

# Teranga Gold Confirms 2014 Production Guidance and Announces Positive Results on Key Growth Initiatives

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TORONTO, ONTARIO--(Marketwired - Sep 15, 2014) - **Teranga Gold Corp.** ("Teranga" or the "Company") (TSX:TGZ) (ASX:TGZ) is pleased to provide an update on the Company's 2014 production performance and the progress being made on several near and medium term growth initiatives outlined at the beginning of the year following the transformational acquisition of the Oromin Joint Venture Group ("OJVG") - a transaction that more than doubled reserves and mine life, as well as, increases production, earnings and free cash flow.

Richard Young, President and CEO, is scheduled to speak at the Denver Gold Forum in Denver, Colorado on Wednesday, September 17th at 10:00 a.m. MDT (12:00 p.m. ET) where he will provide an update on 2014 production performance and on the key growth initiatives, for which the highlights include:

- 2014 production on track to meet guidance
- First ore mined from Masato on September 2<sup>nd</sup>
- Drilling confirms high-grade mineralization in Masato
- Gora development on schedule
- Mill optimization expected to increase throughput 5 to 10%
- Preliminary heap leach test results positive
- 2015 cash flows expected to improve by \$40 to \$60 Million<sup>1</sup> from Base Case
- Strengthening balance sheet - expect to be debt free by year-end
- Expect to generate free cash flow in 2015<sup>2</sup>

A webcast of the presentation will be available on the Company's website at [www.terangagold.com](http://www.terangagold.com).

## 2014 Production on Track to Meet Guidance

The Company is on track to meet the lower end of its full year production guidance of 220,000 to 240,000 ounces of gold, including third quarter production of 50,000 to 55,000 ounces<sup>3</sup>. The Company anticipates a strong fourth quarter with 75,000 to 80,000 ounces produced with a significant contribution from softer, high-grade Masato ore.

## First Ore Mined from Masato on September 2nd

Ore mining began on schedule at Masato on September 2<sup>nd</sup>, the first of the OJVG deposits to be developed. Processing of high-grade ore from the upper benches is expected to begin in the next few weeks. Masato is expected to contribute approximately 20,000 ounces to fourth quarter production this year and be the main source of production in 2015.

## Drilling Confirms High-Grade Mineralization in Masato

An advanced exploration program began at Masato during the second quarter to, among other objectives; test the continuity of portions of the high-grade sub-domains, which were removed from the Masato reserve base after the acquisition of the OJVG earlier this year. Several consistent high-grade intervals were intersected however, additional work is required to compile and interpret these results compared to the previously interpreted high-grade sub-domains.

The overall program consisted of drilling and trenching to confirm interpretation of domains and high-grade

sub-domains, infill gaps and upgrading Inferred Resources, determining optimal RC grade control drill spacing, and obtaining additional geotechnical data for pit slope analysis (see Appendix 1, Figure 1). Overall, the program confirms our interpretation of the resource model and provides additional confidence in the nature of high-grade mineralization within the deposit.

Listed below in Table 1 are the highlights of the 98 reverse circulation ("RC") holes totaling 6,000 metres completed on two 10 by 10 metre grids targeting the oxide mineralization down to 60 metres below surface and covering a total of 120 metres along strike. The RC program was complemented by 21 trenches totaling 1,000 metres.

**Table 1: Masato Reverse Circulation Drilling Assay Highlights**

RC Intersections, >0.2g/t Au with max 2m internal dilution/no external dilution							
HOLE ID	UTM28N East	UTM28N North	Azimuth	Dip	Downhole Depth (m)	Intercept Values (core length @ g/t Au)	Estimated True Width (m)
SOMRC0002 including	814887	1460353	95	-51.5	19.00	37m @ 1.97 g/t	30
					24.00	14m @ 3.6 g/t	10
SOMRC0014 including and including	814580	1459625	110	-50.5	18.00	41m @ 2.06 g/t	35
					18.00	7m @ 4.86 g/t	6
					45.00	14m @ 2.03 g/t	12
SOMRC0015 including	814575	1459616	110	-51.9	16.00	49m @ 2.85 g/t	45
					47.00	13m @ 5.2 g/t	12
SOMRC0048 including	814627	1459640	110	-49.9	0.00	19m @ 2.83 g/t	17
					5.00	13m @ 3.67 g/t	11
SOMRC0062 including	814869	1460314	95	-50.9	32.00	42m @ 2.33 g/t	40
					42.00	24m @ 3.37 g/t	21
SOMRC0069 including	814596	1459609	110	-50.5	0.00	56m @ 2.65 g/t	51
					0.00	24m @ 5.16 g/t	22
SOMRC0071 including	814600	1459618	110	-51.8	0.00	52m @ 5.25 g/t	48
					0.00	17m @ 12.74 g/t	15
SOMRC0073 including	814603	1459627	110	-49.9	1.00	50m @ 2.05 g/t	46
					1.00	16m @ 3.86 g/t	14

