

Anaconda Mining Achieves Record Quarterly Production of 5,099 Ounces of Gold in Q3 2018 and Generates \$6.9M in Revenue

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TORONTO, Oct. 11, 2018 - [Anaconda Mining Inc.](#) ("Anaconda" or the "Company") (TSX: ANX) (OTCQX: ANXGF) is pleased to announce production results and certain financial information from the three and nine months ended September 30, 2018 ("Q3 2018"). All dollar amounts are in Canadian Dollars. The Company expects to file its third quarter financial statements and management discussion and analysis by November 8, 2018.

In 2017, the Company changed its fiscal year-end to December 31, from its previous fiscal year end of May 31. For comparative purposes, the results for the three and nine months ended September 30, 2018, have been compared to the three and nine months ended August 31, 2017.

Q3 2018 Highlights

- Anaconda produced a quarterly record of 5,099 ounces of gold during Q3 2018, an 11% increase over the three months ended August 31, 2017, and has produced 14,024 ounces year-to-date in 2018.
- Anaconda sold 4,314 ounces of gold in Q3 2018, generating metal revenue of \$6.9 million at an average realized gold price¹ of \$1,603 per ounce. As at September 30, 2018, the Company also had over 945 ounces in gold doré and bullion inventory, which was subsequently sold in early October.
- The Pine Cove Mill processed 120,374 tonnes during Q3 2018, just below the quarterly record of 121,299 tonnes achieved in the previous quarter of 2018. Throughput rates continue to be strong, achieving 1,332 tonnes per day ("tpd") during the three months ended September 30, 2018.
- Mill feed during the quarter was comprised of 66,655 tonnes of ore mined from Stog'er Tight, supplemented by 53,719 tonnes of ore stockpiled from the Pine Cove Pit.
- Mining activity was focused at the Stog'er Tight West Pit in Q3 2018; ore produced from Stog'er Tight during the third quarter was 51,620 tonnes.
- The Company commenced the 10,000-tonne, underground bulk sample at its 100%-owned Goldboro Gold Project ("Goldboro") in Nova Scotia in August, with mining activity expected to begin in late October following the completion of decline dewatering and rehabilitation.
- As at September 30, 2018, the Company had a cash balance of \$7.6 million, preliminary working capital¹ of \$7.2 million, and additional available liquidity of \$1,000,000 from an undrawn revolving line of credit facility.

¹ Refer to Non-IFRS Measures Section below.

Anaconda is also pleased to welcome to its senior management team Rahim Kassim-Lakha in the role of Vice President, Corporate Development, where he will help drive the Company's capital markets strategy. Mr. Lakha brings a wealth of knowledge from over 25 years of capital markets experience, having held senior-level positions at bank and non-bank brokerage firms.

"Anaconda continues to demonstrate operational excellence at its Point Rousse Project, achieving record quarterly gold production of 5,099 ounces during the third quarter of 2018. The team is maximizing ore throughput and achieving strong recovery rates. We've also transitioned smoothly from the Pine Cove Pit to Stog'er Tight where we are seeing better grade. Having already produced 14,024 ounces through the first nine months of the year, we remain firmly on track to meet our annual guidance of 18,000 ounces of gold production at operating cash costs¹ of under C\$1,000 per ounce. With the operational foundation at the Point Rousse Project, a high-grade gold development project in Goldboro, a strong balance sheet and an experienced management team, Anaconda is well-positioned in a challenging gold market to continue to execute its business plan to become a high-growth gold producer in Atlantic Canada."

~Dustin Angelo, President and CEO, [Anaconda Mining Inc.](#)

Third Quarter Operating Statistics

	Three months ended	Three months ended	Nine months ended	Nine months ended
	Sept 30, 2018	Aug 31, 2017	Sept 30, 2018	Aug 31, 2017
Mine Statistics				
Ore production (tonnes)	51,620	158,857	228,293	353,556
Waste production (tonnes)	380,580	364,380	987,354	1,075,843
Total material moved (tonnes)	432,200	523,237	1,215,647	1,429,399
Waste: Ore ratio	7.4	2.3	4.3	3.0
Mill Statistics				
Availability (%)	98.2	97.0	96.8	96.4
Dry tonnes processed	120,374	119,401	350,892	335,119
Tonnes per day ("tpd")	1,332	1,338	1,328	1,269
Grade (grams per tonne)	1.52	1.35	1.45	1.37
Recovery (%)	86.6	86.8	85.9	86.0
Gold Ounces Produced	5,099	4,581	14,024	12,729
Gold Ounces Sold	4,314	4,723	13,170	12,977

Operations Overview for the Three Months Ended September 30, 2018

Anaconda sold 4,314 ounces of gold during the third quarter of 2018, generating gold and silver revenue of \$6.9 million, and year-to-date has sold 13,170 ounces to generate revenue of \$21.9 million at an average realized gold price¹ of C\$1,659 per ounce. As at September 30, 2018, the Company also had over 945 ounces of gold doré and bullion inventory, which were sold in early October. The Company continues to be on track to meet its 2018 production guidance of 18,000 ounces at operating cash costs¹ of under \$1,000 per ounce and has now transitioned to processing ore produced at the Stog'er Tight Mine.

