

# Detour Gold Reports Fourth Quarter and Annual Financial Results

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TORONTO, ONTARIO--(Marketwired - Mar 10, 2014) - **Detour Gold Corp. (TSX:DGC)** ("Detour Gold" or the "Company") reports its financial results for the fourth quarter and full-year 2013. The Company previously released its fourth quarter and full-year 2013 operational results on January 21, 2014. All amounts are in U.S. dollars unless otherwise indicated.

This press release should be read in conjunction with Detour Gold's consolidated Financial Statements and related notes and schedules for the year ended December 31, 2013, and related Management's Discussion and Analysis ("MD&A"), which can be found on the

Company's website [www.detourgold.com](http://www.detourgold.com) under the Investor Centre section or on SEDAR [www.sedar.com](http://www.sedar.com).

## 2013 Highlights

- Commercial production declared September 1, 2013
- Gold production of 232,287 ounces for first year of operation<sup>1</sup>
- Revenues from gold sales of \$153.6 million during commercial production period (September 1 to December 31, 2013) at an average realized price of \$1,283 per gold ounce sold<sup>2</sup>
- Total cash costs of \$1,182 per gold ounce sold<sup>2</sup>
- Net loss of \$12.3 million or \$0.10 per share
- Cash and short-term investment balance of \$90 million at year-end

## Q4 2013 Highlights

- Gold production of 81,877 ounces
- Revenues from gold sales of \$120.5 million at an average realized price of \$1,269 per gold ounce sold<sup>2</sup>
- Total cash costs of \$1,174 per gold ounce sold<sup>2</sup>
- Net loss of \$47.0 million or \$0.34 per share

## Recent Highlights

- Entered into a 6-year fixed rate electricity contract at Cdn\$0.05/kWh with the Ontario Power Authority (refer to January 27, 2014 news release)
- Updated life of mine plan for the Detour Lake mine which supports a 21.7 year operating life (refer to February 4, 2014 news release)
- Reported measured and indicated in-pit resources for Block A (refer to February 4, 2014 news release)
- Appointed Paul Martin as President and Chief Executive Officer and a Director of the Company and James Mavor as Chief Financial Officer of the Company (refer to February 18, 2014 news release)
- Closed bought deal financing for gross proceeds of Cdn\$172.5 million (refer to March 7, 2014 press release)

<sup>1</sup> Includes pre-commercial production period (or commissioning period).

<sup>2</sup> Refer to the section on Non-IFRS Financial Performance Measures at end of the press release. Reconciliation of these measures is described at end of the press release and in the MD&A for the year ended December 31, 2013.

Paul Martin, President and CEO commented, *"2013 was a challenging year for Detour Gold as it commenced the ramp-up of the Detour Lake mine. The ramp-up of a large mining operation is an enormous*

undertaking and, when combined with a declining gold price, inevitably put additional pressure on our balance sheet. The equity offering we have just completed has alleviated this pressure by strengthening our financial position and allows us to reduce current debt levels. Our focus for 2014 is to complete the ramp-up of the operation to attain profitable production levels through continued production growth and reduced units costs. We also hope to benefit from both an improved gold price and the weakness of the Canadian dollar in 2014. I am pleased with the operating performance of the Detour Lake mine to date in 2014 and am optimistic that we will be successful in achieving our 2014 goals."

## 2013 Selected Operational and Financial Information

	Q4 Commercial Production Period	Q3 Commissioning & Commercial Production Period	Q2 Commissioning Period	Q1 Commissioning Period	2013 Q1-Q4 Period
<b>Operational Results</b>					
Ore mined (000's t)	4,088	4,161	2,708	1,287	12,244
Waste mined (000's t) (includes overburden)	16,799	12,420	9,956	9,123	48,298
Total mined (000's t)	20,877	16,581	12,664	10,410	60,542
Waste-to-ore ratio	4.1	3.0	3.7	7.1	3.9
Tonnes milled (000's t)	3,412	3,877	2,868	1,022	11,179
Head grade (g/t)	0.81	0.72	0.76	0.64	0.75
Recovery (%)	92	85	82	80	86
Gold ounces produced	81,877	75,672	57,897	16,841	232,287
Gold ounces sold <sup>1</sup>	95,000	75,600	37,870	4,052	212,522
<b>Selected Financial Results</b>					
Metal sales <sup>2</sup> (\$ 000's)	120,836	33,088	-	-	153,924
Production costs (\$ 000's)	97,965	30,363	-	-	128,328
Net earnings (loss) (\$ 000's)	(46,960 )	(11,846 )	23,097	23,413	(12,296 )
Average realized price <sup>3</sup> (\$/oz)	1,269	1,340	-	-	1,283
Total cash costs per gold oz <sup>3,4</sup> (\$/oz)	1,174	1,214	-	-	1,182
Average realized margin <sup>3</sup> (\$/oz)	95	126	-	-	101