*Notes for Table 1:*  
Reported widths are estimated true widths.  
Intercept gold values are determined from uncapped assays.

In addition, a total of 22 diamond drill holes totaling 2,900 metres were completed in both the north and south ore reserve pits. Results from fifteen holes have been returned to date, successfully confirming geological interpretation and general trends of mineralization, with local variations. Assays are pending for seven holes (see Table 2 for assay results received to date).

**Table 2: Masato 2014 Diamond Drilling Highlights**

Diamond Drilling Intersections, >0.2g/t Au with max 2m internal dilution/no external dilution							
HOLE ID	UTM28N East	UTM28N North	Azimuth	Dip	Downhole Depth (m)	Intercept Values (core length @ g/t Au)	Estimated True Width (m)
SOMDD0001 including	814884	1460532	95	-50.0	44.50	15.5m @ 2.24 g/t	13
					47.00	6.84m @ 3.89 g/t	5
SOMDD0008 including	814891	1460391	95	-45.0	1.00	34m @ 2.21 g/t	24
					22.00	13m @ 4.42 g/t	9
SOMDD0010 including	814597	1460006	116	-70.0	291.00	24m @ 1.37 g/t	18
					301.00	5m @ 2.27 g/t	3
SOMDD0014 including	814445	1459659	110	-80.0	182.00	31m @ 4.05 g/t	20
					185.00	13m @ 4.95 g/t	8
SOMDD0021 including	814534	1459312	110	-50.0	0.00	14m @ 2.32 g/t	12
					0.00	7m @ 3.53 g/t	6

*Notes for Table 2:*  
Reported widths are estimated true widths.  
Intercept gold values are determined from uncapped assays.

All drill hole assay data for the 2014 Masato exploration program, including drill hole locations and a location map, are posted on the Company's website at [www.terangagold.com](http://www.terangagold.com) under "Exploration". Once all of the assays have been returned, the Company will update the Masato resources and reserves, which is expected

in the fourth quarter.

### **Gora Development on Schedule**

All permits and approvals to develop the high-grade Gora deposit are expected to be received by the end of October. Construction of the haul road to the satellite deposit is expected to begin in the fourth quarter after the rainy season, with site construction expected in the first half of 2015. Exploration and infill drilling to test for extensions of the Gora deposit and preparation for bench scale orebody definition are expected to begin in the fourth quarter of 2014. Production startup is expected in the third quarter of 2015.

### **Mill Optimization Expected to Increase Throughput 5 to 10%**

The study to quantify and optimize the relationship between an increase in crusher availability to the SAG and Ball mill system (SABC), as well as, other design enhancements within the crushing and grinding system was completed during the third quarter, which support the Company's initial assumptions. That study combined with a study to install a second crushing system is expected to result in a 5 to 10% increase in throughput. Integration of the studies, engineering and costing is underway to determine the economic parameters for the optimization project. The Company expects to be able to announce the final plan with the Company's third quarter results and make a development decision by year end.

### **Preliminary Heap Leach Test Results Positive**

The Company is encouraged by the results of the phase one program to date. Preliminary results to date have indicated that the key variables<sup>4</sup> (recovery rates, agglomeration and cyanide consumption of the oxide ore zones) are in line with the Company's initial assumptions. Based on the preliminary results to date, the Company is proceeding with phase two of the test work program focused on the sulphide material.

Based on the preliminary results to date, the Company would anticipate initiating engineering design to pre-feasibility study ("PFS") level beginning during the fourth quarter with the goal of commencing preliminary economic analysis and make a development decision on the phase one program by the end of the year. Phase two of the program will likely continue into 2015.

