

Steppe Gold Announces Strong Operating Cash Flow in Second Quarter Results

17.08.2020 | [Newsfile](#)

Ulaanbaatar, August 17, 2020 - [Steppe Gold Ltd.](#) (TSX: STGO) ("Steppe Gold" or "the Company") is extremely pleased to announce its financial results for the second quarter ended June 30, 2020.

Steppe Gold CEO, Mr Bataa Tumur-Ochir commented "We are pleased to report a very strong first quarter of production at the ATO Gold Mine. With cash costs under \$600 in this ramp up phase, and over 1m tonnes of ore now mined and paid for, we are seeing the strong cash flow generation of this first phase of the ATO project. We have continued our unblemished safety record and we have largely avoided the impacts of COVID-19, with uninterrupted production in the period.

With over US\$23m cash on hand and regular gold sales occurring we are well positioned to benefit from the current trend in rising gold prices. We are now also turning our attention to finalising the ATO resource update, incorporating the Mungu discovery, and the Bankable Feasibility Study ("BFS") Update at the fresh rock phase of the ATO Project. We are very excited to commence the larger second phase of this long life, low cost project."

HIGHLIGHTS

Financial Results for the Three Months Ended, June 30, 2020 (all figures in US\$)

- The Company announced its achievement of commercial production at the ATO gold mine effective April 2020 having met all the required metrics.
- Production of 15,389 gold ounces and 4,978 silver ounces.
- Gold and silver sales were \$19.5m as 12,458 gold ounces and 3,728 silver ounces were sold with average realized prices per ounce of \$1,714 and \$15 respectively.
- Cash costs were \$595 per ounce sold
- All-In sustaining cost ("AISC") was \$739 per ounce sold
- Group adjusted EBITDA for the quarter was \$10.4m.
- Operating income from mine operations, before depreciation and depletion, was \$12.1m
- The Company is currently working on a BFS for the expansion of the ATO Gold mine. The BFS aims to see expansion of the ATO Gold Mine into fresh rock ores with a planned production profile of approximately 150,000oz gold equivalent per year and an estimated ten-year mine life.
- The Company has commenced exploration drilling and trenching programs at the ATO Gold Mine and Uudam Khundii ("UK") Gold Project. Initial trenching results should be available in the coming months and this will be followed by an active drilling program through to the end of the year.
- Three diamond core drilling rigs have commenced operations at the ATO Gold Mine. All three rigs are now located at the Mungu Discovery where drilling is underway with the aim of delivering an initial resource calculation in the coming months.
- The Company completed a non-brokered private placement of approximately C\$15.0 million through the sale of 6,976,944 units at a price of \$2.15 per unit, to Eric Sprott.
- The Company currently has a cash balance of US\$23.1m.

Details of Non-IFRS Performance Measures noted above can be found in the Company's Management's Discussion & Analysis.

The Company's interim consolidated financial results for the second fiscal quarter ended June 30, 2020 have been filed on SEDAR. The full version of the Condensed Interim Consolidated Financial Statements and Management's Discussion & Analysis can be viewed on the Company's website at www.steppegold.com or under the Company's profile on SEDAR at www.sedar.com. Amounts are expressed in United States dollars unless otherwise noted.

[Steppe Gold Ltd.](#)

Steppe Gold is Mongolia's premier precious metals company.

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Cautionary Note Regarding Forward-Looking Statements:

The above contains forward-looking statements that are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in our forward-looking statements. Factors that could cause such differences include: changes in world commodity markets, equity markets, costs and supply of materials relevant to the mining industry, change in government and changes to regulations affecting the mining industry. Forward-looking statements in this release include, among other things, statements regarding the trading of the Common Shares and business, economic, and political conditions in Mongolia. Although we believe the expectations reflected in our forward-looking statements are reasonable, results may vary, and we cannot guarantee future results, levels of activity, performance or achievements. We disclaim any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by applicable law.

The Toronto Stock Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of the content of this news release

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