6.17 in the third quarter of 2013 and \$9.03 in the second quarter of 2014. All-in sustaining cost ("AISC") per silver ounce payable was \$25.77 during the quarter compared to \$11.50 in the third quarter of 2013, primarily as a result of lower silver ounce production. Excluding non-cash components of AISC (share based compensation and amortized reclamation costs), all-in sustaining costs during the third quarter of 2014 were \$24.97 per silver ounce payable and \$17.50 per silver ounce payable year-to-date.

Excellon defines AISC per silver ounce as the sum of total cash costs (including treatment charges and net of byproduct credits), capital expenditures that are sustaining in nature, corporate general and administrative costs (including non-cash share-based compensation), capitalized and expensed exploration that is

sustaining in nature, and (non-cash) environmental reclamation costs, all divided by the total payable silver ounces sold during the period to arrive at a per ounce figure.

The Company believes that further decreases in production costs per ounce remain attainable in the near term through further reducing water inflows into the mine, managing electricity usage and accessing higher grade mantos in late 2014 and into 2015. The Company increased capital expenditure in the second half of 2014 and may also conduct further exploration, both of which may contribute to increases in AISC per ounce depending on tonnages processed, grades mined and commodity prices during the remainder of the year. The Company is currently investigating options to comprehensively reduce water infiltration into the Platosa mine. Exploration drilling is temporarily on hold as the Company is currently testing water bearing structures near existing mine resources to better understand and reduce the possibility of inflows in the future.

#### Production Highlights

	Q3 2014 <sup>(1)</sup>	Q3 2013 <sup>(1)</sup>	9-Mos 2014 <sup>(1)</sup>	9-Mos 2013 <sup>(1)</sup>
Tonnes Mined	15,022	18,270	53,376	50,010
Tonnes Milled	14,078	16,707	52,535	48,676
Ore head grades:				
Silver (g/t)	550	975	591	733
Lead (%)	7.03	6.61	6.70	6.52
Zinc (%)	10.46	7.51	9.03	9.27
Recoveries:				
Silver (%)	91.6	92.4	92.2	93.7
Lead (%)	80.1	79.7	83.3	82.9
Zinc (%)	83.8	79.4	82.3	82.1
Metal Production:				
Silver (oz)	216,379	454,573	956,586	998,575
Lead (lb)	1,727,143	1,921,547	6,378,867	5,621,805
Zinc (lb)	2,686,918	2,149,884	8,418,840	8,019,890
AgEq (oz) <sup>(2)</sup>	455,150	607,252	1,681,745	1,504,639
Payable:				
Silver (oz)	213,972	415,962	891,315	919,080
Lead (lb)	1,797,505	1,969,259	6,247,093	5,415,515
Zinc (lb)	2,555,009	2,074,088	7,380,359	6,740,872
AgEq (oz) <sup>(2)</sup>	449,060	567,588	1,559,532	1,367,655

(1) Period deliveries remain subject to assay and price adjustments on final settlement with concentrate purchaser. Data have been adjusted to reflect final assay and price adjustments for prior period deliveries settled during the period.

(2) Silver equivalent ounces established for each period using average silver prices during the period applied to the recovered metal content of the concentrates.

Note: "t"= tonne

Ore production during the third quarter was primarily from the 6A and Guadalupe South mantos. Grades during the quarter were generally in line with estimates for the Platosa mineral resources mined during the period. The Company expects to develop into the higher grade 623 and Rodilla mantos in late 2014 and into 2015.

#### Outlook

Due to decreased production during the third quarter, Excellon is adjusting its 2014 production outlook to 1.1 to 1.3 million ounces of silver (from 1.4 to 1.6 million ounces of silver), 7.5 to 8.5 million pounds of lead and 9.0 to 10 million pounds of zinc or, cumulatively, 2.1 to 2.3 million silver equivalent ounces. Silver equivalent production remains on target due to strong zinc and lead prices and their relative valuation to silver prices.

All financial information in this release has been prepared in accordance with IFRS, and all dollar amounts are expressed in U.S. dollars unless otherwise specified. The information in this news release should be read in conjunction with the Company's unaudited consolidated financial statements for the three- and nine-month periods ended September 30, 2014 and associated management discussion and analysis ("MD&A"), which are available from the Company's website at [www.excellonresources.com](http://www.excellonresources.com) and under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The discussion of financial results in this press release includes reference to "cash flows from operations before changes in working capital items," "total cash costs per silver ounce payable" and "all-in sustaining cost (AISC) per silver ounce payable," which are non-IFRS performance measures. The Company presents these measures to provide additional information regarding the Company's financial results and

performance. Please refer to the Company's MD&A for the six- and nine-month periods ended September 30, 2014, for a reconciliation of these measures to reported IFRS results.

## About Excellon

Excellon's 100%-owned and royalty-free La Platosa Mine in Durango is Mexico's highest grade silver mine, with lead and zinc by-products making it one of the lowest cash cost silver mines in the country. The Company is positioning itself to capitalize on undervalued projects by focusing on increasing La Platosa's profitable silver production and near-term mineable resources.

Additional details on the La Platosa Mine and Excellon's exploration properties are available at [www.excellonresources.com](http://www.excellonresources.com).

## Forward-Looking Statements

*The Toronto Stock Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of the content of this Press Release, which has been prepared by management. This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 27E of the Exchange Act. Such statements include, without limitation, statements regarding the future results of operations, performance and achievements of the Company, including potential property acquisitions, the timing, content, cost and results of proposed work programs, the discovery and delineation of mineral deposits/resources/reserves, geological interpretations, proposed production rates, potential mineral recovery processes and rates, business and financing plans, business trends and future operating revenues. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or are those, which, by their nature, refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future results or performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, variations in the nature, quality and quantity of any mineral deposits that may be located, significant downward variations in the market price of any minerals produced [particularly silver], the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies. All of the Company's public disclosure filings may be accessed via [www.sedar.com](http://www.sedar.com) and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties, and particularly the March 25, 2014 NI 43-101-compliant technical report prepared by Roscoe Postle Associates Inc. with respect to the Platosa Property. This press release is not, and is not to be construed in any way as, an offer to buy or sell securities in the United States.*

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