

Galantas Reports Results for the Year Ended December 31, 2019

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TORONTO, June 12, 2020 - [Galantas Gold Corp.](#) (the "Company") (TSXV & AIM : Symbol GAL) is pleased to announce its audited annual financial results for the year ended December 31, 2019. A copy of the Financial Statements and Management Discussion and Analysis will be sent to shareholders in due course and are available on the Company's website at www.galantas.com/investors.

Financial Highlights

Highlights of the 2019 audited annual results, which are expressed in Canadian Dollars, are summarized below:

<i>All in CDN\$</i>	Year Ended December 31	
	2019	2018
Revenue	\$ 5,788	\$ 71,243
Cost of Operations	\$ (221,691)	\$ (185,058)
Loss before the items below	\$ (215,903)	\$ (113,815)
Aggregates levy	(0)	\$ (352,168)
Depreciation	\$ (457,134)	\$ (350,999)
General administrative expenses	\$ (2,690,952)	\$ (2,131,872)
Foreign exchange (loss) gain	\$ (16,659)	\$ 53,417
Impairment of exploration and evaluation assets	\$ (155,482)	\$ 0
Loss on disposal of property, plant and equipment	\$ (28,479)	\$ 0
Unrealized gain on fair value of derivative financial liability	\$ 0	\$ 10,000
Net loss for the year	\$ (3,564,609)	\$ (2,885,437)
Working Capital (Deficit)	\$ (6,093,200)	\$ (272,783)
Cash loss generated from operations before changes in non-cash working capital	\$ (1,826,066)	\$ (1,848,019)
Cash at December 31, 2019	\$ 1,913,420	\$ 6,188,554

Revenue for the years ended December 31, 2019 and 2018 consisting of jewellery sales amounted to \$5,788 and \$71,243 respectively. Shipments of concentrate commenced during the second quarter of 2019. Concentrate sales provisional revenues totalled approximately US\$1,518,000 for the year. However, until the mine commences commercial production, the net proceeds from concentrate sales are being offset against Development assets.

The Net Loss for the year ended December 31, 2019 amounted to \$3,564,609 (2018: \$2,885,437) and the cash outflow from operating activities before changes in non-cash working capital for the year ended December 31, 2019 amounted to \$1,826,066 (2018: \$1,848,019).

The Company had a cash balance of \$1,913,420 at December 31, 2019 compared to \$6,188,554 at December 31, 2018. The working capital deficit at December 31, 2018 amounted to \$6,093,200 compared to a working capital deficit of \$272,783 at December 31, 2018.

Galantas completed one private placement of common shares in 2019 during the third quarter. The placement included funds raised in both UK and Canadian currency for 2,352,941 shares, at an issue price of UK? 0.425 (\$ 0.68) per share for gross proceeds of UK?1,000,000 (\$1,600,000). In addition, in December 2019 Galantas completed the issue of a Convertible Debenture for UK?1,000,000 (\$1,731,190). The debenture is unsecured, is for a term of one year, carries a coupon of 15% per annum and is convertible into common shares of the Company. The debenture was fully subscribed by Melquart Limited, an Insider and Control person of the Company.

Production/Mine Development

During 2019 the Omagh gold mine continued limited production of gold concentrate from feed produced in the development of the Kearney vein. The plant, which produces a gold & silver concentrate using a non-toxic, froth-flotation process, ran on a batch basis from a stockpile of underground vein material plus additional feed produced from on-vein development operations (prior to the cessation of blasting).

Underground development of the decline tunnel continued to be progressed during 2019 with further crosscuts allowing access to lower levels of vein development which forms the development necessary to demarcate production panels. On-vein development continued on the 1084 (second) level and the 1072 (third) level during the first half of 2019. Development then continued southwards on the third (1072) level with gold grades within the expected range.

