

# TMAC Resources Provides Fourth Quarter Operations Update and 2018 Milestones

16.01.2018 | [Business Wire](#)

[TMAC Resources Inc.](#) (TSX: TMR) (“TMAC” or the “Company”) provides its fourth quarter operations update and production results. In the fourth quarter 2017 TMAC sold 17,350 ounces of gold, realizing \$28.1 million (US\$22.1 million) at an average realized gold price of US\$1,275 per ounce.

Terry MacGibbon, Executive Chairman of TMAC, stated, “TMAC continues to systematically work through the Doris plant to improve plant operations towards design throughput and recovery levels. All of the hard work and dedication over the past many months, by all the plant workers, has resulted in significant improvements, with the recovery for November and December at an average of 76% and throughput in December averaging 84% of design. Two of the three key improvement areas identified during last summer’s plant work shop, a dewatering cone to reduce excess water in the concentrate treatment plant and new resin beads in the resin columns, were addressed during the fourth quarter. The third key improvement area, a new cyclone distributor head, has been fabricated and will be installed shortly.”

Mr. MacGibbon added, “At the Doris mine, underground development continues with the ramp to Doris Connector, our next mining area, well underway, and with the ramp continuing to the Doris BTD zone for future stope access and diamond drill platforms. Ore grade, dilution and mining conditions continued to be as expected with production mining being regulated to coincide with plant throughput capacity.”

He added, “The Hope Bay property continues to be permitted in a timely and efficient manner. Permits are in hand to conduct mining at Doris and surface exploration over the entire 80 km by 20 km Hope Bay property. Both the Madrid and Boston deposits have advanced exploration permits which allow underground exploration and bulk sampling. The final environmental impact studies for production at Madrid and Boston were submitted in late 2017 and we are awaiting the results of the conformity review by the Nunavut Impact Review Board and the Nunavut Water Board. The above advancements position TMAC to ramp up to full mine and plant production and continue exploration efforts.”

## 2017 AND FOURTH QUARTER PRODUCTION HIGHLIGHTS

- Mined 53,500 tonnes of ore at a grade of 9.4 grams per tonne (“g/t”), containing 16,200 ounces of gold in the fourth quarter of 2017, resulting in a total of 150,700 tonnes of ore mined at a grade of 11.5 g/t, containing 55,700 ounces of gold for the year.
- Processed 69,600 tonnes of ore at a grade of 13.7 g/t, containing 30,700 ounces of gold in the fourth quarter of 2017, with 22,220 ounces of gold being produced at an average recovery of 72%. After the installation of the dewatering cone in early November 2017, the recovery for November and December improved to an average of 76%, while the average for the year was 67%.
- Produced 56,630 ounces of gold in 2017, of which approximately 7,600 ounces remain as gold in circuit at December 31, 2017.
- The processing plant (the “Plant”) achieved 84% of design throughput in December.
- Sold 17,350 ounces of gold in the fourth quarter of 2017 generating \$28.1 million (US\$22.1 million) of revenue.
- Poured 49,040 ounces of gold, of which 46,990 ounces were sold generating \$76.8 million (US\$59.7 million) of revenue for the year (including sales of gold pre-commercial production) and 2,050 ounces were doré or refined.
- Realized an average price of US\$1,275 per ounce of gold in the fourth quarter of 2017 (\$1,622 per ounce at an exchange rate of 1.27) and US\$1,270 per ounce for the year (\$1,635 per ounce at an exchange rate of 1.30).
- Ore stockpiles at December 31, 2017 were estimated to contain 66,600 tonnes of ore at an average grade of 13.8 g/t, or 29,400 ounces of contained gold.
- Cash balances at December 31, 2017 were \$42 million of unrestricted cash, including the \$10 million minimum cash balance required under the terms of TMAC’s Debt Facility, and \$44 million of restricted cash.

