

U.S. Silver & Gold provides second quarter production and corporate update

16.07.2013 | [CNW](#)

CASH COSTS REDUCED BY 8%; PRODUCTION INCREASED BY 16%

SMALL MINE PLAN IMPLEMENTED TO FURTHER REDUCE COSTS

TORONTO, July 16, 2013 /CNW/ - [U.S. Silver & Gold Inc.](#) (TSX: USA, OTCQX: USGIF) ("U.S. Silver & Gold" or the "Company") today announced production figures for its 100% owned and operating high-grade silver Galena Mine Complex in Idaho and its 100% owned high-grade gold and silver Drumlummon Mine in Montana.

Highlights

- Strong second quarter consolidated silver production totalling 651,125 ounces with gold production of 1,795 ounces (reflects only April and May as Drumlummon mine operations were suspended on May 31, 2013). This represents an increase in silver production of 23% compared with Q2, 2012, and a 9% increase over the previous quarter. Consolidated year-to-date production of 1.25 million silver ounces and 3,956 ounces of gold.
- Galena Mine Complex production of 629,227 silver ounces (a 19% increase over Q2, 2012). Cash cost of \$16.41 per ounce silver, which represents an 8% reduction over Q2, 2012 and a 20% reduction over the previous quarter.
- As previously announced, production at the Drumlummon Mine was discontinued at the end of May 2013. The mine has been put on care and maintenance pending an improvement in gold and silver prices.
- Given the continued decline in the price of silver, Management will implement a Small Mine Plan ("SMP") during the third quarter to further protect the balance sheet. The SMP will increase the silver equivalent cut-off grade mined by 50% and lower cash and overall costs, which will decrease production and result in additional staff reductions.
- As a result of the SMP, silver guidance for 2013 has been reduced to 2.1 - 2.2 million ounces and production at the Galena Complex during the second half of the year is expected to be 850,000 - 950,000 ounces at a cash cost of \$15.50 - \$17.50 per ounce.
- Hale Capital Partners has agreed to extend the term of the Company's \$7.9 million debt for two years at an interest rate of 12%. The cash balance as of July 2, 2013 was approximately \$7.4 million.

The Company expects to release its second quarter financial results on Tuesday August 13, 2013.

"In just under a year we have implemented a number of initiatives to increase productivity and reduce costs," stated Darren Blasutti, President and CEO of U.S. Silver and Gold. "While we have seen positive results including increases in tonnage, production and average grade, as well as a decrease in cash costs, the ongoing decline in the price of silver required us to look for further cost savings in order to be profitable and protect our balance sheet going forward. We have therefore taken the difficult step of identifying additional strategic measures that will allow us to cut costs over the immediate and longer term while maintaining the potential of the high-grade, lower cost Caladay Zone. I deeply regret the impact this will have on our employees, who have worked hard to help us achieve the progress we have made."

Galena Complex Second Quarter Production Details

The Galena Complex produced 629,227 ounces of silver during the second quarter of 2013 at a grade of 11.14 ounces per ton and a silver cash cost of \$16.41 per ounce. When compared with the second quarter of 2012, overall tonnage for the quarter rose 10%, production increased 19%, grade was up 8% and cash costs declined by 8%.

<p>Table 1 Galena Production Highlights</p>

	Q2 2013	Q2 2012	Change
Processed Ore (tons milled)	58,585	53,438	+10%
Production (ounces)	629,227	527,899	+19%
Grade (ounces per ton)	11.14	10.27	+8%
Cash Costs	\$ 16.41	\$ 17.81	-8%
Lead (pounds)	2,636,089	846,950	+211%
Copper (pounds)	268,392	237,827	+13%

Small Mine Plan

The Small Mine Plan focuses on increasing the grade mined to be profitable at current silver prices. Increasing grade will reduce the Company's operations. The SMP will be implemented immediately, target both fixed and variable costs and entail the following actions:

- The number of operating stopes will be reduced from current levels to approximately fifteen;
- Staff at the Galena Mine Complex will be reduced from 351 to 225;
- The Coeur Shaft and Coeur Mill will be put on care and maintenance;
- Further capital development and exploration reductions will be made;
- Levels 2800, 3000, 3200, 4300 and 5500 will be put on care and maintenance;
- Milling of both silver/copper and silver/lead ore will be campaigned through the Galena Mill.

Although the SMP will result in reduced tonnage, the decrease in revenue will be partially offset by an increase in grade.

