

Premier Gold Mines Reports 2020 Q2 Results

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ALL AMOUNTS DISCUSSED ARE DENOMINATED IN U.S. DOLLARS

THUNDER BAY, August 4, 2020 - [Premier Gold Mines Ltd.](#) ("Premier" or "The Company") (TSX: PG) (OTCPK: PIRGF) operating and financial results for the three months ended June 30, 2020. The Company previously released second quarter production results on July 21, 2020.

Premier is a growth-oriented, Canadian-based mining company involved in the exploration, development and production of gold and silver deposits in Canada, the United States and Mexico. The Company manages a high-quality pipeline of precious metal projects in safe, proven and accessible mining jurisdictions and is focused on stable production from its two producing mines and growth through the development of its advanced-stage, multi-million ounce, gold deposits.

2020 Second Quarter Highlights

- Mercedes Mine COVID-19 operations halted during the quarter, mining restarted in June;
- Gold production of 4,765 ounces, year-to-date production of 23,082 ounces;
- Gold sales of 9,382 ounces, year-to-date sales of 24,374 ounces;
- Total revenue of \$14.8 million, \$37.5 million year-to-date;
- Mine operating income of \$2.2 million and a net loss of \$14.1 million for the quarter, mine operating income of \$1.5 million and a net loss of \$26.0 million year-to-date;
- Period end cash and cash equivalents balance of \$51.1 million.

CEO Commentary

"Gold production continued without interruption at South Arturo providing for yet another strong operating quarter", stated Downie, President & CEO. "At Mercedes, we have implemented a reduction of plant through-put designed to reduce cost and grade and maximise the profitability of the operation".

Three months ended June 30, 2020

A total of 4,765 ounces of gold and 567 ounces of silver were produced during Q2 2020 compared to 16,450 ounces of gold and 51,792 ounces of silver during Q2 2019. The significant reduction in production compared to 2020 is directly related to the impact of the COVID-19 pandemic on mining operations in Mexico offset by increased production from South Arturo which accounted for all the production in Q2 2020. The Mercedes mine was placed on care and maintenance due to the COVID-19 pandemic on June 30, 2020 until the end of May 2020. The mine restarted gradually at the beginning of June, with activity on site initially limited to measures required for the safety of mine personnel. Limited amount of ore produced during restart was stockpiled until operations resumed in early July.

The Company reported total revenue of \$14.8 million and a mine operating income of \$2.2 million during the second quarter of 2020 compared to revenue of \$23.0 million and mine operating loss of \$0.7 million during Q2 2019. The decrease in Q2 revenue compared to the same period in 2019 is due to the impact of the care and maintenance requirement at Mercedes offset by increased production from South Arturo and an increase in the average realized selling price. The average realized selling price was \$1,557 per ounce, an increase of \$274 per ounce of gold when compared to Q2 2019.

Total mine operating income of \$2.2 million for Q2 2020 compared to a loss of \$0.7 million in Q2 2019 is due to a higher gold price offset by a reduction in tonnes. A total of \$3.8 million in exploration and pre-development expenses were incurred during the quarter. In addition, \$5.1 million of care and maintenance expenses and \$1.9 million in restructuring costs associated with the restart of Mercedes mine contributed to a net loss of \$14.1 million reported for the quarter.

