

# Andean Precious Metals Reports Increased Profitability & \$11M of Free Cash Flow in the First Quarter

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Toronto, May 27, 2021 - [Andean Precious Metals Corp.](#) (TSXV: APM) ("Andean" or the "Company"), a precious metals production and exploration company, today reported its operational and financial results for the first quarter ended March 31, 2021. All amounts are expressed in U.S. dollars unless indicated otherwise.

## Q1 2021 Highlights

- Free cash flow<sup>(1,2)</sup> of \$10.9 million, an increase of \$9.8 million compared to Q1 2020;
- Ending cash balance of \$69.2 million, an increase of \$59.6 million compared to March 31, 2020;
- Silver equivalent production<sup>(3)</sup> and sales of 1.5 million ounces at an all-in sustaining cost of \$17.28 per ounce;
- Revenues of \$38.3 million, an increase of 57% compared to Q1 2020;
- Adjusted EBITDA of \$10.3 million, an increase of 58% compared to Q1 2020;
- Continued COVID-19 protocols in place to protect the health and safety of employees during the pandemic, mitigating a material impact to operations.

Luis da Silva, the Company's President and CEO, stated, "Our strong Q1 2021 results underscore the value of our San Bartolomé operations in a robust silver price environment. While earnings were impacted by one-time expenditures related to the RTO and the recognition of non-cash deferred taxes, the Company generated \$11 million in free cash flow in Q1 2021 and strengthened its balance sheet - better positioning Andean to carry out our active 2021 growth agenda. We continue to review Bolivian opportunities together with COMIBOL and other mining cooperatives to add flexibility to our operations, while providing a community service to our partners."

## Operational and Financial Results

Financial Performance <sup>(4)</sup>	Q1 2021	Q1 2020
Revenue	\$38.3	\$24.4
Cost of sales	\$24.6	\$14.8
Income from mine operations	\$11.3	\$9.6
Net income (loss)	\$(1.5)	\$2.5
Operating cash flow	\$11.6	\$1.5
Free cash flow <sup>(1,2)</sup>	\$10.9	\$1.1
Adjusted EBITDA <sup>(1)</sup>	\$10.3	\$6.9
Ending cash and cash equivalents	\$69.2	\$9.6
Capital expenditures	\$0.2	\$0.3
Cash operating costs ("COC") <sup>(1)</sup>	\$15.90	\$14.83
All-in sustaining costs ("AISC") <sup>(1)</sup>	\$17.28	\$16.65

<sup>(1)</sup> Free cash flow, Adjusted EBITDA, COC and AISC are measures of financial performance with no prescribed definition under IFRS. Please refer to the Company's Management Discussion and Analysis for the three months ended March 31, 2021 and 2020 filed at [www.sedar.com](http://www.sedar.com) for a reconciliation of these items to the Company's financial statements.

<sup>(2)</sup> Free cash flow is defined as operating cash flow less capital expenditures.

<sup>(3)</sup> Silver equivalent ounces include gold ounces produced or sold and are converted to a silver equivalent based on a ratio of realized silver and gold prices during the periods discussed.

<sup>(4)</sup> Figures are presented in US millions, other than COC, AISC and per share figures.

Revenue for the first quarter of 2021 was \$38.3 million compared to \$24.4 million in the first quarter of 2020.

Revenue growth was attributable to an increase in silver equivalent sales volumes of 9% to 1.5 million silver equivalent ounces and higher realized prices of \$25.57 per ounce of silver in the first quarter of 2021 compared with \$17.80 per ounce of silver for the first quarter of 2020. Cost of sales, including royalty expenses linked to commodity prices, rose to \$24.6 million compared to \$14.8 million in the first quarter of 2020, corresponding to the increase in sales. As a result, income from mine operations increased to \$11.3 million from \$6.4 million in the first quarter of 2020.

General and administrative costs increased to \$5.7 million compared to \$1.4 million in the first quarter of 2020. The increase was driven by one-time expenditures from the Company's reverse takeover transaction totaling \$3.5 million, including \$2.4 million of non-cash common share, option and warrant issuances to shareholders of Andean's predecessor company. Deferred income taxes of \$5.7 million were recognized during the first quarter of fiscal 2021, relating to the usage of previously recognized loss carryforwards and other factors. Overall, the net loss for the quarter was \$1.5 million for the first quarter of 2021.

Operational Performance	Q1 2021	Q1 2020
Mined ore <sup>(1)</sup> (k dmt)	229	295
Average ore mined grade (Ag g/t)	102	92
Purchased ore <sup>(2)</sup> (k dmt)	130	114
Average purchased ore grade (Ag g/t)	192	253
Ore milled <sup>(3)</sup> (k dmt)	420	365
Daily average throughput (k dmt)	4,941	4,802
Average head grade (Ag g/t)	118	141
Silver recovery (%)	87	90
Silver production (k ozs)	1,385	1,495
Silver equivalent production (k ozs)	1,485	1,723
Silver sales (k ozs)	1,417	1,106
Silver equivalent sales (k ozs)	1,500	1,372

(1) Mined ore includes ore from permitted mineral reserve areas, including the Pallacos areas (Santa Rita, Huacajchi and Antuco) and mine waste stockpile areas (El Asiento and Tatasi-Portugalete). Mined ore is reported as +8 mesh.

