

Southern Arc Third Quarter Financial Results and Projects Update

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VANCOUVER, BRITISH COLUMBIA--(Marketwired - May 30, 2014) - **Southern Arc Minerals (TSX VENTURE:SA)(OTCQX:SOACF)** ("Southern Arc" or "the Company") today announced the results of its third quarter ended March 31, 2014, along with an update on its portfolio of projects. Details of the Company's financial results are described in the unaudited condensed consolidated interim financial statements and Management's Discussion and Analysis ("MD&A"), which will be available on the Company's website at www.southernarcminerals.com and on SEDAR at www.sedar.com. All amounts are in Canadian dollars unless otherwise stated.

FINANCIAL SNAPSHOT

	March 31, 2014	June 30, 2013
Total assets	\$ 12,574,176	\$ 18,192,286
Exploration properties	102,068	102,068
Working capital	4,579,738	16,060,362
Comprehensive loss	(5,518,076)	(41,945,170)
Basic and diluted loss per share	(0.05)	(0.38)

At May 29, 2014, Southern Arc had approximately \$2.8 million in working capital.

PROPERTY REVIEW AND OUTLOOK

The Company's accounting policy is to record its exploration properties at cost. Exploration and evaluation expenditures relating to exploration properties are deferred until either the properties are brought into production, at which time they are amortized on a unit of production basis, or the properties are sold or abandoned, at which time deferred costs are written off.

West Lombok Property (Lombok Island)

The West Lombok project covers a 13-km long by 7-km wide structural corridor of mineralization and alteration hosting porphyry copper-gold and epithermal gold deposits. Southern Arc has completed 26,477 metres of drilling to date on epithermal gold mineralization in the Pelangan and Mencanggah prospects, and 20,046 metres of drilling at the Selodong porphyry copper-gold intrusive complex. All drill results and details regarding the prospective study are available on the Company's website and on SEDAR.

On July 11, 2013, Southern Arc released the first mineral resource estimate for the West Lombok property (see July 11, 2013 press release). SRK Consulting (Canada) Inc. estimated an inferred resource totalling 1.49 million ounces of gold, 1.82 million ounces of silver and 397.3 million pounds of copper from three open-pittable epithermal gold deposits and one porphyry copper deposit. The Raja, Bising and Tibu Serai epithermal gold deposits are estimated to contain 11,783,000 tonnes averaging 1.5 g/t gold for contained metal of 567,820 ounces of gold, with an additional 1.82 million ounces of silver in the Raja deposit. The Selodong porphyry copper mineralization is estimated to contain 66,750,000 tonnes averaging 0.43 g/t gold and 0.27% copper for contained metal of 922,800 ounces of gold and 397,324,000 pounds of copper within two zones: Montong Botek and Blongas.

Since releasing West Lombok resource estimate in July 2013, Southern Arc has maintained low-level activities at West Lombok while continuing to advance discussions with a number of companies for a potential farm-in, partnership or outright sale of the property. While Southern Arc believes the West Lombok project holds great potential, the Company has determined that it can more effectively build shareholder value by identifying a funding partner for West Lombok and redirecting the Company's treasury to

high-quality projects in stable jurisdictions. Southern Arc remains confident that it will find a suitable arrangement, and is working diligently to conclude a transaction that will bring value to the Company.

East Elang Property (Sumbawa Island)

The East Elang property covers 9,670 hectares immediately to the east of Newmont's Elang-Dodo property, which hosts a large copper-gold porphyry deposit. In October 2010, the Company entered into an option and joint venture agreement with Vale to advance the East Elang property. Vale can earn a 75% interest in PT. Selatan Arc Minerals by funding exploration through to completion of a bankable feasibility study within an agreed-upon time frame. On the East Elang property, 60.3% of the area is designated primary forest. The Indonesian government has imposed a moratorium on exploration and mining activities in areas designated as primary forest, and has extended the moratorium to May 2015. While the property is considered highly prospective due to its location and results from aerial surveys, exploration of this property has been deferred pending reclassification of the property's forestry status and receipt of the appropriate permits. Unless such reclassification is granted or the moratorium lifted, the Company cannot commence any significant exploration activities on the property. Southern Arc has requested reclassification of the property and has applied to the Regency authorities for suspension (back-dated from the commencement of the forestry moratorium in May 2011) of the IUP license until the reclassification process has been completed, to ensure Southern Arc and Vale have adequate time to evaluate the property once exploration commences.