During the third quarter the Company reported that the access drive on the fourth (1060) level has intersected the Kearney vein ahead of schedule. The intersection showed strongly developed mineralization. The north and south faces of the vein were channel sampled. The average of the two channels was 8.35 g/t gold over an average true width of 2.65 metres. The Company also reported that drivage from the 1072 access has been taken northwards, in-vein, for approximately 40 metres. Mineralisation beyond the first 20 metres is currently excluded from the geological model, due to paucity of data. The mineralisation was shown to be persistent and has been followed in an in-vein development. Two channel samples, taken across the face as the drivage was developed at 24.1m and 27.6m into the third level (1072) north development, showed a grade of 6.2g/t gold and 16.3 g/t gold respectively, each with a true width of 3 metres. The vein will continue to be followed northwards on the third (1072) level and elevates potential for additional mineralisation to be added to the resource model if discovered on the adjacent first (1096), second (1084) and fourth (1060) levels. Underground drivages have now been developed to expose the main Kearney vein on four levels with a fifth level at the point of intersection. The mine is serviced by a decline tunnel of 1 in 6 gradient, of dimensions approximately 4.5m by 4.5m.

Milling operations progressed during 2019 and moved to a two-shift basis in the third quarter. The processing plant, which was used formerly for open-pit operations, has had the benefit of a recent upgrade and further upgrades are planned. Shipments of concentrate under the off-take arrangements commenced during the second quarter of 2019. Concentrate sales provisional revenues during the year ended December 31, 2019 totalled approximately US\$ 1,519,000 and until the mine reaches the commencement of commercial production, the net proceeds from concentrate sales will be offset against Development assets.

However, during the fourth quarter Galantas announced a temporary suspension of blasting operations at its Omagh gold mine (see press release dated October 29, 2019). Blasting operations are currently limited since all blasting must be supervised by the Police Service of Northern Ireland (PSNI) and were not sufficient for the desired level of operations. The Company had been working with the PSNI to increase blasting availability to normal levels for an underground mine. While progress has been made and substantive investment incurred in accordance with recommendations the Company was still awaiting final approvals from the authorities to be able to implement its increased blasting protocols prior to the suspension. The Company had been waiting for some time for these approvals and although the Company expected to receive the approvals based on previous discussions with the relevant authorities, a date for receipt of the required approvals and therefore the date for implementation of the increased blasting schedule was not known. The arrangements, current at that time were not sufficient to allow for the expansion of mine operations as envisaged by the Company's existing mine plan and until changes were agreed, the present inefficiencies caused by those arrangements formed an increasing financial burden, which has proved a significant drain on the financial resources of the Company. Accordingly, to reduce costs, the number of people employed at the operation were reduced from 46 to 21. Some mine operations continue at the Omagh gold mine, on a single shift. Subsequent to December 31, 2019 Galantas reported that confirmation has been received from PSNI, in regard to their satisfaction of certain secure storage and handling protocols required for an increase in blasting to a commercial level subject to financial matters being agreed. The Company now understands that these financial matters have now been mutually agreed. Certain underground work continues but ore production is suspended until finance is available to expand the underground operation.

A probe drilling campaign was subsequently carried out using the retained personnel and equipment. The results of this campaign, combined with detailed mapping of the exposed mineralisation underground suggests zones of higher width of mineralisation within the vein, linking adjacent levels. This supports an implication that such zonal mineralisation may continue at depth, with enhanced exploration potential for targeting gold resources particularly to the north and within the Company's license area. Probe

drilling does not provide samples suitable for use in mineral resource estimates but can provide strong indications where mineralisation is concentrated and is of significantly less cost than core drilling. Subsequently in May 2020, the Company reported that it had filed a short technical report in respect of the probe drilling campaign. The report is available on www.sedar.com and www.galantas.com.

Considering the economic impingement on the Company's operations, the Company is seeking strategic alternatives including reviewing its licenses and operations; and considering the possibility of engaging in a sale, joint venture, partnership or other options with third parties and alternative financing structures. The company is actively engaged in that process.

In March 2020 and following UK government guidelines regarding Covid-19, processing operations temporarily ceased until later in May when the Company announced that concentrate processing has recommenced. The company carried out maintenance to the processing plant during the milling suspension, to minimise future maintenance interruptions. The restart follows a review of Northern Ireland / UK government health advice regarding Covid-19, a risk assessment and the introduction of appropriate modifications to working practices. Feedstock for the processing plant is from low grade stock until suitable arrangements are in place to recommence vein development underground. The number of employees furloughed under a NI/UK government scheme has been reduced to three from seven.

Safety is a high priority and the company continued to invest in safety-related training and infra-structure. The zero lost time accident rate since the start of underground operations, continues. Environmental monitoring demonstrates a high level of regulatory compliance. Phased site restoration works continue with thousands of tree saplings recently planted.

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 have 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' 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.

[Galantas Gold Corp.](http://www.galantas.com)

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