

# U.S. Silver & Gold reports first quarter financial and operational results

14.05.2014 | [CNW](#)

TORONTO, May 14, 2014 /CNW/ - [U.S. Silver & Gold Inc.](#) (TSX: USA, OTCQX: USGIF) ("U.S. Silver & Gold" or the "Company") today reported financial and operational results for the first quarter of 2014.

This earnings release should be read in conjunction with the Company's MD&A, Financial Statements and Notes to Financial Statements for the corresponding period, which have been posted on SEDAR at [www.sedar.com](http://www.sedar.com) and are also available on the Company's website at [www.us-silver.com](http://www.us-silver.com). All figures are in U.S. dollars unless otherwise noted.

## Highlights of First Quarter

- Revenues of \$8.1 million and a net loss of \$2.9 million in Q1, 2014 compared with revenues of \$22.9 million and a net loss of \$3.4 million in Q1, 2013. The revenue declines are attributable to a reduction in the price of silver, lower production at the Galena Complex and the discontinuation of operations at the Drumlummon Mine.
- 2014 guidance remains at 2.0 – 2.4 million silver ounces at cash costs of \$14.50 – \$15.50 per ounce and all-in cash costs of \$18.00 – 19.00 per ounce, with Q2, 2014 production guidance of approximately 500,000 silver ounces and 600,000 silver equivalent ounces.
- First quarter production of 460,490 silver equivalent ounces<sup>[1]</sup> including 385,503 silver ounces, a decrease of 33% over silver production in Q1, 2013; however, the Company forecasted the first quarter to be the lowest production and highest cost quarter of the year.
- Cash costs of \$18.64 per ounce silver and all-in sustaining costs of \$23.95, which represent reductions of 9% and 15% respectively over Q1, 2013.
- As of March 31, 2014, the Company had a cash balance totalling approximately \$7.3 million.

"Despite the expected 30% production decline in the first quarter this year, our cost cutting initiatives have continued to help us improve the bottom line compared to the first quarter of 2013," said Darren Blasutti, President and CEO of U.S. Silver & Gold. "With continued cost discipline, and as projected production increases occur in the second quarter and throughout the remainder of this year, we expect to see a further significant decline in our cash costs in comparison to last year and the first quarter of 2014."

## Production and Operating Costs

As reported in the April 30, 2014 press release, Galena Complex production for Q1, 2014 totalled 385,503 silver ounces at a grade of 10.43 ounces per ton (compared with a grade of 9.55 ounces per ton in Q1, 2013). Production decreased by 33% due to planned sand cycles which made a number of high-grade silver/copper stopes unavailable for the majority of the quarter and the transition of personnel from lower grade silver/copper production areas to develop wider, more profitable high-grade silver/lead stopes for the remainder of the year. In addition, silver/lead stopes on the 5200 level were inaccessible as work continued toward the resolution of citations related to ongoing maintenance in the #3 Shaft.

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<sup>1</sup> Silver equivalent calculation is based on prices of \$20 per ounce silver, \$0.95 per pound lead and \$3.00 per pound copper.

These stopes will be available during the second quarter and for the remainder of the year. Silver cash costs improved to \$18.64 per ounce (compared with \$20.48 per ounce in Q1, 2013) despite a material drop in year-over-year production. The improvement was due primarily to the implementation of a Company-wide cost containment strategy outlined last year in the Small Mine Plan.

A net loss of \$2.9 million was recorded for the quarter, compared with a net loss of \$3.4 million for the first quarter of 2013. This decrease was due to reductions in general and administration expenses, exploration costs, stock-based compensation and depreciation, depletion and amortization. Cost decreases were partially offset by lower metal prices, lower period-over-period production and higher finance costs.

Table 1 Galena Production Details		
	Q1 2014	Q1 2013
Total Ore Processed (tons milled)	38,646	62,826
Silver – Copper	26,092	44,887
Silver – Lead	12,554	17,939
Silver produced (ounces)	385,503	577,095
Lead produced (pounds)	1,020,285	1,772,256
Copper produced (pounds)	176,825	261,618
Silver recoveries (percent)	95.5	96.2
Lead recoveries (percent)	93.6	92.7
Copper recoveries (percent)	94.7	95.9
Silver head grade (ounces per ton)	10.45	9.55
Silver - Copper	11.43	10.83
Silver – Lead	8.41	6.34
Lead head grade (percent)	4.34	5.33
Copper head grade (percent)	0.36	0.30
Silver sold (ounces)	345,874	568,401
Lead sold (pounds)	915,027	1,769,304
Copper sold (pounds)	182,464	259,728
Realized silver price (\$ per ounce) <sup>2</sup>	\$20.98	\$30.40
Realized lead price (\$ per pound) <sup>2</sup>	\$0.95	\$1.03
Realized copper price (\$ per pound) <sup>2</sup>	\$3.18	\$3.68
Silver cash costs (\$ per ounce)	\$18.64	\$20.48
All-in sustaining Costs (\$ per ounce silver)	\$23.95	\$28.29

<sup>2</sup> Realized metal prices represent the weighted average metal prices on amounts settled from smelters on final outturn of metals during the period. Management uses these measures internally to better assess performance trends and understands that a number of investors and others who follow the Company's performance also assess performance in this manner. These measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

## Exploration Update

The 2014 exploration budget was designed to develop near-term resources, provide information to help refine the highest grade areas in proximity to existing infrastructure for mining, complete block modelling on priority veins, and evaluate drill results from 2013. The budget is projected at \$1.7 million for the year of which \$0.4 million was spent in the first quarter of 2014.