Other Cost Reductions

In April 2013, as a result of the Company's cost control focus and portfolio review, \$12-14 million in exploration, capital projects and capital development costs were cut from the 2013 Galena Complex budget. In addition, corporate general and administrative costs were reduced by \$1 million. Effective August 1, 2013, the CEO and Board of Directors will take a voluntary 20% reduction in cash remuneration and all members of the executive management team have agreed to a 10% reduction.

Caladaya Zone Update

Galena Complex personnel are actively working toward development of the silver/copper Silver Halo area, which has the highest grade potential and is close to existing infrastructure. Drilling continues to confirm and expand new resources, and development toward ore is occurring on the 4900 level. First production from the Silver Halo is anticipated by August 31, 2013 and management continues to target production of 100 tons/day. Once initial production has been established, focus will shift to the closest, high-grade silver/lead blocks in the 49-390 resource area of the Caladaya Zone.

Underground drilling to further expand the resources on the 4900 Level in the Silver Halo and the Caladaya Zone continued during the second quarter of 2013. Both areas returned impressive widths of potentially ore-grade mineralization (see Tables 2 and 3 below). All reported drill holes were completed from one of two drill stations on the 4900 Level and were drilled to the north of and below the 4900 Level drift. Some of the intersections for the Silver Halo begin within 2 to 5 feet of the drill station which makes this mineralization readily accessible from the existing infrastructure. Publication of the Caladaya Zone Preliminary Economic Assessment has been deferred due to recent volatility in the price of silver.

Table 2 Recent Silver Halo (Silver-Copper Mineralization)							
Hole No.	From (ft)	To (ft)	Width (ft)	Ag (oz/ton)	Cu (%)	Ag Equivalent (oz/ton)	Ag Equivalent (g/t)
49-284	182.2	194.6	12.4	12.14	0.15	12.60	432
49-286	5.0	12.8	7.8	18.30	0.30	19.19	658
49-287	2.0	56.5	54.5	13.19	0.22	13.84	474
49-300	146.5	170.7	24.2	26.40	0.41	27.62	947

49-304	239.0	275.0	36.0	9.53	0.13	9.92	340
49-305	61.0	62.9	1.9	65.93	2.49	73.41	2,517
49-305	168.5	173.0	4.5	43.00	0.52	44.55	1,528

Table 3 Recent Caladay Zone (Silver-Lead Mineralization)							
Hole No.	From (ft)	To (ft)	Width (ft)	Ag (oz/ton)	Pb (%)	Ag Equivalent (oz/ton)	Ag Equivalent (g/t)
49-286	315.0	335.0	20.0	6.96	9.08	12.41	425
49-302	396.3	493.0	96.7	5.78	8.67	10.49	360
including	415.4	423.7	8.3	10.9	17.80	21.58	740
including	431.8	459.2	27.4	9.0	15.47	18.28	627

Note: Silver Equivalent calculated using \$25.00/oz. Ag, \$3.10/lb. Cu and \$0.90/lb. Pb.

Since these drill holes were completed from different drill stations and intersect the veins at various angles the recovered intersections may not reflect true widths. Please refer to www.us-silver.com for all drilling results.

Debt Re-financing and Liquidity Update

The Company has agreed on terms to extend its current debt of \$7.9 million under its senior secured line of credit facility agreement (the "Credit Facility") with Hale Capital Partners ("Hale") for an additional 24 months. The parties are working on definitive documentation and the extension is subject to customary conditions. An additional \$2.1 million will be made available under the Credit Facility on the satisfaction of conditions that the Company expects to be attainable (including the delivery of the final SMP). In consideration of the extension and other amounts advanced or forgone (including an additional \$1.0 million in cash, the additional \$2.1 million under the credit facility and a waiver of all fees except professional fees associated with the extension), the Company has agreed to grant Hale a 1.5% net smelter return ("NSR") royalty on its Galena properties. Payment under the NSR would not commence while the Company remains in good standing under the Credit Facility and half of the NSR may be bought down within 18 months of the closing for \$5.2 million.

Outstanding amounts under the Credit Facility will accrue interest at a fixed rate of 12% per annum with interest payable monthly in arrears and may be prepaid in whole or in part without premium or penalty at any time. The Credit Facility will be secured by a first charge against all the properties and assets of the Company and its subsidiaries.