Taliwang Property (Sumbawa Island)

In December 2012, following a strategic review of the Company's projects and exploration strategy, the Company agreed to sell its 90% interest in the Taliwang project and during the year ended June 30, 2013, recognized a \$3,291,080 impairment provision against its book value of the Taliwang property. In February 2014, Southern Arc and the Purchaser renegotiated the terms of the purchase and sale agreement, whereby the Purchaser will purchase Taliwang in exchange for US\$1,600,000 and the granting of a 5% net smelter royalty to Southern Arc. The Purchaser has the option to buy back 3% of the net smelter royalty by paying Southern Arc US\$3,000,000. As a result of the renegotiation, Southern Arc has recognized an additional \$1,889,096 of impairment provision against its book value of the Taliwang property. To date, the Purchaser has made payments totaling US\$700,000.

Windfall Lake Gold Project (Quebec, Canada) - Eagle Hill Investment

In August 2013, following an extensive search worldwide for high-quality properties, the Company partnered with Dundee Corporation ("Dundee") to invest a total of \$12 million in Eagle Hill. Eagle Hill owns the high-grade Windfall Lake Gold Deposit ("Windfall Lake") in Quebec, Canada. Windfall Lake is located between Val-d'Or and Chibougamau in the Abitibi Gold Belt, a highly favourable jurisdiction for exploration and mining. The greenstone belts of the Abitibi region constitute one of the most prolific gold-producing regions in the world, having produced over 170 million ounces of gold to date. The project is easily accessible by paved highways and all-weather gravel roads and has substantial infrastructure on site, including a 58-person camp and a 1,450-metre access ramp (vertical depth of 100 metres).

From September 12 to December 20, 2013, Eagle Hill completed two Induced Polarization surveys and drilled a total of 28,232 metres in 68 drillholes (including one extension and six wedges), with the objective of expanding the known mineral resource. All drill results are available on Eagle Hill's website at www.eaglehillexploration.com and on SEDAR.

In March 2014, Eagle Hill released an updated mineral resource estimate for the Windfall Lake project, increasing the indicated mineral resource tonnage and contained gold by 43% and 38%, respectively. SRK Consulting (Canada) Inc. estimated an indicated mineral resource of 2,375,000 tonnes grading 9.75 g/t gold for contained gold of 744,000 ounces, with an additional inferred mineral resource estimated at 3,084,000 tonnes grading 7.37 g/t gold for contained gold of 731,000 ounces. These grades make Windfall Lake one of the highest grade resource-stage gold projects in the world.

The bulk of the mineralization occurs in the Main Zone, a southwest/northeast trending zone of stacked mineralized lenses, measuring approximately 600 metres wide and at least 1,400 metres long. From February to March 2014, Eagle Hill completed a 3,333-metre drilling program in the Main Zone to test for extensions of Zone 27 under shallow lakes (2 to 6 metres depth) that were frozen. Eagle Hill drilled 21 holes

to a depth of 120 to 321 metres to test the lateral extensions of Zone 27, where previous drilling had confirmed near-surface high-grade intervals. All core has been delivered to the assay laboratory, with results pending.

The Windfall Lake deposit remains open at depth and along strike, with additional drilling and technical work planned for 2014.

Subsequent to the quarter end, Eagle Hill completed a number of transactions to consolidate its ownership in Windfall Lake. Eagle Hill consolidated 100% ownership of the entire Windfall Lake property by purchasing 22,580 acres of claims from [Murgor Resources Inc.](#) and Cliffs Chromite Ontario Inc. (see Eagle Hill press releases dated March 13 and April 1, 2014). Eagle Hill also purchased three 2% net smelter return royalties related to Windfall Lake (see Eagle Hill press releases dated April 24 and May 6, 2014).

