

TMAC Reports Operating and Financial Results for Fourth Quarter and Year 2017

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[TMAC Resources Inc.](#) (TSX: TMR) ("TMAC" or the "Company") is filing its Annual Financial Statements, Management's Discussion & Analysis and the Annual Information Form for the year ended December 31, 2017. The documents may be found on the Company's website at www.tmacresources.com or, once filed, on SEDAR at www.sedar.com. Please read this news release in conjunction with these documents.

Jason Neal, President and Chief Executive Officer of TMAC, stated, "While progress is being made, as discussed in our January 16, 2018 news release, TMAC had a challenging fourth quarter, capping a difficult 2017. Though the mine has been performing well, the processing plant has had material ramp up issues and a number of important initiatives are underway to drive improvements. As a result, financial results for Q4 were weak, but performance is expected to improve as 2018 continues assuming our expectations are met from ongoing investment and attention on processing improvements."

Gil Lawson, Chief Operating Officer of TMAC said, "The operations' team is continuing to systematically work through the processing plant de-bottlenecking to improve throughput and identify opportunities to increase recovery. We are seeing consistent throughput after making changes in the crushing circuit screen sizes and since the installation of the spider-head. Metallurgical studies have identified that free fines gold is available to recover in the flotations tails and we will be installing a Falcon B concentrator to address this. We are also focused on enhancing leach recovery with the testing of a chemical leach enhancer."

Mr. Lawson went on to say, "Importantly, the operations' team has been substantially strengthened with the hiring of a senior operation's metallurgist in the position of Assistant General Manager and, additionally, a Director of Metallurgy. Dan Gagnon, our General Manager, and I joined in late 2017 and we have made important improvements to the performance and culture at site, and, with the new additions to the team, we expect to further accelerate our momentum towards establishing a best in class operation."

FOURTH QUARTER AND YEAR 2017 HIGHLIGHTS

Financial results:

- Net loss totalled \$25.3 million (Q4-2017: \$12.5 million), or \$0.30 per share (Q4-2017: \$0.14 per share) on a basic and fully diluted basis.
- 46,990 ounces of gold were sold during the year ended December 31, 2017 for proceeds of \$76.9 million (US\$59.7 million). 17,350 ounces of gold were sold in the three months ended December 31, 2017 for proceeds of \$28.2 million (US\$22.1 million).
- Realized an average price for gold sold of \$1,636 (US\$1,270) per ounce during the year ended December 31, 2017 and \$1,622 (US\$1,275) per ounce during the three months ended December 31, 2017.
- Cash costs and All-in Sustaining Costs ("AISC") per ounce of gold sold were \$1,658 (US\$1,288) and \$2,418 (US\$1,870), respectively, during the year ended December 31, 2017 and \$1,568 (US\$1,228) and \$2,138 (US\$1,683), respectively, during the three months ended December 31, 2017.
- Cash and cash equivalents were \$42.0 million and restricted cash was \$43.9 million at December 31, 2017.

Finance:

- On November 9, 2017, the Company completed an equity financing for aggregate proceeds of \$53.0 million via a \$31.4 million private placement with RCF and Newmont and a concurrent marketed overnight public offering of \$21.6 million from a syndicate of underwriters at a price of \$7.00 per common share of the Company.
- On July 26, 2017, entered into an Amended and Restated Credit Agreement for total borrowings of US\$160 million with repayment terms to be over a five-year period.

Management team:

- Jason Neal joined the TMAC management team as Director and President and Chief Executive Officer on February 15, 2018.
- Catharine Farrow retired from her position as Director, effective November 16, 2017, and Chief Executive Officer, effective December 31, 2017.
- Gord Morrison retired from his position as President and Chief Technology Officer, effective December 31, 2017, and continues his involvement with TMAC as an executive advisor focusing on the advancement of the geological understanding of Hope Bay.
- Gil Lawson joined the TMAC executive team as Chief Operating Officer effective August 31, 2017 and Dan Gagnon joined the Hope Bay management team as General Manager on October 8, 2017.
- John Roberts retired from his position as Vice President, Environmental Affairs, effective December 31, 2017, and continues his involvement with TMAC as an executive advisor to Oliver Curran, who was promoted to Vice President, Environmental Affairs, effective January 1, 2018.

