

# Gran Colombia Gold Announces Third Quarter and First Nine Months 2016 Results

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## Expecting Over 144,000 Ounces of Annual Gold Production for 2016 at an AISC Below \$850 per Ounce

TORONTO, November 14, 2016 - [Gran Colombia Gold Corp.](#) (TSX: GCM) announced today the release of its unaudited condensed consolidated financial statements and accompanying management's discussion and analysis (MD&A) for the three and nine months ended September 30, 2016. All financial figures contained herein are expressed in U.S. dollars unless otherwise noted.

### Third Quarter and First Nine Months 2016 Highlights

- Gran Colombia's *adjusted EBITDA* increased to \$19.7 million in the third quarter of 2016 bringing the total adjusted EBITDA for the first nine months of 2016 to \$49.6 million, a 74% increase over the same period last year. See the Company's MD&A for the computation of this non-IFRS measure. The increased adjusted EBITDA in the third quarter of 2016 led to improved operating cash flow which in turn enabled the Company to continue to take further steps to reduce overdue local financial obligations for amounts owing to suppliers, equity and wealth taxes. The Company also received \$4.0 million of overdue VAT refunds in October 2016 that will applied to reduce liabilities within its working capital deficit in the fourth quarter of 2016.
- *Gold production* in the third quarter of 2016 totalled 39,111 ounces, up 14% from the third quarter of 2015, bringing the total for the first nine months of 2016 to 108,829 ounces, a 25% improvement over the first nine months last year led by strong performance at its Segovia Operations. With another 13,088 ounces produced in October, the Company is increasing its annual production guidance for 2016 to a total of 144,000 to 150,000 ounces of gold.
- A total of \$17.2 million aggregate principal amount of 2018 Debentures (TSX: GCM.DB.U) were converted by holders in the third quarter of 2016 into 132.1 million common shares. In addition, Gran Colombia repurchased and cancelled \$0.8 million aggregate principal amount of 2018 Debentures and \$0.8 million aggregate principal amount of 2020 Debentures (TSX: GCM.DB.V) under the Normal Course Issuer Bids ("NCIBs") launched on July 21, 2016. To date, debt conversions and repurchases under the NCIBs have reduced the aggregate principal amount of Gran Colombia's senior debt by approximately 18%. The Company currently has 277,727,323 common shares issued and outstanding. Aggregate principal amounts of the 2018 and 2020 Debentures issued and outstanding are \$49.7 million and \$102.5 million, respectively. The NCIBs are being funded by excess cash flow being deposited into sinking funds for the Senior Debentures. There is currently a balance of \$1.1 million in the sinking funds.
- *Revenue* of \$51.2 million in the third quarter of 2016, up 30% over the third quarter last year, reflects the stronger spot gold prices in the third quarter of 2016 and the increased gold production this year that contributed to a 10% increase in gold ounces sold. This brings total revenue for the first nine months of 2016 to \$133.7 million, up 32% over the first nine months last year.
- Gran Colombia's *total cash costs* and *all-in sustaining costs ("AISC")* increased to \$728 per ounce and \$884 per ounce, respectively, in the third quarter of 2016. The third quarter 2016 total cash costs reflected the impact on cash costs of the civil strike at Segovia in September, additional charges related to previous reductions in Segovia's workforce and the adverse impact of lower production at Marmato on its cash cost on a per ounce basis in the current quarter. The third quarter 2016 AISC included an expected increase in capital expenditures associated with the exploration, development and mechanization programs at the Segovia Operations. With total cash costs and AISC averaging \$699 per ounce and \$832 per ounce, respectively, for the first nine months of 2016, the Company has narrowed its guidance for the 2016 annual averages for total cash costs to a range from \$700 to \$720 per ounce and for AISC to a range from \$825 to \$850 per ounce. See the Company's MD&A for the computation of these non-IFRS measures.
- The *net income attributable to shareholders* was \$8.1 million, or \$0.03 per share, for the third quarter of 2016 compared with \$6.7 million, or \$0.28 per share, in the third quarter of 2015. For the first nine months of 2016, net income attributable to shareholders amounted to \$19.0 million, or \$0.12 per share, compared with \$6.4 million, or \$0.27 per share, in the first nine months last year.