Six months ended June 30, 2020

Table 1: Selected Consolidated Operational and Financial Information

(in millions of U.S. dollars, unless otherwise stated) ⁽ⁱⁱⁱ⁾	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Ore milled	tonnes 17,863	176,035	207,441	354,800
Gold produced	ounces 4,765	16,450	23,082	34,060
Silver produced	ounces 567	51,792	53,399	109,400
Gold sold	ounces 9,382	17,358	24,374	34,870
Silver sold	ounces 14,747	56,484	56,541	119,000
Realized Price				
Average realized gold price ^(i,ii)	\$/ounce 1,557	1,283	1,506	1,277
Average realized silver price ^(i,ii)	\$/ounce 15	15	16	15
Non-IFRS Performance Measures				
Co-product cash costs per ounce of gold sold ^(i,ii)	\$/ounce 1,036	1,014	1,120	910
Co-product all-in sustaining costs per ounce of gold sold ^(i,ii)	\$/ounce 1,207	1,228	1,439	1,166
Co-product cash costs per ounce of silver sold ^(i,ii)	\$/ounce 12	12	14	11
Co-product all-in sustaining costs per ounce of silver sold ^(i,ii)	\$/ounce 17	15	20	14
By-product cash costs per ounce of gold sold ^(i,ii)	\$/ounce 1,030	1,005	1,115	895
By-product all-in sustaining costs per ounce of gold sold ^(i,ii)	\$/ounce 1,209	1,227	1,448	1,162
Financial Measures				
Gold revenue	m \$ 14.6	22.2	36.6	44.3
Silver revenue	m \$ 0.2	0.8	0.9	1.8
Total revenue	m \$ 14.8	23.0	37.5	46.1
Mine operating income / (loss)	m \$ 2.2	(0.7)	1.7	3.0
Net income / (loss)	m \$ (14.1)	(10.1)	(26.0)	(11.0)
Earnings / (loss) per share	/share (0.06)	(0.05)	(0.11)	(0.05)
EBITDA ^(i,ii)	m \$ (8.6)	(3.7)	(14.3)	0.8
Cash & cash equivalents balance	m \$ 51.1	26.4	51.1	26.4
Cash flow from operations	m \$ (13.2)	(3.4)	(39.7)	(8.2)
Free cash flow ^(i,ii)	m \$ (15.7)	(15.9)	(46.9)	(34.0)
Exploration, evaluation & pre-development expense	m \$ 3.8	5.4	7.7	11.5
Capital				

Total capital expenditures	m \$	1.8	12.4	6.3	25.9
Capital expenditures - sustaining ^(i,ii)	m \$	0.9	2.4	5.4	6.6
Capital expenditures - expansionary ^(i,ii)	m \$	0.9	10.0	0.8	19.3

(i)

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A total of 23,082 ounces of gold and 53,399 ounces of silver were produced for the six months ended June 30, 2020 compared to 34,063 ounces of gold and 109,472 ounces of silver for the prior year period.

The Company reported total revenue of \$37.5 million and mine operating income of \$1.7 million for the six months ended June 30, 2020 compared to revenue of \$46.1 million and mine operating income of \$3.0 million for the prior year period. The reduction in production, revenue and operating income, when compared to the prior year period, is due to the COVID-19 shut down at the Mercedes mine and offset by increased production at the South Arturo mine.

A total of \$7.7 million in exploration and pre-development expenses were incurred during the six months ended June 30, 2020. These expenses along with the care and maintenance costs incurred on the shut down at Mercedes mine of \$5.1 million and restructuring costs of \$1.9 million, contributed to a net loss of \$26.0 million reported for the year to date period.

A total of \$6.3 million in capital expenditures were incurred during the period, including \$5.9 million for mine

development at Mercedes, \$0.3 million for corporate expenditures, and the balance for sustaining and expansion related activities at South Arturo. The Company closed the quarter with cash and cash equivalents of \$51.1 million.

Mercedes

The Mercedes Mine is located 150 kilometres northeast of the city of Hermosillo in the state of Sonora, Mexico. Operations are exploiting low-sulfidation quartz veins and quartz-veinlet stockwork for gold and silver.

In response to the COVID-19 pandemic, the Mexican federal government decreed on March 30, 2020 that most mining was a non-essential business activity. As a result, a care and maintenance plan was immediately implemented at Mercedes. The decree was lifted at the end of May and upon certification of compliance to protocols intended to minimize the risk of COVID-19 presence and transmission on-site and to nearby communities, a phased start-up of ore and waste development as well as delineation and exploration drilling began. Ore was stockpiled in June until processing resumed in early July.