Table 1: Summary of production highlights

Description	Units	Nine months ended September 30, 2017 <sup>(1)</sup>	Three months ended December 31, 2017	Year ended December 31, 2017 <sup>(1)</sup>
Mining:				
Ore mined	tonnes	97,200	53,500	150,700
Waste mined	tonnes	197,000	66,100	263,100
Total mined	tonnes	294,200	119,600	413,800
Average grade	g/t	12.6	9.4	11.5
Contained ounces	ounces	39,500	16,200	55,700
Development	metres	4,080	984	5,064
Processing:				
Ore processed	tonnes	139,300	69,600	208,900
Grade	g/t	12.0	13.7	12.6
Contained gold	ounces	53,960	30,700	84,660
Recovery	%	64	72	67
Gold produced	ounces	34,410	22,220	56,630
Gold sold	ounces	29,640	17,350	46,990
Stockpile:				
Ore on surface	tonnes	82,700	66,600	66,600
Average grade	g/t	16.6	13.8	13.8
Contained gold	ounces	44,000	29,400	29,400
USD production <sup>(1)</sup>				
Gold sold	\$US millions	37.6	22.1	59.7
Average realized sales price	\$US/oz	1,267	1,275	1,270
Average spot price of gold <sup>(2)</sup>	\$US/oz	1,268	1,275	1,266
CAD production <sup>(1)</sup>				
Average exchange rate	CAD/USD	1.31	1.27	1.30
Gold sold	\$ millions	48.7	28.1	76.8
Average realized sales price	\$/oz	1,643	1,622	1,635
Average spot price of gold <sup>(2)</sup>	\$/oz	1,635	1,622	1,638

(1) Includes both pre and post-commercial production

(2) London PM fix

## PROCESSING PLANT UPDATE

TMAC personnel have continued to systematically troubleshoot the issues affecting the Plant's operational availability and recovery, and demonstrated improvement in the fourth quarter. Throughput of the concentrator line ("CL") was improved by focusing on consistent operational practices and optimization of the high pressure jig. The team achieved a milestone of 84% throughput of design capacity in December. A traditional "spider head" cyclone distributor has been delivered to site and is expected to be installed in the Plant shortly. This modification is expected to increase gold recoveries within the first CL.

In the concentrate treatment portion of the Plant (the "CTP"), a dewatering cone to keep excess water from the CL side of the Plant out of the CTP was installed in early November and significantly improved the water balance. Concentrate grinding and leaching optimization is now the focus of the team with an expectation of further improving gold recovery. Also in November, new resin was delivered to the site and a second resin column was activated for gold adsorption. With the second resin column in operation, as well as more frequent "stripping" of the two resin columns, gold solution recovery is performing better. The fouling of resin continues to be an important issue that needs to be managed through good operational practices; however, it is currently being mitigated. Research continues on arriving at a longer-term solution for the fouling, including warm acid washes, as well as research and testing of other resin products with better anti-fouling properties.

It is expected that the modifications to cyclone design, in combination with a focus on grinding and leaching optimization, will result in an improvement in total recoveries later in the first quarter of 2018. Overall recoveries are the product of recoveries from the CL and CTP sections of the Plant.

## 2018 OBJECTIVES

### Doris operations and capital expenditure:

- Ore production will mainly come from the fully developed Doris North zone and the developed stopes in the Doris BTD zone. Ore production will be supplemented with ore from sill development in the Doris Connector and other areas of the Doris BTD zone. The mine plan is designed to provide all the ore to be processed while maintaining the stockpile balance.
- Mine between 420,000 and 470,000 tonnes of ore at between 11 and 14 g/t gold with total tonnes, including waste, being between 670,000 to 740,000 tonnes
- Underground development will continue in the BTD zone and in Doris Connector and will include a decline towards the Doris Central zone to support 2019 and 2020 production from Doris at an estimated total cost of \$23 million for 2018.
- Continue the ramp up of the Plant to design capacity. Install, commission and commence ramp up of the second CL, increasing the overall throughput capacity to the design of 2,000 tonnes per day. Improvements made to the first CL will be incorporated into the second CL as part of the installation and commissioning thereof.
- Unit costs of production in 2018 are sensitive to throughput and recovery rates. Costs in the first quarter of 2018 are expected to be in line with the costs incurred in 2017, with unit costs reducing as throughput and recoveries are improved. Once the commissioning of the second CL is completed, the increased throughput is expected to decrease the unit costs by the end of the year. Maintenance costs are expected to decrease from the high levels experienced in 2017 as improvements in the Plant are implemented.
- Expansion capital expenditures required to expand the processing capacity of the Plant to 2,000 tonnes per day are estimated to total \$4 million during 2018.
- Sustaining capital expenditures, excluding underground development, to construct and acquire additional Doris surface infrastructure, including construction of the south dam in the tailings impoundment area and an ocean discharge pipeline, and equipment and to continue the ramp up of the Plant to its design capacity are estimated to total \$24 million for 2018.