Operations:

- Achieved commercial production effective June 1, 2017
- 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. A strong correlation between the block models and detailed geological mapping and chip sampling continues to be observed in the mine, demonstrating confidence in Mineral Reserves estimates.
- 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 21,200 ounces of gold being produced at an average recovery of 69%. After the installation of the dewatering cone in early November 2017, the recovery for November and December improved to an average of 74%, while the average for the ten months ended October 31, 2017 prior to its installation was only 62%.
- 55,150 ounces of gold were produced in 2017, of which approximately 5,820 ounces remain as gold in process at December 31, 2017.
- 49,070 ounces of gold were poured during the year ended December 31, 2017, of which 46,990 ounces were sold and the remaining 2,080 ounces were doré or refined at year end.
- The Plant averaged 84% of design throughput in December after the installation of the dewatering cone at the beginning of November 2017. A traditional “spider head” cyclone distributor was delivered to site and installed in the Plant on January 24, 2018. Since that day to February 19, 2018, this modification, along with new screens in the secondary crushers, have resulted in an improvement in Plant stability and an increase in Plant throughput to an average of 977 tonnes per day, or 98% of designed throughput.
- Deportation studies (gold grain size studies) have determined that some of the Doris gold is finer grain material than the high-pressure jig can fully capture and has resulted in the ordering of Falcon B concentrators for each concentrator line (“CL”) which are specifically designed to capture more of the fine grain gold. The Falcon B concentrators are currently being engineered.
- 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.

Exploration:

- The successful initiation of exploration at Boston in 2017 demonstrated the potential for “bulk stoping” within the wide, high-grade core of the B2 zone and added to the geological understanding of ore distribution.
- The 2017 gold in till sampling and regional mapping programs have defined several high priority exploration targets within the Doris-Madrid corridor and north of Boston.
- The Doris BTD East Limb definition drilling and resource estimate was completed and incorporated into the June 30, 2017 Mineral Resource Mineral Reserve (“MRMR”) statement. Sill development was initiated in 2017 and development ore is currently being mined.
- The annual MRMR statement dated June 30, 2017, indicated a 2.9% increase in Proven and Probable Reserve and a 9% increase in Measured and Indicated Resources over the previous statement.

Environment and permitting:

- The Nunavut Impact Review Board (“NIRB”), in consultation with the Nunavut Water Board, has accepted the final Environmental Impact Statement and is commencing the public and technical review of TMAC’s proposal for development and mining at the Madrid and Boston gold deposits relating to the Company’s application for both Project Certificates and Water Licences submitted on December 21, 2017.

Table 1: Summary of operating & financial highlights for the periods ended December 31, 2017

Description	Units	Three months ended	Year ended
		December 31, 2017	December 31, 2017
Mining:			
Ore mined	tonnes	53,500	150,700
Waste mined	tonnes	66,100	263,100
Total mined	tonnes	119,600	413,800
Average grade	g/t	9.4	11.5
Contained ounces	ounces	16,200	55,700
Development	metres	984	5,021
Processing:			
Ore processed	tonnes	69,600	208,900
Grade	g/t	13.7	12.6
Contained gold	ounces	30,700	84,660
Recovery	%	69	65
Gold produced	ounces	21,200	55,150
Gold sold	ounces	17,350	46,990
Stockpile:			
Ore on surface	tonnes	66,600	66,600
Average grade	g/t	13.8	13.8
Contained gold	ounces	29,400	29,400

Description	Units	Three months ended	Year ended
		December 31, 2017	December 31, 2017
P&L summary ⁽¹⁾ :			
Revenue (ounces)	ounces	17,350	34,860
Revenue	\$millions	28.2	56.4
Cost of sales ⁽²⁾	\$millions	34.3	68.8
Profit (loss) from mining operations	\$millions	(6.1)	(12.4)
General and administrative	\$millions	4.9	15.5
Financing costs, net	\$millions	(4.5)	(15.9)
Foreign exchange gain (loss)	\$millions	(1.0)	10.6
Net profit (loss)	\$millions	(12.5)	(25.3)
Per share	\$	(0.14)	(0.30)
Cost of sales ⁽²⁾	\$/oz	1,977	1,974
Cash cost ⁽³⁾⁽⁴⁾	\$US/oz	1,228	1,288
AISC ⁽³⁾⁽⁴⁾	\$US/oz	1,683	1,870
USD results			
Revenue	\$USmillions	22.1	44.5
Average realized sales price ⁽³⁾	\$US/oz	1,275	1,278
Average spot price of gold – London PM Fix	\$US/oz	1,275	1,274
Cost of sales ⁽²⁾	\$USmillions	26.8	53.6
Cost of sales ⁽²⁾⁽⁵⁾	\$US/oz	1,547	1,538
CAD results			
Average exchange rate	CAD/USD	1.27	1.30

