

GlobeStar Reports Second Quarter 2010 Results

11.08.2010 | [Marketwire](#)

(All dollar amounts are expressed in United States currency unless otherwise stated.)

Toronto, Ontario -- ([Marketwire](#) - Aug. 11, 2010) - GlobeStar Mining Corporation ("GlobeStar") (TSX: GMI) today announced key highlights of its financial and operational results for the three months and six months ended June 30, 2010. Copies of GlobeStar's second quarter 2010 unaudited financial statements and management's discussion and analysis ("MD&A") are available on GlobeStar's website at www.globestarmining.com and at www.sedar.com.

GlobeStar will hold a conference call at 9:00 a.m. (EDT) on Thursday, August 12, 2010 to discuss the second quarter 2010 results. Call-in details are included at the end of this release. A short presentation will be made during the conference call, for which presentation slides will be available on the investor relations tab of GlobeStar's website in advance of the call.

Highlights

- Gross revenues for the second quarter of 2010 were approximately \$24.1 million, operating earnings were \$10.2 million, EBITDA(1) was \$11.7 million and cash flows from operating activities were \$3.0 million.

- GlobeStar held cash and restricted cash and cash equivalents of approximately \$18.6 million and marketable securities of \$0.3 million as at June 30, 2010.

- GlobeStar made its quarterly scheduled repayment of long-term debt on June 30, 2010 in the amount of approximately \$2.6 million. Net debt(2) outstanding was \$14.2 million at June 30, 2010, as compared to \$21.2 million at the end of 2009.

- Cash costs per payable pound of copper sold(3) during the second quarter of 2010 were approximately \$2.16 before byproduct credits and \$0.23 after byproduct credits.

- Second quarter production totalled approximately 5.3 million pounds of copper, a record high of 4,800 ounces of gold and a higher-than-anticipated 194,800 ounces of silver.

- The 2010 exploration program in the Dominican Republic is progressing with two drills operating in the area of the Cerro de Maimon mine and the continuation of the trenching and drilling programs at Cerro Kiosko, Loma La Mina and Barbuito West.

- A 13,000-metre, 99-hole drilling program was completed at the Moblan West lithium deposit in Quebec, with assay results expected during the third quarter of 2010.

(1) EBITDA is a non-GAAP measure, defined as net revenues less operating expenses and corporate, general and administrative expenses. See MD&A for discuss of non-GAAP measures.

(2) Net debt is a non-GAAP measure, defined as long-term debt, less cash and restricted cash and cash equivalents. See MD&A for a discussion of non-GAAP measures.

(3) Cash costs per payable pound of copper sold is a non-GAAP measure. See MD&A for a discussion of non-GAAP measures.

Operating Results

A summary of the operating results for the second quarter of 2010 is outlined in the following tables.

During the second quarter of 2010, the sulphide plant at the Cerro de Maimon mine in the Dominican Republic produced approximately 10,400 tonnes of copper concentrate, containing approximately 5.3 million pounds of copper, 2,300 ounces of gold and 152,000 ounces of silver.

Copper production for the first half of 2010 is lower than anticipated in the 2010 mine plan due to the changes in the mining sequence within the Cerro de Maimon open pit.

The following table outlines the sulphide plant's operating statistics during the first and second quarters of 2010:

Sulphide Plant - Operating Statistics	Three Months Ended June 30, 2010	Three Months Ended March 31, 2010
Sulphide ore processed (tonnes)	107,000	106,500
Copper grade	2.7%	2.6%
Gold grade g/t, Silver grade g/t	1.5, 70	1.1, 43
Copper, gold & silver recoveries	84%, 45%, 63%	86%, 53%, 51%
Copper concentrate produced (tonnes)	10,400	9,800
Copper in concentrate (pounds)	5.3 million	5.2 million
Gold & silver in concentrate (ounces)	2,300, 152,000	1,900, 75,000

The oxide plant, which produces a gold-silver precipitate, achieved its highest quarterly gold production to date during the second quarter of 2010, with gold production of approximately 2,500 ounces and silver production of approximately 42,800 ounces.

