

Steppe Gold Limited

13:07 17 Aug 2020

Steppe Gold seeing strong cash flow from ATO mine as it looks to second phase of expansion

Steppe Gold Ltd (TSE:STGO), the Mongolia-focused precious metals producer, said it was seeing good cashflow from its flagship ATO mine in the country as it posted second quarter results, which showed strong output from the asset.

The miner said production for the three months to June 30 came in at 15,389 ounces of gold and 4,978 ounces of silver. The firm sold 12,458 gold ounces and 3,728 silver ounces in the period with average realized prices per ounce of US\$1,714 and US\$15 respectively, making the firm C\$19.5 million in sales.

READ: Steppe Gold says Bankable Feasibility Study underway for the expansion of the ATO Gold Mine into fresh rock ores

"With cash costs under US\$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," Steppe's CEO Bataa Tumur-Ochir said in a statement.

"We have continued our unblemished safety record and we have largely avoided the impacts of COVID-19, with uninterrupted production in the period," he added.

Operating income from mine operations, before depreciation and depletion, was C\$12.1m in the three months.

Steppe is now working up a bankable feasibility study (BFS) on the ATO project, which looks at expanding its scope into fresh ores with a planned production profile of around 150,000 ounces of gold equivalent per year and an estimated ten-year mine life.

It has also now started exploration drilling and trenching programs at the ATO Gold Mine and its second Uudam Khundii (UK) gold project.

At ATO, three diamond rigs are now at the so-called Mungu Discovery where drilling is underway with the aim of delivering an initial resource in coming months.

"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," Tumur-Ochir said.

Shares added 4.85% to C\$2.81 on the day.

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Price: 2.4

Market Cap: \$165.21 m

1 Year Share Price Graph



March 2020 August 2020 March 2021

Share Information

Code: STGO

Listing: TSX

52 week High Low
3.14 0.63

Sector: Mining

Website: steppegold.com

Company Synopsis:

Steppe Gold is a precious metals exploration and development company with an aggressive growth strategy to build Steppe into the premier precious metals company in Mongolia. The Company owns 100% of the advanced staged Altan Tsaagan Ovoo Gold Project where resource expansion drilling and a heap leach development is currently underway.

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