During the commercial production period in 2013 (September 1 to December 31), revenues amounted to \$153.6 million from gold sales of 119,700 ounces. Prior to reaching commercial production at the Detour Lake mine, the Company sold 92,822 ounces of gold for \$126.3 million, which amount was credited against capitalized project costs. During the fourth quarter of 2013, revenues amounted to \$120.5 million from gold sales of 95,000 ounces.

During the fourth quarter of 2013, the Company recorded a write-down of \$14.7 million on its production inventories as a result of the decline in the gold price and higher mining and processing costs during the ramp-up phase, resulting in the carrying value of inventories exceeding their net realizable value. In addition, the Company recorded mine stand-by charges of \$4.2 million associated with fixed costs from the shutdown of the processing plant in December 2013.

<sup>1</sup> Gold ounces sold exclude 2% royalty in-kind ounces.

<sup>2</sup> Sales prior to commercial production (September 1, 2013) were credited against capitalized project costs. Includes silver sales.

<sup>3</sup> Refer to the section on Non-IFRS Financial Performance Measures at end of the press release. Reconciliation of these measures is described at end of the press release and in the MD&A for the year ended December 31, 2013.

<sup>4</sup> Total cash costs are calculated on post-commercial ounces sold only (24,700 ounces for September 2013).

The Company recorded a net loss in 2013 of \$12.3 million, or \$0.10 per share, and a net loss of \$47.0 million, or \$0.34 per share, in the fourth quarter of 2013. The net loss was primarily the result of recording operating losses while the mine was ramping-up to full production levels, lower realized gold prices and the

impact of the inventory write-down and mine stand-by charges. Adjusted net loss<sup>1</sup> in the fourth quarter of 2013 amounted to \$35.9 million, or \$0.26 per share.

During the commercial production period of 2013, total cash costs were \$1,182 per gold ounce sold<sup>3</sup>, above the guidance of \$1,100 per gold ounce sold, as a result of higher production costs and the loss of production due to the processing plant being shut down from December 17 through the end of the year. The inclusion of the inventory write-down and mine stand-by charges in total cash costs per gold ounce sold increased the actual amount by \$126 per ounce.

During 2013, the Company paid \$171 million of the \$190 million incurred in mine development and sustaining capital expenditures.

## **Liquidity and Capital Resources**

Cash and cash equivalents were \$90 million at December 31, 2013. The Company has drawn \$70 million within its Cdn\$90 million revolving credit facility. The Company has also fully drawn down its \$150 million equipment leasing facility and has repaid \$39.9 million in principal.

On March 7, 2014, the Company closed a bought deal financing for gross proceeds of Cdn\$172.5 million. The Company intends to use up to approximately half of the net proceeds of the financing to repay debt and the remainder for sustaining capital requirements, debt servicing costs and for general corporate purposes and to improve working capital balances.

## **Financial Risk Management**

In accordance with the Company's gold sales risk management policy, management is permitted to enter into transactions to hedge up to 50% of the Company's 2014 forecasted gold sales. In January 2014, the Company entered into a series of forward sales contracts pursuant to which the Company sold forward its gold sales in certain months of 2014. As at March 10, 2014, the Company had a total of 85,000 ounces of gold hedged with 40,000 ounces of gold sold at an average price of US\$1,241 per ounce and the remaining 45,000 ounces of gold sold at an average price of Cdn\$1,327 per ounce. This represents less than 20% of the Company's 2014 remaining forecasted gold sales.