The following table outlines the oxide plant's operating statistics during the first and second quarters of 2010:

Oxide Plant - Operating Statistics	Three Months Ended June 30, 2010	Three Months Ended March 31, 2010
Oxide ore processed (tonnes)	63,600	62,500
Gold grade g/t, Silver grade g/t	1.6, 39	1.4, 42
Gold & silver recoveries	76%, 54%	87%, 62%
Gold produced (ounces)	2,500	2,400
Silver produced (ounces)	42,800	53,000

During the second quarter, the mine site received significant rainfall and the lower level of the open pit is currently inaccessible. Mining will continue on the upper benches in open pit until water levels are lowered as expected during the remainder of 2010.

Second Quarter 2010 Financial Results

Results of Operations: Gross revenues from the sale of 10,400 tonnes of concentrate during the second quarter of 2010 totalled approximately \$19.0 million, while the sale of gold-silver precipitates resulted in gross revenues of approximately \$5.1 million.

Refining and treatment charges decreased by \$0.5 million in the second quarter of 2010 compared to the

second quarter of 2009, due in part to lower sales volumes, but also due to the previously disclosed renegotiation of GlobeStar's copper concentrate sales contract with its primary customer on more favourable market terms for 2010.

Cash costs per payable pound of copper sold(4) were approximately \$2.16 before byproduct credits and \$0.23 after byproduct credits for the second quarter of 2010. These cash costs include mine site operating costs as well as smelting, refining, freight and royalty charges related to marketing the copper concentrate.

Operating earnings for the second quarter of 2010 were approximately \$10.2 million, after deducting amortization and depletion, as compared to operating earnings of \$4.8 million for the second quarter of 2009.

Net interest expense for the second quarter of 2010 decreased by \$0.2 million compared to the second quarter of 2009, due to a lower interest rate on the Company's long-term debt and a reduced outstanding debt balance, as the Company continued to make its quarterly debt repayments during the year.

(4) Cash costs per payable pound of copper sold is a non-GAAP measure. See MD&A for a discussion of non-GAAP measures.

The settlement of GlobeStar's derivative contracts continued on a monthly basis during the second quarter. During the three months ended June 30, 2010, GlobeStar realized net derivative losses of \$1.9 million, consisting of \$0.8 million from gold contracts, \$0.7 million from silver contracts and \$0.4 million from copper contracts. These contracts will continue to settle on a monthly basis until the end of 2011, with GlobeStar's exposure decreasing at the start of 2011 due to significantly lower hedged volumes of copper and gold.

Net income for the second quarter of 2010 totalled \$5.4 million or \$0.051 per share, as compared to a net loss of \$4.2 million or \$0.040 per share for the second quarter of 2009.

The following condensed Statements of Income outline the financial results of operations during the three months and six months ended June 30, 2010:

Statements of Income (in U.S. \$millions) (unaudited)	Three Months Ended June 30, 2010	Six Months Ended June 30, 2010
Gross revenues	24.1	44.7
Refining, treatment and other charges	(2.1)	(3.9)
Net revenues	22.0	40.8
Operating expenses	(8.7)	(15.6)
Amortization & depletion of mineral properties	(3.1)	(5.7)
Operating earnings	10.2	19.5
Corporate, general & administrative expenses	(1.6)	(3.3)
Interest	(0.3)	(0.6)
Derivative gains (losses) - realized & unrealized	0.5	(1.2)
Other expenses	(0.1)	(0.2)
Income tax expenses	(3.3)	(4.7)
Net income	5.4	9.5

During the second quarter of 2010, GlobeStar realized average sales prices on its concentrate sales of \$2.87 per pound for copper, \$1,332 per ounce for gold and \$19.22 per ounce for silver. The realized prices incorporate the expected forward prices for the month of settlement according to the Company's sales arrangements. These realized prices compare with the quarter's average London Metal Exchange cash settlement price of \$3.18 per pound for copper, the average of the London morning and afternoon daily spot prices of \$1,196 per ounce for gold and the average of the London brokers official daily spot price of \$18.33 per ounce for silver.