During the two-month shutdown, extensive technical work was carried out to assess alternative mine plans with renewed attention to increasing production margins. A plan was developed to re-start operations by limiting mining and development activities to the Lupita (including Lupita Extension) and Diluvio zones. This realignment recognizes the need to optimize Mercedes' production to its current reserve base rather than its processing capacity. Key elements of the optimized plan include:

- Consolidating production to one mine portal from five
- Reduce mining rate to 1,200 from 2,000 tonnes per day
- Operating the processing plant on a campaign basis in alignment with the plan and crew rotations

This restructuring has resulted in a reduction of 40% of the employees required to operate the mine and 75% of mining-related contractor costs. The plan focuses on enhancing underground operating efficiencies and supervision to minimize dilution and improve ore quality. Ongoing exploration and delineation drill programs are expected to enable mill throughput to increase toward nameplate capacity over time.

The quarterly operating results are provided in Table 2 below.

Table 2: Mercedes Selected Financial and Operating Results

	Three months ended		Six months ended		
	June 30		June 30		
	2020	2019	2020	2019	
(in millions of U.S. dollars, unless otherwise stated) ⁽ⁱⁱⁱ⁾					
Ore & Metals					
Ore milled	tonnes	-	167,588	162,408	346,359
Gold produced	ounces	-	15,532	11,587	33,146
Silver produced	ounces	-	51,354	52,207	109,034
Gold sold	ounces	3,061	16,440	12,746	33,960
Silver sold	ounces	14,747	56,484	56,541	119,065
Average gold grade	grams/t	-	3.0	2.4	3.1
Average silver grade	grams/t	-	27.24	26.97	27.28

Average gold recovery rate	%	-	95.9	93.9	96.1
Average silver recovery rate	%	-	35.0	37.1	35.9
Realized Price					
Average realized gold price ^(i,ii)	\$/ounce	1,436	1,283	1,440	1,277
Average realized silver price ^(i,ii)	\$/ounce	15	15	16	15
Non-IFRS Performance Measures					
Co-product cash costs per ounce of gold sold ^(i,ii)	\$/ounce	1,130	1,053	1,245	926
Co-product all-in sustaining costs per ounce of gold sold ^(i,ii)	\$/ounce	1,580	1,254	1,810	1,177
Co-product cash costs per ounce of silver sold ^(i,ii)	\$/ounce	12	12	14	11
Co-product all-in sustaining costs per ounce of silver sold ^(i,ii)	\$/ounce	17	15	20	14
By-product cash costs per ounce of gold sold ^(i,ii)	\$/ounce	1,114	1,044	1,236	911
By-product all-in sustaining costs per ounce of gold sold ^(i,ii)	\$/ounce	1,587	1,252	1,828	1,173
Financial Measures					
Gold revenue	m \$	4.4	21.0	18.3	43.1
Silver revenue	m \$	0.2	0.8	0.9	1.8
Total revenue	m \$	4.6	21.8	19.1	44.9
Mine operating income / (loss)	m \$	(0.4)	(1.3)	(2.4)	2.4
Exploration, evaluation & pre-development expense	m \$	-	0.1	0.7	0.7
Capital					
Total capital expenditures	m \$	1.1	4.5	5.9	10.6
Capital expenditures - sustaining ^(i,ii)	m \$	0.9	2.4	5.4	6.6
Capital expenditures - expansionary ^(i,ii)	m \$	0.2	2.0	0.5	4.0

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South Arturo

The South Arturo Mine in Nevada is a joint venture, operated by Nevada Gold Mines LLC, with Barrick Gold Corporation ("Barrick"). Several opportunities exist on the property including the recently developed El Nino underground mine. El Nino is the second mine to be developed at South Arturo and as with the Phase 2 open pit it has delivered consistent results.