Point Rousse Mill Operations – The Pine Cove Mill processing facility remains a cornerstone asset of the Company, achieving quarterly throughput of 120,374 tonnes in Q3 2018, just 1% lower than the quarterly throughput achieved in the second quarter of 2018. Mill throughput was 1,332 tpd in Q3 2018, down slightly from the comparative three months ended August 31, 2017. Availability continues to be strong at 98.2%, and the Company continues to invest in the Pine Cove Mill, making upgrades to the regrind motor and jaw and cone crushers, while continuing to maintain consistent throughput from its crushed ore stockpiles.

Average grade during the third quarter of 2018 was 1.52 g/t, an increase of 10% over the second quarter of 2018 due to a greater proportion of mill feed from Stog'er Tight relative to ore stockpiled from the Pine Cove Pit. Grade performance also reflected a 13% improvement from the comparative three months ended August 31, 2017, reflecting the higher grade ore being mined from Stog'er Tight relative to the Pine Cove Pit, which was the main ore feed in 2017. The Company expects to maintain the increased grade profile through the second half of 2018, as ore feed continues to be predominantly sourced from Stog'er Tight. The mill

achieved an average recovery rate of 86.6% during Q3 2018, an improvement over both the first two quarters of 2018, resulting in record quarterly gold production in Q3 2018 of 5,099 ounces.

Point Rousse Mine Operations – Mining activity in the first half of 2018 was focused on development activity at Stog'er Tight and the completion of mining in the main Pine Cove Pit. The Company completed development at Stog'er Tight in April, and commercial ore production began in May, with 28,974 tonnes of high grade ore mined from Stog'er Tight in May and June.

During Q3 2018, mine operations produced a total of 51,620 tonnes of ore from the Stog'er Tight Mine, in addition to moving 380,580 tonnes of waste for a strip ratio of 7.4 tonnes of waste tonnes to ore tonnes. The strip ratio has decreased significantly from the second quarter of 2018, when mining activity was focused on pre-production development activity, and is expected to decrease further over the life of the pit.

Mine activity in the Pine Cove Pit finished in the middle of March, and the Company has commenced planning for pushbacks to the pit, which are expected to contribute ore in 2019. The Company has now converted the Pine Cove Pit into a fully-permitted in-pit tailings storage facility, which has approximately 15 years of capacity based on a throughput rate of 1,350 tonnes per day.

Qualified Person

Gordana Slepcev, P. Eng., Chief Operating Officer, [Anaconda Mining Inc.](#), is a "qualified person" as such term is defined in National Instrument 43-101 and has reviewed and approved the technical information and data included in this press release.

ABOUT ANACONDA

Anaconda Mining is a TSX-listed gold mining, development, and exploration company, focused in the prospective Atlantic Canadian jurisdictions of Newfoundland and Nova Scotia. The Company operates the Point Rousse Project located in the Baie Verte Mining District in Newfoundland, comprised of the Stog'er Tight Mine, the Pine Cove open pit mine, the Argyle Mineral Resource, the fully-permitted Pine Cove Mill and tailings facility, and approximately 9,150 hectares of prospective gold-bearing property. Anaconda is also developing the Goldboro Gold Project in Nova Scotia, a high-grade Mineral Resource, subject to a 2018 a preliminary economic assessment which demonstrates a strong project economics. The Company also has a wholly owned exploration company that is solely focused on early stage exploration in Newfoundland and New Brunswick.

NON-IFRS MEASURES

Anaconda has included certain non-IFRS performance measures as detailed below. In the gold mining industry, these are common performance measures but may not be comparable to similar measures presented by other issuers. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Operating Cash Costs per Ounce of Gold – Anaconda calculates operating cash costs per ounce by dividing operating expenses per the consolidated statement of operations, net of silver sales by-product revenue, by the gold ounces sold during the applicable period. Operating expenses include mine site operating costs such as mining, processing and administration as well as royalties, however excludes depletion and depreciation and rehabilitation costs.

Average Realized Gold Price per Ounce Sold – In the gold mining industry, average realized gold price per ounce sold is a common performance measure that does not have any standardized meaning. The most directly comparable measure prepared in accordance with IFRS is gold revenue. The measure is intended to assist readers in evaluating the revenue received in a period from each ounce of gold sold.

Working Capital – Working capital is a common measure of near-term liquidity and is calculated by deducting current liabilities from current assets.

FORWARD-LOOKING STATEMENTS

This news release contains "forward-looking information" within the meaning of applicable Canadian and United States securities legislation. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes" or 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 information is based on the opinions and estimates of management at the date the information is made, and is based on a number of assumptions and is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Anaconda to be materially different from those expressed or implied by such forward-looking information, including risks associated with the exploration, development and mining such as economic factors as they effect exploration, future commodity prices, changes in foreign exchange and interest rates, actual results of current production, development and exploration activities, government regulation, political or economic developments, environmental risks, permitting timelines, capital expenditures, operating or technical difficulties in connection with development activities, employee relations, the speculative nature of gold exploration and development, including the risks of diminishing quantities of grades of resources, contests over title to properties, and changes in project parameters as plans continue to be refined as well as those risk factors discussed in Anaconda's annual

information form for the fiscal year ended December 31, 2017, available on www.sedar.com. Although Anaconda has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. Anaconda does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

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