Statements of Cash Flows: For the three months ended June 30, 2010, GlobeStar generated \$3.0 million in operating cash flows, as compared to \$4.6 million for the same period in 2009. The operating cash flows for the second quarter of 2010 included the previously budgeted income tax payment of \$3.3 million to the Government of the Dominican Republic in respect of the 2009 tax year.

GlobeStar made its scheduled quarterly long-term debt repayment of approximately \$2.6 million, including accrued interest, on June 30, 2010. Pursuant to the requirements of GlobeStar's senior debt facility, the debt

reserve account remained fully funded during the second quarter of 2010 in the amount of \$5.3 million.

Exploration expenditures of \$0.7 million during the second quarter of 2010 related primarily to the drilling and trenching programs at Barbuito West, Cerro Kiosko, Loma La Mina and Moblan West, as described below. Capital expenditures at the Cerro de Maimon mine included construction work on the tailings pond and a deep drilling program below and to the south east of the open pit.

As a result of the above items, the total decrease in cash and restricted cash and cash equivalents for the second quarter of 2010 was \$1.2 million, with a decrease in cash alone of \$1.9 million.

The following condensed Statements of Cash Flows outline GlobeStar's cash flows during the three months and six months ended June 30, 2010:

Statements of Cash Flows (in U.S. \$millions) (unaudited)	Three Months Ended June 30, 2010	Six Months Ended June 30, 2010
Cash flows from operating activities	3.0	10.5
Repayment of long-term debt (principal)	(2.3)	(4.5)
Exploration expenditures	(0.7)	(1.3)
Cerro de Maimón mine capital expenditures	(0.9)	(2.1)
Other cash flow items	(1.0)	(0.9)
Increase (decrease) in cash	(1.9)	1.7

Balance Sheet Data: Cash, restricted cash and cash equivalents and accounts receivable were approximately \$29.0 million at June 30, 2010, an increase of \$0.8 million during the second quarter of 2010.

Saleable metal inventories were approximately \$2.4 million at June 30, 2010 as compared to \$1.4 million at year-end. The amount outstanding on GlobeStar's senior debt facility totalled \$32.9 million at the end of the second quarter of 2010, after making the scheduled quarterly repayments for the year to date.

The following condensed Balance Sheets outline GlobeStar's financial position at June 30, 2010 and December 31, 2009:

Balance Sheets (in U.S. \$millions) (unaudited)	As at June 30, 2010	As at December 31, 2009
Assets		
Cash, including restricted cash and cash equivalents	18.6	16.3
Marketable securities	0.3	-
Accounts receivable	10.4	8.1
Product inventory (at cost)	2.4	1.4
Mineral properties	94.1	96.9
All other assets	6.9	7.1
Total Assets	132.7	129.8
Liabilities & Equity		
Accounts payable and accrued liabilities	6.5	7.2
Long-term debt	32.9	37.5
All other liabilities	11.6	13.3
Equity	81.7	71.8
Total Liabilities & Equity	132.7	129.8

2010 Outlook Update

The previously disclosed guidance for 2010 has been revised to reflect the operating levels achieved during the first half of 2010 and the changes to the sequence of ore extraction anticipated in the second half of 2010. Heavy rains in the second quarter have raised the water level in the open pit so that mining will be restricted to ore grading approximately 2.4% copper for the third and fourth quarters. Higher grade ore is expected to become accessible later in 2010 when the water levels in the open pit are lowered by transferring water to holding ponds or discharging water from the water treatment facilities. The updated guidance for 2010 is as follows:

- Total production from the Cerro de Maimon mine in 2010 is forecast at approximately 21 million pounds of copper, 17,000 ounces of gold and 500,000 ounces of silver.