The Company entered into "zero-cost" collars to hedge a portion of its Canadian dollar expenditures in the first half of 2014. As of March 10, 2014, the Company had a total of \$40 million hedged. Pursuant to the terms of the zero-cost collars, the Company has guaranteed it will purchase Canadian dollars at no worse than \$1.0400 and can participate up to \$1.0850. The zero-cost collars mature at a rate of \$10 million a month (March to June 2014).

<sup>1</sup> Refer to the section on Non-IFRS Financial Performance Measures at end of the press release. Reconciliation of these measures is described at end of the press release and in the MD&A for the year ended December 31, 2013.

## **2014 Outlook**

The Company's 2014 guidance was released on January 27, 2014 and is summarized in the table below.

2014 Guidance	
Total gold production (oz)	450,000-500,000
H1 2014	200,000-225,000
H2 2014	250,000-275,000
Total cash costs (\$/oz sold) <sup>1</sup>	\$ 800-900
Sustaining capital expenditures (\$ millions) <sup>2</sup>	\$ 131

## **Technical Information**

The scientific and technical content of this news release has been reviewed, verified and approved by Drew Anwyll, P.Eng., Vice President of Operations, a Qualified Person as defined by Canadian Securities Administrators National Instrument 43-101 "Standards of Disclosure for Mineral Projects".

## About Detour Gold

Detour Gold is an emerging mid-tier gold producer in Canada. In 2014, the Company is completing the ramp-up its 100% owned Detour Lake mine to a long life, large scale open pit operation. The Detour Lake mine has proven and probable reserves of 15.5 million ounces of gold.

## Non-IFRS Financial Performance Measures

The Company has included certain non-IFRS measures in this press release, including "total cash costs per gold ounce sold", "average realized price and average realized margin", and "adjusted net loss". The Company believes that these measures, in addition to conventional measures prepared in accordance with IFRS, provide investors an improved ability to evaluate the underlying performance of the Company. The non-IFRS measures are 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. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers. Refer to the Company's MD&A for the year ended December 31, 2013 for full details.

### *Total cash costs per gold ounce sold*

Detour Gold reports total cash costs on a sales basis. Total cash costs per gold ounce sold include production costs such as mining, processing, refining and site administration, agreements with Aboriginal communities, less non-cash share-based compensation and net of silver sales divided by gold ounces sold to arrive at total cash costs per gold ounce sold. Production costs are exclusive of depreciation and depletion. Production costs include the costs associated with providing the royalty in kind ounces. Other companies may calculate this measure differently. The measure also includes other mine related costs incurred such as mine stand- by costs and current inventory write-downs.

Gold ounces sold exclude pre-commercial production ounces (prior to September 1, 2013) as the proceeds from the sale of these ounces were credited against capitalized project costs.

<sup>1</sup> Refer to the section on Non-IFRS Financial Performance Measures at end of the press release.

<sup>2</sup> Include deferred stripping costs of approximately \$35 million.

	Three months ended		Twelve months ended	
	December 31		December 31 <sup>1</sup>	
	2013	2012	2013	2012
Production costs	\$ 97,965	\$ -	\$ 128,328	\$ -
Mine standby costs	4,191	\$ -	4,191	-
Inventory write down, net of depreciation	10,909	\$ -	10,909	-
Share-based compensation	(1,255 )	-	(1,632 )	-
Silver sales	(301 )	-	(301 )	-
Total cash costs	\$ 111,509	\$ -	\$ 141,495	\$ -
Gold ounces sold	95,000	-	119,700	-
Total cash costs per gold ounce sold	\$ 1,174	\$ -	\$ 1,182	-

<sup>1</sup> Commercial period from September 1 to December 31, 2013.

### *Average realized price and average realized margin*

Management and investors use these measures to better understand the gold price and margin realized throughout a period. Average realized margin represents average realized price per gold ounce sold less total cash costs per gold ounce sold.

	Three months ended		Twelve months ended	
	December 31		December 31 <sup>1</sup>	
	2013	2012	2013	2012
Metal sales	\$ 120,836	\$ -	\$ 153,924	\$ -
Silver sales	(301 )	-	(301 )	-
Revenues from gold sales	\$ 120,535	\$ -	\$ 153,623	\$ -
Gold ounces sold	95,000	-	119,700	-
Average realized price	\$ 1,269	\$ -	\$ 1,283	\$ -
Less: Total cash costs per gold ounce sold	(1,174 )	-	(1,182 )	-
Average realized margin per gold ounce sold	\$ 95	\$ -	\$ 101	\$ -

<sup>1</sup> Commercial period from September 1 to December 31, 2013.