Table 3: South Arturo Selected Financial and Operating Results

(in millions of U.S. dollars, unless otherwise stated) ^(iv)	Three months ended June 30		Six months ended	
	2020	2019	2020	2019
Ore & Metals				
Ore milled	tonnes 17,863	8,447	45,032	8,447
Gold produced	ounces 4,765	918	11,495	918
Gold sold	ounces 6,321	918	11,628	918
Silver produced	ounces 567	438	1,192	438
Average gold grade	grams/t 9.3	4.1	8.9	4.5
Average gold recovery rate	% 89.0	82.5	89.4	0.8
Realized Price				
Average realized gold price ^(i,ii)	\$/ounce 1,616	1,271	1,579	1,271
Non-IFRS Performance Measures				
Co-product cash costs per ounce of gold sold ^(i,ii)	\$/ounce 990	308	983	308
Co-product all-in sustaining costs per ounce of gold sold ^(i,ii)	\$/ounce 1,026	768	1,031	768
By-product cash costs per ounce of gold sold ^(i,ii,iii)	\$/ounce 990	308	983	308
By-product all-in sustaining costs per ounce of gold sold ^(i,ii,iii)	\$/ounce 1,026	768	1,031	768
Financial Measures				
Gold revenue	m \$ 10.2	1.2	18.4	1.2
Mine operating income	m \$ 2.6	0.7	4.1	0.7
Exploration, evaluation & pre-development expense	m \$ -	0.1	-	0.1
Capital				
Total capital expenditures	m \$ 0.5	5.9	-	10.6
Capital expenditures - sustaining ^(i,ii)	m \$ -	-	-	-
Capital expenditures - expansionary ^(i,ii)	m \$ 0.5	5.9	-	10.6

There has to date been little to no impact on the operations at South Arturo due to COVID-19 pandemic. Measures were successfully implemented by the operator to control the risk to the employees and communities.

Production at South Arturo for the second quarter of 2020 was 4,765 ounces of gold and 567 ounces of silver. Production during the quarter came exclusively from the El Nino underground mine which declared commercial production in the fall of 2019.

Co-product cash cost per ounce of gold sold was \$990 and all-in sustaining cost per ounce of gold sold was \$1,026 during the quarter.

The joint venture is currently assessing additional development opportunities, including the Phase 1 and

Phase 3 open pit projects and the potential for an on-site heap leach facility. The Company expects to complete an updated technical report for South Arturo during the third quarter with the goal of providing a long-term view of the opportunity presented by this project.

McCoy-Cove

Hydrogeologic modeling, based on pumping tests from two wells, was completed in April and a base model has been prepared for analyzing underground mine plan scenarios. The Company is also completing additional metallurgical work to assess processing options.

Exploration resumed in the second quarter with the completion of three holes for a total of 253 metres of core and 1,116 metres of reverse circulation drilling. The exploration program is ongoing and expected to finish in the third quarter of 2020. Targets for the current drill program include step-outs on previously tested zones as well as untested geophysical anomalies.

Hasaga

The company safely resumed exploration activities at Hasaga mid-way through the second quarter. A total of 4,848 meters were drilled for total expenditure of \$0.4 million for drilling and related costs including geological, analytical and administration.

Exploration focused on the lower and upper D areas within the Epp Zone with the goal to test the extent of the known zones towards the Buffalo mine in the southwest and Hasaga mine to the northeast. Initial results from this program are expected in the coming weeks.

Greenstone Gold Mines

The Company owns a 50% interest in the Greenstone Gold Mines Partnership ("GGM"). GGM's principal asset is the Hardrock Mine Project ("Hardrock") located on the Trans-Canada Highway near Geraldton, Ontario, Canada. Hardrock is one of the most significant large-scale, near-permitted, mine development projects in North America.

Operations at Greenstone were not directly impacted by COVID-19. Greenstone Management is closely monitoring the situation and closed access to its offices and site during the period. All employees and consultants were working remotely.

Spending at Hardrock during the quarter totaled \$5.0 million (CAD\$6.8 million) and \$8.8 million (CAD\$11.9 million) year-to-date. Key activities include further advancement of detailed engineering work for key infrastructure items, permitting, implementation of indigenous agreements, water management modelling and exploration activities outside of the Hardrock deposit. At the end of the second quarter, Greenstone received federal approval of the Schedule 2 amendment of the Metal and Diamond Mining Effluent Regulations, which is a significant permitting milestone for the Hardrock Project.