Revenue	\$millions	28.2	56.4
Average realized sales price ⁽³⁾	\$/oz	1,622	1,618
Average spot price of gold – London PM Fix	\$/oz	1,622	1,620
Cost of sales ⁽²⁾	\$millions	34.3	68.8
Cost of sales ⁽²⁾	\$/oz	1,977	1,974
CAPEX Summary:			
Sustaining	\$millions	4.5	16.0
Expansion ⁽⁶⁾	\$millions	6.0	56.9
Exploration and evaluation	\$millions	2.5	11.7

(1) The profit and loss for the year ended December 31, 2017 only covers the period from June 1, 2017 onwards, the date for accounting recognition of commercial production, for many items including revenue, cost of sales, cash cost, AISC and ounces sold

(2) Includes depreciation and a net realizable value write-down of \$3.3 million and \$4.8 million in the three months and year ended December 31, 2017, respectively

(3) Refer to non-IFRS measures in the MD&A filed on TMAC's website

(4) Cash cost and AISC refers to results after achieving commercial production

(5) Translated using exchange rates at the time of incurring the expenditure

(6) Expansion includes pre-commercial production costs and associated gold sale proceeds

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 BTB zone. Ore production will be supplemented with ore from sill development in the Doris Connector (“DCO”) and other areas of the Doris BTB 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 an average for the year between 11 and 14 g/t gold with total tonnes, including waste, being between 670,000 to 740,000 tonnes. Mining grades in 2018 to date are averaging about 9.9 g/t but since the beginning of February have averaged 15.1 g/t as mining has transitioned from lower grade development areas to higher grade zones.
- Underground development will continue in the Doris BTB and DCO zones 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.
- The stockpile will be used to augment the ore being sent to the Plant. It is expected that the stockpile will end 2018 at approximately the same level as at December 31, 2017.
- Continue the ramp up of the Plant to design capacity. Install, commission and commence ramp up of the second CL by mid-2018 that will increase the throughput of the Plant. Improvements made to the first CL will be incorporated into the second CL as part of the installation and commissioning thereof.
- The recently installed spider head distributor for the cyclones is expected to increase gold recoveries within the first CL once the Falcon B concentrator is installed.
- TMAC expects its lowest cash balances to be in the third quarter at the height of the sealift. Ramp up of the second CL and the expected improvement in recoveries is important to generate the needed cash flows for the sealift.
- Unit costs of production in 2018 are sensitive to grade, 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 improve. Once the commissioning of the second CL is complete, the unit costs are expected to decline due to increasing throughput by the end of the year. Maintenance costs are expected to decline from the high levels experienced in 2017 as improvements in the Plant are implemented.
- Expansion capital expenditures required to increase the processing capacity of the Plant by the installation and commissioning of the second CL to a design capacity of 2,000 tonnes per day are estimated at \$4 million.
- Sustaining capital expenditures, excluding underground development, to construct and acquire additional Doris surface infrastructure, including equipment, construction of the south dam in the tailings impoundment area, construction of a marine outfall pipeline and to continue the ramp up of the Plant to its design capacity are estimated to total \$24 million, including \$8 million relating to the Plant.

Exploration:

- The Exploration and Geoscience programs for 2018 are designed to support several aspects of exploration at Hope Bay ranging from immediate production support, through advanced exploration, to the generation of regional targets in preparation for drilling. A key strategy of the exploration program is to develop and maintain a project pipeline consisting of prospective exploration targets at various stages of evaluation. Expenditures on exploration will increase once the Plant produces excess cash flow.
- Conduct 22,000 metres of underground definition diamond drilling on the Doris BTD Extension and DCO zones 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 NIRB completes the review of the environmental impact statement submitted in December 2017. NIRB recommends project certificates for approval by the Minister of Crown-Indigenous Relations Northern Affairs (“CIRNA”), formerly Indigenous and Northern Affairs Canada (INAC).