Amounts owing under the Credit Facility cannot be converted into equity or voting shares of the Company or its subsidiaries. No common shares, options or warrants of the Company were issued to Hale or any other person and no broker or placement fees were paid in connection with this transaction. Other than professional expenses there are no fees contemplated to be paid.

Quality Assurance / Quality Control ("QA/QC")

U.S. Silver & Gold maintains a QA/QC Program for all assays, whether completed at the Drumlummon laboratory or at a contract laboratory including the use of standards, blanks and duplicates. All QA/QC results are evaluated using a program of QA/QC monitoring. Both the contract laboratory and the Drumlummon laboratory maintain programs of QA/QC as well. Assays for the Caladay Zone were prepared by a commercial laboratory located in Osburn, Idaho.

About U.S. Silver & Gold Inc.

U.S. Silver & Gold Inc. is a newly formed silver and gold mining company focused on growth from its existing asset base and the execution of targeted accretive acquisitions. U.S. Silver & Gold owns and operates the Galena Mine Complex in the heart of the Silver Valley/Coeur d'Alene Mining District, Shoshone County, Idaho and the Drumlummon Mine in Lewis and Clark County, Montana. The Galena Mine produces high-grade silver and is the second most prolific silver mine in U.S. history delivering over 200 million ounces to date, and the Caladay Zone is being evaluated for bulk mining development.

Mr. Jim Atkinson, Vice President, Exploration and a Qualified Person under Canadian Securities Administrators guidelines, has approved the contents of this news release.

For further information please see SEDAR or www.us-silver.com for the NI 43-101 compliant Technical Report on the Galena Project dated March 22, 2013.

Cautionary Statement Regarding Forward Looking Information:

This news release contains "forward-looking information" within the meaning of applicable securities laws. Forward-looking information includes, but is not limited to, the Company's expectations, intentions, plans, and beliefs with respect to, among other things, the Galena Complex and the Drumlummon Mine. Often, but not always, forward-looking information can be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may", and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions, or statements about future events or performance. Forward-looking information is based on the opinions and estimates of the Company as of the date such information is provided and is subject to known and unknown risks, uncertainties, and other factors that may cause the actual results, level of activity, performance, or achievements of the Company to be materially different from those expressed or implied by such forward looking information. This includes the ability to develop and operate the Galena and Drumlummon properties, risks associated with the mining industry such as economic factors (including future commodity prices, currency fluctuations and energy prices), failure of plant, equipment, processes and transportation services to operate as anticipated, environmental risks, government regulation, actual results of current exploration activities, possible variations in ore grade or recovery rates, permitting timelines, capital expenditures, reclamation activities, social and political developments and other risks of the mining industry. Although U.S. Silver and Gold has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated, or intended. Readers are cautioned not to place undue reliance on such information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific those contribute to the possibility that the predictions, forecasts, and projections of various future events will not occur. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

Contact

U.S. Silver & Gold Inc.

Darren Blasutti, President and CEO
416-848-9503

Janice Mandel, Media Relations
647-300-3853

Dieser Artikel stammt von Minenportal.de

Die URL für diesen Artikel lautet:

<https://www.minenportal.de/artikel/108171--U.S.-Silver-und-Gold-provides-second-quarter-production-and-corporate-update.html>

Für den Inhalt des Beitrages ist allein der Autor verantwortlich bzw. die aufgeführte Quelle. Bild- oder Filmrechte liegen beim Autor/Quelle bzw. bei der vom ihm benannten Quelle. Bei Übersetzungen können Fehler nicht ausgeschlossen werden. Der vertretene Standpunkt eines Autors spiegelt generell nicht die Meinung des Webseiten-Betreibers wieder. Mittels der Veröffentlichung will dieser lediglich ein pluralistisches Meinungsbild darstellen. Direkte oder indirekte Aussagen in einem Beitrag stellen keinerlei Aufforderung zum Kauf-/Verkauf von Wertpapieren dar. Wir wehren uns gegen jede Form von Hass, Diskriminierung und Verletzung der Menschenwürde. Beachten Sie bitte auch unsere [AGB/Disclaimer!](#)

Die Reproduktion, Modifikation oder Verwendung der Inhalte ganz oder teilweise ohne schriftliche Genehmigung ist untersagt!
Alle Angaben ohne Gewähr! Copyright © by Minenportal.de 2007-2025. Es gelten unsere [AGB](#) und [Datenschutzrichtlinien](#).