The Company drilled 5,522 feet underground during the first quarter with two drill crews operating. Year-to-date the Company has logged over 10,000 feet of current and backlogged drill core and the backlog has been reduced from over 15,000 feet to approximately 9,000 feet. Selected silver/lead drilling results are provided below. Drilling results will be available at [www.us-silver.com](http://www.us-silver.com).

Table 2

## Recent Exploration Drill Results

Hole No.	From (ft)	To (ft)	Width (ft)	Ag (oz/ton)	Pb (%)	Ag Equivalent (oz/ton)	Ag Equivalent (g/t)
37-290	48.3	61.5	13.2	8.27	10.90	18.61	621
40-357	182.5	187.3	4.8	6.86	15.12	21.22	728
49-337	376.5	381.3	4.8	10.18	11.80	21.38	733
49-339	162.5	181.6	19.1	5.69	8.73	13.98	479
49-339	247.8	301.8	54.0	5.74	8.03	13.37	458
49-344	245.0	258.3	13.3	7.79	9.45	16.77	559

Drill holes were completed from different drill stations and intersect the veins at various angles. Recovered intersections may not reflect true widths.

As anticipated, drilling on the 4900 Level successfully intersected the upward extension of the 175 Vein. Mining is currently taking place on the 175 Vein between the 5200 and 5500 Levels. This new information provides confidence that capital development currently underway will generate additional returns and support the Company's transition toward silver/lead dominant production.

Preliminary block-modeling of a newly re-evaluated series of veins in the upper part of the mine provided a good picture of potentially high-grade, minable silver/lead veins in the 3000 to 3700 Level horizon. Five of these veins have been delineated and drilling is underway to validate the model and investigate continuation at depth to the 4000 Level. Collectively referred to as the Upper Country Silver Lead (UCSL) Veins, these veins underwent limited historical development prior to the mine's decades-long exclusive focus on silver/copper ore. As a result, only a small amount of production mining took place and the resource was left readily available via established development and infrastructure. Initial work has commenced in preparation for renewed mining in these new areas. Meaningful production is expected to begin as early as the fourth quarter, but efforts will be accelerated if justified by continued exploration success. The proposed exploration program for the next 9 months is largely focused on drilling UCSL Veins on the 3700 Level.

## Financial Position

The Company's cash and cash equivalents at March 31, 2014 totaled \$7.3 million compared to \$7.2 million at December 31, 2013, while net working capital totaled \$12.5 million and \$12.2 million respectively for the same dates.

On March 21, 2014, the Company completed a private placement of 8,103,497 Units and 3,448,280 Subscription Receipts at a price of C\$0.58 per Unit and C\$0.58 per Subscription Receipt for aggregate gross proceeds of approximately C\$6.7 million. The C\$2.0 million gross proceeds from the Subscription Receipts are held in escrow pending the satisfaction of certain regulatory and shareholder approvals. The Company intends to seek shareholder approval for the exchange of the Subscription Receipts for Units in May 2014.

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

U.S. Silver & Gold maintains a QA/QC Program for all assays, including the use of standards, blanks and duplicates. All QA/QC results are routinely evaluated using a program of QA/QC monitoring. Details of the program are provided in the Company's NI 43-101 compliant Technical Report on the Galena Project dated March 22, 2013.

## About U.S. Silver & Gold Inc.

[U.S. Silver & Gold](#) is a silver and gold mining company focused on growth from its existing asset base and

execution of targeted accretive acquisitions. It owns and operates the Galena Mine Complex in the heart of the Silver Valley/Coeur d'Alene Mining District, Shoshone County, Idaho which produces high-grade silver and is the second most prolific silver mine in U.S. history, delivering over 200 million ounces to date. The Caladay Zone is being evaluated for bulk mining development. U.S. Silver & Gold also owns the Drumlummon Mine Complex in Lewis and Clark County, Montana.

Mr. Daren Dell, Vice President, Technical Services and a Qualified Person under Canadian Securities Administrators guidelines, has approved the applicable contents of this news release.

For further information please see SEDAR or [www.us-silver.com](http://www.us-silver.com).

### **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 & 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.*

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Die URL für diesen Artikel lautet:

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