Since inception of GGM in 2015, \$115.0 million (CAD\$151.2 million) has been expended on initiatives designed to de-risk and further optimize the economic model associated with the project. Some 40,000 metres of additional drilling designed to assess grade continuity within the pit was completed. Premier disclosed a revised resource estimate in late 2019 that was prepared by G-Mining, the Independent Qualified Person ("QP") for the project. Significant detailed engineering work was also completed during that time to further refine project design and increase the level of confidence associated with costs included in the economic model. Late in 2019, the QP prepared an updated economic model which incorporated the cumulative results of each of the comprehensive work programs over the past three years. The updated economic model, which was delivered to GGM in December of 2019, indicated significantly enhanced economics.

On March 30, 2020, Premier made an offer to acquire the remaining 50% interest in GGM from Centerra for total consideration of US\$205 Million. The offer was rejected by Centerra on April 8, 2020. Premier believes

that Centerra's decision to reject the offer is inconsistent with its refusal to make a Positive Feasibility Decision as required under the partnership agreement. Premier believes that the rejection of the offer by Centerra confirms that Centerra recognizes the substantial value associated with the Hardrock Project.

Legal proceedings between the partners continues to progress, however, due to COVID-19 related delays, the trial date has been rescheduled from October 2019 to January 2021.

Q2 2020 Financial Results and Conference Call Details

Full financial results for the quarter ended June 30, 2020 will be released before market open on August 5th, followed by a conference call with senior management being held at 10:00am EDT.

Details for the conference call and webcast can be found below and will be accessible on the Company's website.

Toll Free (North America): (+1) 888 390 0605

International: (+1) 416 764 8609

Webcast Link: https://produceredition.webcasts.com/starthere.jsp?ei=1346624&tp_key=12e12fda97

Conference Call Replay

The conference call replay will be available from 1:00pm EDT on August 5, 2020 until 11:59pm EDT on August 10, 2020.

Toll Free Replay Call (North America): (+1) 888 390 0541

International Replay Call: (+1) 416 764 8677

Passcode: 283962 #

Qualified Person

Stephen McGibbon, P. Geo., Executive Vice-President, Corporate and Project Development at Premier has reviewed the scientific and technical information contained in this press release and is a Qualified Person within the meaning of National Instrument 43 -101.

All abbreviations used in this press release are available by following this link ([click here](#)).

Non-IFRS Measures

The Company has included certain terms and performance measures commonly used in the mining industry that are not defined under International Financial Reporting Standards ("IFRS") within this document. These include: cash cost per ounce sold, all in sustaining cost ("AISC") per ounce sold, earnings before interest, tax, depreciation and amortization ("EBITDA"), adjusted earnings before interest, tax, depreciation and amortization ("Adjusted EBITDA"), adjusted earnings / (loss) per share, free cash flow, capital expenditures (expansionary), capital expenditures (sustaining) and average realized price per ounce. Non-IFRS measures do not have any standardized meaning prescribed under IFRS, and therefore, they may not be comparable to similar measures employed by other companies. The data presented is intended to provide additional information and should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS and should be read in conjunction with the Company's consolidated financial statements. Readers

should refer to the Company's Management Discussion and Analysis under the heading "Non-IFRS Measures" for a more detailed discussion of how such measures are calculated.

This Press Release contains certain information that may constitute "forward-looking information" under applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements about strategic plans, including future operations, future work programs, capital expenditures, discovery and production of minerals, price of gold and currency exchange rates, timing of geological reports and corporate and technical objectives. Forward-looking information is necessarily based upon a number of assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking information, including the risks inherent to the mining industry, adverse economic and market developments and the risks identified in Premier's annual information form under the heading "Risk Factors." There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. All forward-looking information contained in this press release is given as of the date hereof and is based upon the opinions and estimates of management and information available to management as at the date hereof. Premier disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

SOURCE [Premier Gold Mines Ltd.](#)

Contact

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www.premiergoldmines.com

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