Provided the final test work for phase one proves heap leaching low-grade ore is economically viable, the Company is targeting production from heap leach commencing in 2017, with the quantities and scale of operation to be defined upon the completion of phase two. At this point, the Company anticipates that heap leach could account for 10 to 20% of annual production once it is fully operational.

### **2015 Cash Flows Expected to Improve by \$40 to \$60 Million from Base Case**

Optimization work is underway to improve on the 2015 mine plan included in the Company's technical report filed in the first quarter of this year. The goal is to increase the amount of free cash flow generated next year by reducing the amount of material moved at Masato, which in turn frees up required mobile equipment for the operation of Gora, thereby reducing 2015 capital expenditures. Overall, an improvement in the range of \$40 to \$60 million<sup>1</sup> is anticipated compared to the previous plan.

### **Strengthening Balance Sheet - Expected to be Debt Free by Year-End**

The Company expects to finish the year debt free with between \$25 and \$35 million<sup>2</sup> in cash. This is after about \$80 million in one-time payments in 2014 including costs related to the global agreement signed with the Government of Senegal in 2013 (+\$20 million) that paved the way for the acquisition of the OJVG (\$17 million), as well as, repayment of the debt facility and mobile equipment loan (\$43 million). While the Company expects it will generate sufficient free cash flow from operations to fund its growth initiatives, it intends to put a standby facility in place by year-end to provide additional financial flexibility.

### **Expect to Generate Free Cash Flow in 2015**

The combination of lower one-time payments in 2015 (expected to be less than \$10 million) combined with higher free cash flows resulting from the mine and mill optimization work completed this year should allow the Company to begin to increase its cash balances even after funding its growth initiatives.

## DISCLOSURE STANDARDS APPLICABLE TO EXPLORATION RESULTS

This press release has been prepared in compliance with ASX Listing Rules including the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the "JORC Code"), as well as National Instrument 43-101. As a result, the Company has included in Appendix 2 the Table 1 Checklist of Assessment and Reporting Criteria (Sections 1 and 2) required under the JORC Code. In addition, a summary of the Company's Quality Assurance/Quality Control program as well as competent person/qualified person statement are included below.

### Forward Looking Statements

This news release contains certain statements that constitute forward-looking information within the meaning of applicable securities laws ("forward-looking statements"). Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Teranga, or developments in Teranga's business or in its industry, to differ materially from the anticipated results, performance, achievements or developments expressed or implied by such forward-looking statements. Forward-looking statements include, without limitation, all disclosure regarding possible events, conditions or results of operations, future economic conditions and courses of action, the anticipated third quarter production and cash cost guidance, anticipated production from the Masato deposit in the current financial year, anticipated Gora permitting and production startup, and potential benefits from mill optimization and heap leach test work. Such statements are based upon assumptions, opinions and analysis made by management in light of its experience, current conditions and its expectations of future developments that management believe to be reasonable and relevant. These assumptions include, among other things, the ability to obtain any requisite Senegalese governmental approvals, the accuracy of mineral reserve and mineral resource estimates, gold price, exchange rates, fuel and energy costs, future economic conditions and courses of action. Teranga cautions you not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. The risks and uncertainties that may affect forward-looking statements include, among others: the inherent risks involved in exploration and development of mineral properties, including government approvals and permitting, changes in economic conditions, changes in the worldwide price of gold and other key inputs, changes in mine plans and other factors, such as project execution delays, many of which are beyond the control of Teranga, as well as other risks and uncertainties which are more fully described in the Company's Annual Information Form dated March 31, 2014, and in other company filings with securities and regulatory authorities which are available at [www.sedar.com](http://www.sedar.com). Teranga does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change. Nothing in this report should be construed as either an offer to sell or a solicitation to buy or sell Teranga securities.