(2) Purchased ore includes ore purchased at Cachi Laguna and oxide purchases from local mining cooperatives.

(3) Ore milled includes ore processed from mined, purchased, and stockpiled ore.

Silver equivalent production by source (k ozs)	Q1 2021	Q1 2020
Pallacos	603	643
Mine waste stockpiles	215	-
Cachi Laguna	104	427
Oxide purchases	563	653
Total silver equivalent production	1,485	1,723

## 2021 Outlook Update and Guidance

The Company produced 1.5 million silver equivalent ounces from its operations during the first quarter of 2021 from its mineral reserves and its third-party ore sourcing business. During the remainder of 2021, the Company will move production away from the depleted Antuco area to the Santa Rita and Huacajchi Pallacos areas. At the Company's high-grade mine waste stockpile areas, mining production will continue at the El Asiento area through 2021, and at Tatasi-Portugalete, mining production is expected to begin by mid-2021. The Company is also planning a development opportunity at its Monserrat mine waste stockpile area, which is expected to contain higher-grade material than the Company's Pallacos areas.

The Company seeks to expand its mine life by completing a technical study on the economic viability of reprocessing approximately 10 million tonnes contained in its tailings facilities, estimated from Manquiri's production records to contain silver and tin grades of approximately 40 grams per tonne silver and 0.25% tin, respectively.

The Company continues to expand its third-party ore sourcing business from locations outside Cerro Rico. As the San Bartolomé operation contains the only large-scale commercial oxide plant in the country, the Company is leveraging this advantage with its strong working capital position and actively reviewing

additional purchasing opportunities throughout Bolivia. The Company currently purchases ore from 32 out of approximately 1,700 mining cooperatives within Bolivia.

The following table sets out Andean's first quarter 2021 results against its full-year 2021 production and cost guidance:

	Q1 2021 Actual	FY 2021 Guidance <sup>(1)</sup>
Silver equivalent production	1.5M oz	5.8M to 6.1M oz
AISC (by-product)	\$17.28/Ag oz	\$17.50 to \$19.50/Ag oz

<sup>(1)</sup> Andean's assumed commodity prices supporting this estimate are \$24.00/ounce silver and \$1,750/ounce gold.

#### Growth Program

The Company commenced exploration activities on its 100% owned San Pablo and Rio Blanco properties in February 2021. At San Pablo, a 10,000m diamond drilling program is underway, with an initial campaign of 3,350m completed in May 2021. At Rio Blanco, mapping and trench sampling have begun, and deep IP and geophysical studies will commence shortly. In tandem, the Company is assessing acquisition opportunities in Bolivia, and other locations throughout South and Central America.

#### Qualified Person Statement

Donald J. Birak, Registered Member SME and Fellow AusIMM and independent qualified person as defined under NI 43-101, has reviewed and approved the scientific and technical information presented herein.

#### About Andean Precious Metals Corp.

Andean Precious Metals (TSXV: APM) is a Canadian, growth-focused silver producer operating in Bolivia. The Company produced 5.9M silver equivalent ounces in 2020 at an all-in sustaining cost of \$14.75 USD per ounce from its own mineral claims, contracts with the state mining company of Bolivia (COMIBOL), and from a high margin third-party ore sourcing business. All processing takes place at the Company's 1.65M tonne per year San Bartolomé plant which has the capacity to produce silver doré bars. Andean Precious Metals is committed to fostering safe, sustainable and responsible operations. For more information, please visit [www.andeanpm.com](http://www.andeanpm.com).

#### Company Contact

Luis da Silva  
Chief Executive Officer  
[ir@andeanpm.com](mailto:ir@andeanpm.com)  
T: +44 7788 640696

#### Investor Contact N.A.

Daniel Weinerman  
NATIONAL Capital Markets  
[dweinerman@national.ca](mailto:dweinerman@national.ca)  
T: 416 848 1715

#### Media Contact Eur.

Oliver Lamb  
Consultant  
Tavistock

andean@tavistock.co.uk  
T: +44 20 7920 3150

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Investors are cautioned that forward-looking statements are not based on historical facts but instead reflect Andean's expectations, estimates or projections concerning future results or events based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made. Although Andean believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed thereon, as unknown or unpredictable factors could have material adverse effects on future results, performance or achievements of Andean. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking statements are the following: changes in general economic, business and political conditions, including changes in the financial markets; changes in applicable laws and regulations both locally and in foreign jurisdictions; compliance with extensive government regulation; the risks and uncertainties associated with foreign markets. These forward-looking statements may be affected by risks and uncertainties in the business of Andean and general market conditions, including COVID-19.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Although Andean has attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended and such changes could be material. Andean does not intend, and do not assume any obligation, to update the forward-looking statements except as otherwise required by applicable law.

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