Metal sales and gold ounces sold exclude pre-commercial production sales (prior to September 1, 2013) as the proceeds from the sale of these sales ounces which were credited against capitalized project costs.

#### *Adjusted net earnings (loss) and adjusted basic net earnings (loss) per share*

Adjusted net earnings (loss) and adjusted basic earnings (loss) per share are used by management and investors to measure the underlying operating performance of the Company. Presenting these measures from period to period helps management and investors evaluate earnings trends more readily in comparison with results from prior periods.

Adjusted net earnings (loss) are defined as net earnings (loss) adjusted to exclude specific items that are significant, but not reflective of the underlying operations of the Company, including: fair value change of the convertible notes, the impact of foreign exchange gains and losses, non-cash unrealized gains and losses on derivative instruments, accretion on convertible notes, unwinding of discount on decommissioning and restoration, inventory write-downs, impairment provisions and reversals thereof, and other non-recurring items.

Adjusted net earnings (loss) per share is calculated using the weighted average number of share outstanding under the basic method of earnings per share as determined under IFRS.

	Q4 2013
Net earnings (loss)	(46,960 )
Fair value (gain) loss of the convertible notes	\$ (10,618 )
Foreign exchange (gain) loss	1,094
Unrealized (gain) loss on derivative instruments	108
Accretion on convertible notes	5,737
Unwinding of discount on decommissioning and restoration provisions	82
Inventory write down	14,636
Adjusted net earnings (loss)	\$ (35,921 )
Adjusted basic earnings (loss) per share	\$ (0.26 )

#### **Forward-Looking Information**

This press release contains certain forward-looking information as defined in applicable securities laws (referred to herein as "forward-looking statements"). Specifically, this press release contains forward-looking statements regarding the completion of the ramp-up of the operation and attaining profitable production levels through continued production growth and reduced units costs; reducing debt levels; using approximately half of the net proceeds of the recent financing to repay debt and the remainder for sustaining capital requirements, debt servicing costs and for general corporate purposes and to improve working capital balances; production of between 450,000 and 500,000 ounces of gold in 2014 at an estimated total cash cost of \$800 to \$900 per ounce of gold sold with the second half of 2014 scheduled to have higher gold production and lower costs compared to the first half of the year; sustaining capital expenditures for 2014 of \$131 million including capitalized stripping costs of \$35 million in 2014; G&A of \$19 million in 2014; and exploration expenditures of \$3 million in 2014.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which are beyond Detour Gold's ability to predict or control and may cause Detour Gold's actual results, performance or achievements to be materially different from any of its future results, performance or achievements

expressed or implied by forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, gold price volatility, changes in debt and equity markets, the uncertainties involved in interpreting geological data, increases in costs, environmental compliance and changes in environmental legislation and regulation, interest rate and exchange rate fluctuations, general economic conditions and other risks involved in the gold exploration and development industry, as well as those risk factors discussed in the section entitled "Description of Business - Risk Factors" in Detour Gold's 2012 AIF and in the continuous disclosure documents filed by Detour Gold on and available on SEDAR at [www.sedar.com](http://www.sedar.com). Such forward-looking statements are also based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about the following: the availability of financing for exploration and development activities; operating and capital costs; the Company's ability to attract and retain skilled staff; the mine development schedule; sensitivity to metal prices and other sensitivities; the supply and demand for, and the level and volatility of the price of, gold; timing of the receipt of regulatory and governmental approvals for development projects and other operations; the supply and availability of consumables and services; the exchange rates of the Canadian dollar to the U.S. dollar; energy and fuel costs; the accuracy of reserve and resource estimates and the assumptions on which the reserve and resource estimates are based; market competition; ongoing relations with employees and impacted communities and general business and economic conditions. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements contained herein are made as of the date hereof, or such other date or dates specified in such statements. Detour Gold undertakes no obligation to update publicly or otherwise revise any forward-looking statements contained herein whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements.

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