- Cash costs per payable pound of copper sold⁽⁵⁾, including production costs and treatment, refining, shipment and royalty charges, are forecast to average for 2010 approximately \$0.80 per pound of payable copper after byproduct credits.

- Capital costs for 2010 at the Cerro de Maimon Mine are forecast to be approximately \$8 million, including expenditures of approximately \$3 million on a permanent water treatment plant, which has a total estimated cost of approximately \$5 million.

- Exploration expenditures for 2010 are expected to total approximately \$4 million, after deducting estimated tax rebates related to the Moblan West lithium project.

(5) Cash costs per payable pound of copper sold is a non-GAAP measure and is discussed under "Non-GAAP Measures".

Exploration Programs

Maimon Cluster

The Maimon Cluster is defined by an approximately five-kilometre radius around the Cerro de Maimon mine. The focus of exploration activities during the second quarter of 2010 was the Barbuito West target and the Loma La Mina target, both within the Maimon Cluster.

An extensive trenching program was conducted at Barbuito West during the second quarter. By the end of the quarter, 19 trenches, totalling 889 metres, were mapped and sampled. Results from these trenches included 24 metres grading 0.42 grams of gold per tonne in trench Tr-barw-05 and 32 metres grading 0.34 grams of gold per tonne in trench Tr-barw-13A. An eight-hole drilling program is expected to be carried out in the latter half of 2010 to target the zones highlighted by the trenching program.

A new soil geochemistry survey was initiated at Loma La Mina in April 2010. Based on the survey information, a five-trench program was conducted to determine the location of the high grade zones. By the end of June 2010, assays were completed for the first two trenches, including 23.1 metres grading 1.17 grams of gold per tonne in trench Tr-LM2010-01 and 36.5 metres grading 0.55 grams of gold per tonne in trench Tr-LM2010-02. Mineralization and geochemical anomalies are being targeted by a 10-hole drilling program that commenced in the third quarter of 2010.

Bayaguana District

GlobeStar's Bayaguana district consists of 72 square kilometres of mineral concessions, located approximately 60 kilometres east of the Cerro de Maimon mine, and hosts several geologically important copper and gold deposits. Much of GlobeStar's exploration in the Bayaguana District during the first half of 2010 was focused on the Cerro Kiosko prospect. The Cerro Kiosko deposit has a National Instrument ("NI") 43-101 compliant estimated indicated and inferred mineral resource of 4.9 million tonnes grading 0.98% copper, 2.0 grams of gold per tonne and 5.1 grams of silver per tonne at a cut-off grade of 0.35 grams of gold per tonne.

A two-phase trenching program was conducted at the Cerro Kiosko property during the first half of 2010. A total of 107 trenches, totalling 2,236 metres, were completed as part of this program. Highlights of the assays received to date include nine metres grading 1.94 grams of gold per tonne in trench TK-05, 12.5 metres grading 1.30 grams of gold per tonne in trench TK-30, 6.4 metres grading 1.70 grams of gold per tonne in trench TK-64 and 10.7 metres grading 3.38 grams of gold per tonne in trench TK-90.

Moblan West Lithium Project

The Moblan West lithium deposit, located in northern Quebec, is 60% owned by GlobeStar and hosts a NI 43-101 compliant estimated inferred mineral resource of 5.3 million tonnes grading 1.5% lithium oxide ("Li₂O") at a cut-off grade of 0.43% Li₂O.

An infill drilling program commenced in early 2010 and by the end May 2010, the program, which totalled 99 holes and 13,379 metres, had been completed. Assays are still pending for most of the sampled core, with results expected during the third quarter of 2010. Once all assays are received, a new resource estimate will be established. Additionally, an extensive metallurgical program will be carried out in the latter half of 2010, with the objective of determining the saleable products that could be produced from the Moblan West lithium deposit.