On March 28, 2014, Eagle Hill announced a private placement to raise up to \$3.5 million, which was subsequently re-priced and increased to \$4.5 million on April 22, 2014. At the date of this MD&A, Eagle Hill had closed on a total of \$3.3 million, and was still filling orders to raise up to an additional \$1.2 million. Of the funds raised, \$1 million was raised as "flow-through" dollars to be used for exploration at Windfall Lake. The remainder will be used for Eagle Hill's general working capital. Southern Arc participated in the private placement with two separate investments. On April 8, 2014, Southern Arc purchased 7,518,797 million units at a price of \$0.07 per unit for an investment of \$526,316. Each unit consists of one common share ("a Share") and one share purchase warrant (a "Warrant") of Eagle Hill. Each Warrant entitles Southern Arc to acquire one Share at a price of \$0.10 until April 8, 2016. On May 9, 2014, Southern Arc purchased 20 million units of Eagle Hill at a price of \$0.05 for an investment of \$1,000,000. Each unit consists of one Share of Eagle Hill and one Warrant of Eagle Hill. Each Warrant entitles Southern Arc to acquire one Share of Eagle Hill at a price of \$0.08 until May 8, 2016. The Shares, Warrants and Shares issuable upon exercise of the Warrants are subject to a four-month hold.

At May 29, 2014, Southern Arc owned 26.72% of Eagle Hill on an undiluted basis, and 31.67% on a fully diluted basis.

SUMMARY OF QUARTERLY RESULTS

	March 31, 2014	December 31, 2013	September 30, 2013	June 30, 2013
Total assets	\$ 12,574,176	\$ 13,412,252	\$ 16,675,188	\$ 18,192,286
Exploration properties	102,068	102,068	102,068	102,068
Working capital	4,579,738	5,207,824	8,146,387	16,060,362
Net loss	(765,358)	(3,234,969)	(1,517,749)	(35,487,971)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.32)

	March 31, 2013	December 31, 2012	September 30, 2012	June 30, 2012
Total assets	\$ 53,939,440	\$ 54,333,738	\$ 60,321,920	\$ 60,884,512
Exploration properties	37,212,907	35,612,324	38,808,405	37,430,624
Working capital	15,164,760	17,208,413	19,027,865	21,035,112
Net loss	(527,628)	(5,172,518)	(757,053)	(1,184,372)
Basic and diluted loss per share	(0.00)	(0.05)	(0.01)	(0.01)

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2014

During the three months ended March 31, 2014, the Company had a net loss of \$765,358 compared to a loss of \$527,628 for the three months ended March 31, 2013. Significant fluctuations occurred in the following categories:

1. Share-based compensation of \$50,615 (2013: \$65,707) was decreased due to a lower calculated cost for options granted during the period. Share-based compensation expense is accounted for at fair value as determined by the Black-Scholes Option Pricing Model using estimates that are believed to approximate the volatility of the trading price of the Company's stock, the expected lives of awards of share-based compensation, the fair value of the Company's stock and the risk-free interest rate.

2. Foreign exchange gain of \$179,626 was higher during the three months ended March 31, 2014 (2013: \$70,666) primarily due to higher US\$ cash balances and the net effect the fluctuation of the US\$/CDN\$ exchange rate had on the CDN\$ equivalent of the Company's holdings in its US\$ bank balance and its US\$ payables balance.
3. Management fees increased to \$249,135 compared to \$202,500 in 2013.
4. Travel expenses of \$46,483 (2013: \$17,248) increased as a result of a higher level of executive travel.
5. Interest income of \$9,765 (2013: \$38,548) decreased during the period as a result of lower cash balances.
6. The Company wrote-off an additional \$252,228 (2013: \$nil) of exploration expenditures incurred on the West Lombok and Taliwang properties during the period.
7. Transfer and filing fees of \$21,850 (2013: \$15,376) were higher due to higher regulatory filing fees incurred during the three months ended March 31, 2014.

On behalf of the Board of Southern Arc Minerals Inc.