- *Adjusted net income attributable to shareholders* was \$8.1 million, or \$0.03 per share, in the third quarter of 2016 compared with \$2.0 million, or \$0.08 per share, in the third quarter of last year. For the first nine months of 2016, adjusted net income attributable to shareholders was \$12.2 million, or \$0.08 per share, compared with \$1.8 million, or \$0.08 per share, in the first nine months last year. See the Company's MD&A for the computation of this non-IFRS measure. The increase in adjusted EBITDA, net of an increase in income taxes, in 2016 was the primary driver behind the improved adjusted net income results this year.

Lombardo Paredes Arenas, Chief Executive Officer of Gran Colombia, commenting on the Company's results for the first nine months of 2016, said, "With another quarter of solid operating results, we have been able to firm up our guidance for the full year. We now expect to produce over 144,000 ounces of gold in 2016, a 23% increase over last year. We also expect that our annual AISC for 2016 will be below \$850 per ounce compared with \$863 per ounce in 2015. The increased level of operating cash flow we are generating is continuing to be dedicated toward improving our balance sheet through reductions in our working capital deficit and to buy back our senior debt through the NCIBs."

### Financial and Operating Summary

A summary of the financial and operating results for the third quarter and first nine months of 2016 and 2015 follows:

	Third Quarter		Nine Months	
	2016	2015	2016	2015
Operating data:				
Gold produced (ounces)	39,111	34,339	108,829	86,807
Gold sold (ounces)	39,017	35,501	107,605	87,356
Average realized gold price (\$/oz sold)	\$1,296	\$1,090	\$1,225	\$1,142
Total cash costs (\$/oz sold) (1)	728	644	699	737
All-in sustaining costs (\$/oz sold) (1)	884	789	832	867
Financial data (\$000's, except per share amounts):				
Revenue	\$51,224	\$39,267	\$133,708	\$101,198
Adjusted EBITDA (1)	19,712	13,260	49,597	28,439
Net income attributable to shareholders	8,072	6,679	18,963	6,405
Basic and diluted income per share	0.03	0.28	0.12	0.27
Adjusted net income attributable to shareholders (1)	8,103	1,993	12,211	1,840
Basic and diluted adjusted income per share (1)	0.03	0.08	0.08	0.08
			September 30, 2016	December 31, 2015
Balance sheet (\$000's):				
Cash and cash equivalents			\$3,106	\$3,004
Cash in trust for Senior Debentures (2)			1,117	-
Senior debt (3)			80,220	100,740
Other debt, including current portion			2,115	3,012

1. Refer to "Additional Financial Measures" in the Company's MD&A.
2. Represents amounts deposited into sinking funds for the 2018 and 2020 Debentures, net of cash used for the NCIBs.
3. Represents carrying amounts, which are at a discount to principal amounts, for the 2018 and 2020 Debentures at September 30, 2016 and for the Gold and Silver Notes at December 31, 2015. Refer to Company's Interim Financial Statements for additional details regarding the 2018 and 2020 Debentures.

### Segovia Operations

Third quarter 2016 gold production at the Segovia Operations totalled 33,552 ounces, up 20% from the third quarter a year ago, despite some disruption to the Company's operations in the latter part of September due to a civil strike as previously announced. The Company processed an average of 790 tonnes per day ("tpd") with head grades averaging 14.51 g/t at Segovia in the third quarter of 2016, an improvement from 599 tpd at an average head grade of 16.14 g/t in the third quarter a year ago. For the first nine months of 2016, gold production at the Segovia Operations totalled 91,435 ounces, up 32% from the first nine months last year. As of the end of September 2016, the trailing 12 months' gold production from the Segovia Operations totalled 115,303 ounces. With another 11,173 ounces produced in October, the Company now expects its gold production at Segovia to total from 120,000 to 126,000 ounces for the full year 2016, up from a total of 92,894 ounces produced in 2015.

Segovia's total cash costs, which increased to \$672 per ounce in the third quarter of 2016, were adversely impacted by the processing of higher cost contract miner material and lower grade stockpiles during the labour disruption in late September 2016 and an increase in its provision for costs to settle labour claims associated with its previous workforce reductions. For the first nine months of 2016, Segovia's total cash costs averaged \$652 per ounce, down 7% from the first nine months last year.