### Competent Persons and Qualified Persons Statement

Teranga's exploration programs are being managed by Peter Mann, FAusIMM. Mr. Mann is a full time employee of Teranga and is not "independent" within the meaning of National Instrument 43-101. Mr. Mann has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Mann is a "Qualified Person" under National Instrument 43-101 Standards of Disclosure for Mineral Projects. The technical information contained in this news release relating exploration results are based on, and fairly represents, information compiled by Mr. Mann. Mr. Mann has verified and approved the data disclosed in this release, including the sampling, analytical and test data underlying the information. The RC samples are prepared at site and assayed in the SGS laboratory located at the site. Analysis for diamond drilling is sent for fire assay analysis at ALS Johannesburg, South Africa. Mr. Mann has consented to the inclusion in this news release of the matters based on his compiled information in the form and context in which it appears herein.

### Quality Assurance/Quality Control

Teranga has established standard operating procedures for sampling, transportation, sample preparation, analysis and security of RC, diamond drill core and trench samples that are appropriate for gold mineralization and follow industry standards.

All drill core samples were cut in half at the on-site exploration core facilities using a diamond saw, with half core samples transported in securely sealed bags to the ALS facilities in Johannesburg, South Africa for preparation and analysis. Samples from three trenches were also sent to ALS in securely sealed bags. Core and trench samples were analyzed for gold using fire assay with an AAS finish on a 50 gram split (Au-AA24). Where initial results exceed 1 g/t gold, an additional assay was completed on another 50 gram split using fire assay with a gravimetric finish (Au-GRA22). Where the second assay results exceed 10 g/t gold, an additional assay was completed on another 50 gram split using screen fire assay, screened to 100 microns (Au-SCR24).

RC samples were split at the drill rig into an approximate 2 kg sample for gold analysis and a larger sample for storage at the core yard. Whole trench samples were bagged and sent for gold assay. All RC and samples from 20 trenches were processed at the on-site laboratory operated by SGS. Samples were analyzed for gold using an aqua regia digestion followed by an AAS finish on a 50 gram split (ARE155). A percentage of pulp samples will be sent to ALS for external check assays.

Teranga has implemented quality assurance and quality control ("QA/QC") programs that include the regular insertion of blanks, certified reference materials ("CRM") and duplicate samples to prevent or detect contamination and allow assaying precision and accuracy to be quantified. One blank, one CRM and one duplicate sample were inserted into the RC and drill core sample stream at a rate of 1 in 40 samples. QA/QC samples were inserted into the trench sample stream at a rate of 1 in 15 samples. All samples returned results within acceptable limits. A small percentage of CRM failures were returned but can be attributed to the insertion of a different CRM.

1. Based on gold price assumption range of \$1,250-\$1,350, US\$/EUR exchange rate of 1.325 and LFO of \$1.15 per litre.
2. Based on an average realized gold price of \$1,300 per ounce, US\$/EUR exchange rate of 1.325 and LFO of US\$1.15 per litre.
3. This production target is based on proven and probable reserves only from the Sabodala and the OJVG mining licenses as disclosed in the Company's Management Discussion and Analysis for the year ended December 31, 2013. The estimated ore reserves underpinning this production guidance have been prepared by a competent person in accordance with the requirements of the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code").
4. Particle size distribution curves, agglomeration tests for cement addition, compacted permeability tests and preliminary indications for the final leach recoveries in the first 10 days of column testing.

## ABOUT TERANGA GOLD

Teranga is a Canadian-based gold company listed on the Toronto Stock Exchange (TSX:TGZ) and Australian Securities Exchange (ASX:TGZ). Teranga is principally engaged in the production and sale of gold, as well as related activities such as exploration and mine development.

Teranga's mission is to create value for all of its stakeholders through responsible mining. Its vision is to explore, discover and develop gold mines in West Africa, in accordance with the highest international standards, and to be a catalyst for sustainable economic, environmental and community development. All of its actions from exploration, through development, operations and closure will be based on the best available techniques.

To view Appendix 1 - Figure 1: 2014 *Masato Exploration and Infill Drill Program*, please visit the following link: [http://media3.marketwire.com/docs/967896\\_app1.pdf](http://media3.marketwire.com/docs/967896_app1.pdf)

To view Appendix 2 - JORC Code, 2012 Edition - *Table 1 Report: Checklist of Assessment and Reporting Criteria (Section 1: Sampling Techniques and Data and Section 2: Reporting of Exploration Results)*, please visit the following link: <http://media3.marketwire.com/docs/9678962Appendix2.pdf>

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