### Exploration:

- Conduct 22,000 metres of underground definition diamond drilling on the BTD Extension zone and the Doris Connector zone to support stope design and a resource update to facilitate conversion to reserve.
- 6,500 metres of surface diamond drilling are planned to refine the geological understanding of the Madrid North Naartok deposit to support the advanced exploration and bulk-sampling program.
- Regional exploration will include diamond drilling, sonic drilling and gold in glacial till sampling. A total of 4,000 metres of diamond drilling is planned.

### Environment and permitting:

- Obtain a project certificate for Madrid and Boston once the review of the environmental impact statement submitted in December 2017 is complete. The Nunavut Impact Review Board recommends project certificates for approval by the Minister of Crown-Indigenous Relations Northern Affairs.

### Madrid and Boston:

Management continues to pursue the opportunity to replace the cash collateralized letters of credit issued for environmental rehabilitation security with surety bonds. Surety bonds could release approximately \$25 million of cash currently deposited as collateral for letters of credit as well as additional environmental reclamation security that is expected to be placed with various entities during 2018. If surety bonds are obtained, the additional cash would allow for the initial investment in Madrid that includes the acquisition of equipment, the initiation of surface infrastructure and the commencement of underground development required in 2018 to extract a bulk sample in 2019.

## CONFERENCE ATTENDANCE

January 17 &ndash; 18, 2018

Terry MacGibbon, Executive Chairman, will present on Wednesday, January 17, 2018 at 10:00 am ET at the TD Securities's 2018 Mining Conference to be held in Toronto, ON, Canada on January 17 - 18, 2018.

## ABOUT TMAC RESOURCES

TMAC holds a 100% interest in Hope Bay located in the Kitikmeot region of Nunavut, Canada. TMAC is an emerging gold producer with the Doris mine pouring first gold in the first quarter of 2017 and achieving commercial production in the second quarter of 2017. The Madrid and Boston properties are expected to commence production in 2020 and 2022, respectively. The Company has an experienced, expert board of directors combined with exploration, development and operating teams with extensive track records of discovering, developing and operating high grade, profitable underground mines. TMAC's shares trade on the Toronto Stock Exchange under the trading symbol TMR.

## SCIENTIFIC AND TECHNICAL INFORMATION

Scientific and technical information contained in this document was reviewed and approved by Gil Lawson, P.Eng., Chief Operating Officer of TMAC, a "Qualified Person" as defined by National Instrument 43-101 &ndash; Standards of Disclosure for Mineral Projects.

## FORWARD-LOOKING INFORMATION

This release contains "forward-looking information" within the meaning of applicable securities laws that is intended to be covered by the safe harbours created by those laws. "Forward-looking information" includes statements that use forward-looking terminology such as "may", "will", "expect", "anticipate", "believe", "continue", "potential" or the negative thereof or other variations thereof or comparable terminology. Such forward-looking information includes, without limitation, bringing the timing for bringing Madrid and Boston into production and the rate of ramp up at Doris throughout 2018.

Forward-looking information is not a guarantee of future performance and management bases forward-looking statements on a number of estimates and assumptions at the date the statements are made. Furthermore, such forward-looking information involves a variety of known and unknown risks, uncertainties and other factors, which may cause the actual plans, intentions, activities, results, performance or achievements of the Company to be materially different from any plans, intentions, activities, results, performance or achievements expressed or implied by such forward-looking information. See "Risk Factors" in the Company's Annual Information Form, dated February 23, 2017, filed on SEDAR at [www.sedar.com](http://www.sedar.com) for a discussion of these risks.

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