John Proust, Chairman & CEO, Director

About Southern Arc

[Southern Arc Minerals Inc.](http://www.southernarcminerals.com) is a Canadian mineral exploration company focused on gold and copper-gold exploration. The Company is advancing two properties in Indonesia: West Lombok, a resource-stage property with several gold-rich copper porphyry and epithermal gold vein prospects, and East Elang, a grassroots exploration property that will be advanced in partnership with Vale International SA. Southern Arc also owns 27% of Eagle Hill Exploration, which owns the high-grade Windfall Lake Gold Project in Quebec, Canada. More information is available at www.southernarcminerals.com.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as such term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward-looking Statements

This news release contains forward-looking statements relating to expected or anticipated future events and anticipated results that are forward-looking in nature and, as a result, are subject to certain risks and uncertainties, such as general economic, market and business conditions, the regulatory process and actions, technical issues, new legislation, the uncertainties resulting from potential delays or changes in plans, the occurrence of unexpected events, and the company's capability to execute and implement future plans. Actual results achieved may vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors.

Qualified Person

The technical information in this document related to Southern Arc's Indonesian properties has been reviewed by Southern Arc's Executive Vice President, Andrew Rowe, B. App. Sc. Geology, MAusIMM. Mr. Rowe has over 20 years of international mineral exploration experience throughout Southeast and Central Asia and Australia. During this time he has held such positions as Principal Geologist - Feasibility Studies, Senior Geologist and Consulting Geologist. The West Lombok drill program and sampling protocol is managed by Southern Arc under the supervision of Andrew Rowe. The diamond drill holes are drilled at PQ, HQ and NQ sizes depending on hole depth and core recovery to date has averaged 98.0%. Half core is cut by rock saw and is generally sampled using nominal 1-metre intervals; however, sample intervals are varied according to geological contacts and have ranged between 0.2 to 2.5 metres in length. Three quality control samples (one blank and two standards) are inserted into each batch of 40 samples. The half core samples are securely transported from the project site to the Intertek Testing Services ("ITS") sample preparation laboratory in Sumbawa Besar via private truck hired by Southern Arc. Sample pulps are then sent to the ITS Jakarta laboratory by ITS. Gold is analysed by fire assay with AAS finish and a four-acid digestion with ICP-MS finish is used to analyse a full suite of elements including silver and base metals. ITS is one of the world's largest product and commodity testing, inspection and certification organizations. The Jakarta laboratory is ISO 17025 accredited and employs a Laboratory Information Management System for sample tracking, quality control and reporting.

The technical information in this document related to the Windfall Lake property has been reviewed by Eagle Hill's Vice President Exploration, Jean-Philippe Desrochers, PhD, PGeo, who has sufficient experience relevant to the style of mineralization under consideration and qualifies as a Qualified Person as defined by National Instrument 43-101. The drill program and sampling protocol is managed by Eagle Hill under the supervision of Jean-Philippe Desrochers. The diamond drill holes are drilled at NQ sizes and core recovery to date has averaged better than 95.0%. Half core is cut by rock saw and is generally sampled using nominal 1-metre intervals; however, sample intervals vary according to geological contacts and have ranged between 0.3 to 1.5 metres in length. Two quality control samples (one blank and one certified reference material) are inserted into each batch of 20 samples. All assays were performed by ALS Chemex Laboratory Group, in Val d'Or, Quebec. The half core samples are securely transported from the project site to the ALS Chemex laboratory by Eagle Hill personnel. Gold analyses reported in this release were performed by standard fire assay using a 50-gram charge with atomic absorption finish and a gravimetric finish for assays greater than 10 grams per tonne and by metallic sieve method for samples containing significant amounts of pyrite or visible gold. In addition, an Aqua regia digestion with ICP-AES finish is used to analyse a full suite of elements including silver and base metals.

The technical information in this document has also been reviewed by Southern Arc's President & Chief Operating Officer, Dr. Mike Andrews, PhD, FAusIMM, who has sufficient experience relevant to the style of mineralization under consideration and qualifies as a Qualified Person as defined by National Instrument 43-101.

Contact

[Southern Arc Minerals Inc.](#)

Rhylin Bailie

Vice President, Communications & Investor Relations

604-676-5241

info@southernarcminerals.com

www.southernarcminerals.com

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