#### Marmato Operations

At the Marmato Operations, tonnes processed averaged 966 tpd in the third quarter of 2016, up 11% compared with the third quarter last year. This helped to partially mitigate the impact of lower head grades, which averaged 2.40 g/t in the third quarter this year, and lower mill recovery on gold production which amounted to 5,559 ounces in the third quarter of 2016, down 13% from the third quarter a year ago. For the first nine months of 2016, gold production at the Marmato Operations totalled 17,394 ounces, down 2% from the first nine months last year. As of the end of September 2016, the trailing 12 months' gold production from the Marmato Operations totalled 23,576 ounces. With another 1,915 ounces produced in October, the Company expects to produce close to 24,000 ounces at its Marmato Operations for the full year 2016.

The adverse impact of lower gold production on cash costs on a per ounce basis and an increase in production taxes as a result of the increase in spot gold prices were the primary contributors to the increase in Marmato's total cash costs per ounce in the third quarter of 2016 to \$1,094 per ounce. For the first nine months of 2016, Marmato's total cash costs averaged \$963 per ounce, up 11% from the first nine months last year.

#### Outlook

With a total of 121,917 ounces of gold produced through the first ten months of 2016 and an expectation that the trend in monthly production from the Segovia Operations will continue for the balance of the year, the Company is increasing its annual gold production guidance for 2016 to a range of 144,000 to 150,000 ounces.

Total cash costs averaged \$699 per ounce in the first nine months of 2016 and is expected to average between \$700 and \$720 per ounce for the full year. The Company reported its AISC for the first nine months of 2016 of \$832 per ounce, including sustaining capital expenditures of \$89 per ounce and G&A expenses of \$42 per ounce. The Company anticipates that its average AISC for the full year will be between \$825 and \$850 per ounce, below the initial guidance range of \$850 to \$950 per ounce for 2016 as certain capital expenditures associated with the expansion and mechanization of the Segovia Operations are continuing to be evaluated and will be taken forward into the 2017 mine plan update.

The strategic review process announced on September 16, 2016, led by GMP Securities L.P., is ongoing. At this time, there can be no assurance as to what, if any, strategic alternatives might be pursued by the Company. The Company does not intend to disclose further details with respect to its review of strategic alternatives unless and until the Board of Directors has approved a specific transaction or otherwise determines that further disclosure is warranted.

#### Webcast

As a reminder, the Company will host a conference call and webcast on Tuesday, November 15, 2016 at

9:00 a.m. Eastern Time to discuss the results.

Webcast and call-in details are as follows:

Live Event link: <http://edge.media-server.com/m/p/d9fhybnu>  
Toronto & International: 1 (514) 841-2157  
North America Toll Free: 1 (866) 215-5508  
Colombia Toll Free: 01 800 9 156 924  
Conference ID: 43623958

A replay of the webcast will be available at [www.grancolombiagold.com](http://www.grancolombiagold.com) from Tuesday, November 15, 2016 until Thursday, December 15, 2016.

About Gran Colombia Gold Corp.

Gran Colombia is a Canadian-based gold and silver exploration, development and production company with its primary focus in Colombia. Gran Colombia is currently the largest underground gold and silver producer in Colombia with several underground mines in operation at its Segovia and Marmato Operations. Gran Colombia is in the midst of an expansion and modernization project at its Segovia Operations.

*Additional information on Gran Colombia can be found on its website at [www.grancolombiagold.com](http://www.grancolombiagold.com) and by reviewing its profile on SEDAR at [www.sedar.com](http://www.sedar.com).*

Cautionary Statement on Forward-Looking Information:

*This news release contains "forward-looking information", which may include, but is not limited to, statements with respect to anticipated business plans or strategies. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Gran Colombia to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause actual results to differ materially from those anticipated in these forward-looking statements are described under the caption "Risk Factors" in the Company's Annual Information Form dated as of March 30, 2016, which is available for view on SEDAR at [www.sedar.com](http://www.sedar.com). Forward-looking statements contained herein are made as of the date of this press release and Gran Colombia disclaims, other than as required by law, any obligation to update any forward-looking statements whether as a result of new information, results, future events, circumstances, or if management's estimates or opinions should change, or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, the reader is cautioned not to place undue reliance on forward-looking statements.*

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