Conference Call Details

GlobeStar will host a conference call on Thursday, August 12, 2010 at 9:00 a.m. (EDT) to discuss the second quarter 2010 results. The conference call may be accessed by dialing 1-888-789-9572 in North America or 1-416-695-7806 internationally. Please dial in the participant pass code 4608775. The archived conference call can be accessed by following the instructions in the investor relations tab on GlobeStar's website.

A short presentation will be made during the conference call and the presentation slides will be available in the investor relations tab of GlobeStar's website at www.globestarmining.com.

About GlobeStar

[GlobeStar Mining Corporation](http://www.globestarmining.com) is a Canadian-based mining and exploration company producing copper, gold

and silver at its Cerro de Maimon mine in the Dominican Republic. GlobeStar is also exploring for copper and gold on its extensive mineral concessions in the Dominican Republic, and holds significant interests in the Moblan lithium project in Quebec, Canada, and the Cumpie Hill lateritic nickel deposit in the Dominican Republic. GlobeStar maintains a listing on the Toronto Stock Exchange (symbol: GMI).

A.E. Olson, M AusIMM, GlobeStar's Senior Vice President and COO and a Qualified Person as defined under NI 43-101, supervised the preparation of and verified the technical information contained in this release related to the Cerro de Maimon mine. Technical information related to GlobeStar's exploration properties has been verified by Sergio Gelcich, PhD, P.Geo., GlobeStar's Senior Geologist and a Qualified Person under NI 43-101.

Cautionary Statements Concerning Forward-Looking Statements

This news release contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to as "forward-looking statements"). Forward-looking statements include, but are not limited to, possible events and statements with respect to possible events. The words "plans," "expects," "is expected," "scheduled," "estimates," or "believes," or similar words or variations of such words and phrases or statements that certain actions, events or results "may," "could," "would," "might," or "will be taken," "occur," and similar expressions identify forward-looking statements.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable to GlobeStar as of the date of such statements, are inherently subject to significant risks and uncertainties and may not be appropriate for use other than as used herein. These estimates and assumptions include, but are not limited to: (a) the ability of the Cerro de Maimon mine's sulphide and oxide plants to operate at their design capacities and having the facilities to meet water treatment or storage requirements and their impact on production; (b) certain assumptions relating to the market price for its products and metal grades; (c) there being no significant disruptions affecting operations at the Cerro de Maimon mine; (d) production of copper and other metals at the Cerro de Maimon mine being consistent with GlobeStar's current expectations; (e) the continued operation of the Cerro de Maimon mine; and (f) the ability of GlobeStar to successfully continue its exploration and other activities. Because of these risks and uncertainties and, as a result of a variety of factors, the actual results, expectations, achievements or performance may differ materially from those anticipated, implied or indicated by these forward-looking statements. Although GlobeStar believes that the expectations reflected in its forward-looking statements are reasonable, we can give no assurances that the expectations of any forward-looking statements will prove to be correct. All of the forward-looking statements made in this news release are qualified by these cautionary statements and those made in the "Risk Factors" section of GlobeStar's most recently filed Annual Information Form and GlobeStar's other filings with the securities regulators of Canada. These factors are not intended to represent a complete list of the factors that could affect GlobeStar. GlobeStar disclaims any intention, and assumes no obligation, to update or revise any forward-looking statements to reflect actual results, whether as a result of new information, future events, changes in assumptions, changes in factors affecting such forward-looking statements or otherwise, or to explain any material difference between actual events and such forward-looking statements, except as required pursuant to applicable securities laws.

For more information, please contact

GlobeStar Mining Corporation
David Brace, Chief Executive Officer
(416) 640-4915 (direct)
dbrace@globestarmining.com

or

GlobeStar Mining Corporation
Dave Massola, Chief Financial Officer
(416) 868-6678, extension 4034
dmassola@globestarmining.com

Dieser Artikel stammt von [Minenportal.de](#)

Die URL für diesen Artikel lautet:

<https://www.minenportal.de/artikel/52085--GlobeStar-Reports-Second-Quarter-2010-Results.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](#).