Madrid and Boston projects:

- 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.
- Long-term planning and the development of exploration targets at Boston is ongoing and programs will be executed as funds permit.

CONFERENCE CALL AND WEBCAST

Senior management will host a conference call on Friday, February 23, 2018 at 10:00 am (ET).

Webcast access:

A live audio webcast of the conference call will be available at <http://services.choruscall.ca/links/tmacresources20180223.html>. An archive of the webcast will be available on the Company's website.

Telephone access:

Please call the numbers below five to ten minutes prior to the scheduled start of the call.

Toronto local or international 1 (416) 915-3239

Toll-Free (North America) 1 (800) 319-4610

CONFERENCE ATTENDANCE

February 25 – 28, 2018

Terry MacGibbon, Executive Chairman, will present on Wednesday, February 28, 2018 at 9:30 am ET at the BMO Global Metals and Mining Conference to be held in Hollywood, FL, USA.

March 4 – 7, 2018

The Company will be at Booth #2500 at the PDAC 2018 International Convention, Trade Show & Investors Exchange, Toronto, ON, Canada and will be speaking in 801B .

SCIENTIFIC AND TECHNICAL INFORMATION

Scientific and technical information was prepared by, and all other scientific and technical information contained in this document was reviewed and approved by Gil Lawson, P.Eng., Chief Operating Officer of TMAC, and David King, P.Geo., the Vice President, Exploration and Geoscience of TMAC, each of whom is a "qualified person"; as defined by NI 43-101.

ABOUT TMAC RESOURCES

TMAC holds a 100% interest in the Hope Bay Project located in Nunavut, Canada. TMAC is an emerging gold producer with the Doris Mine pouring first gold in the first quarter of 2017 and Madrid and Boston expected to commence production in 2020 and 2022, respectively. The Company has a board of directors with depth of experience and market credibility and an exploration and development team with an extensive track record of developing high grade, profitable underground mines. TMAC's shares trade on the Toronto Stock Exchange under the trading symbol TMR.

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 22, 2018 filed on SEDAR at www.sedar.com for a discussion of these risks.

STATEMENT OF FINANCIAL POSITION (Expressed in Canadian dollars)

	As at December 31, 2017 \$millions	As at December 31, 2016 \$millions
Assets		
Current assets		
Cash and cash equivalents	42.0	62.5
Amounts receivable	1.8	7.3
Inventories	94.7	77.7
Prepaid expenses	1.3	0.8
	139.8	148.3
Non-current assets		
Property, plant and equipment	898.7	801.4
Goodwill	80.6	80.6
Restricted cash	43.9	44.5
Other assets	0.3	15.0
	1,023.5	941.5
Total assets	1,163.3	1,089.8
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	25.8	26.8

Debt Facility	10.8	46.1
Gold Call Options	3.7	2.9
Other liabilities	4.0	0.8
	44.3	76.6
Non-current liabilities		
Debt Facility	183.0	115.3
Provision for environmental rehabilitation	33.4	24.9
Deferred tax liabilities	57.1	67.9
Other liabilities	2.0	-
	275.5	208.1
Total liabilities	319.8	284.7
Equity		
Share capital	885.8	830.2
Warrants	6.7	1.2
Contributed surplus	11.5	8.9
Accumulated deficit	(60.5)	(35.2)
	843.5	805.1
Total equity and liabilities	1,163.3	1,089.8

STATEMENT OF PROFIT OR LOSS
(Expressed in Canadian dollars)

	Year ended December 31, 2017 \$millions	Year ended December 31, 2016 \$millions
Revenue		
Metal sales	56.4	-
Cost of sales		
Production costs	56.4	-
Royalties & selling expenses	1.4	-
Depreciation	11.0	-
	68.8	-
Profit (loss) from mining operations	(12.4)	-
General and administrative		
Salaries and wages	9.2	6.8
Share-based payments	3.2	2.8
Other corporate	3.1	2.4
	15.5	12.0
Write-down of obsolete inventory	-	2.3
Impairment of equipment and assets held for sale	0.9	2.0
Profit (loss) before the following	(28.8)	(16.3)
Net finance income (expense)	(15.9)	0.1
Foreign exchange (loss) gain	10.6	(1.2)
Fair value adjustments	(0.8)	(0.2)
Other (expenses) income	(0.2)	0.3
Profit (loss) before income taxes	(35.1)	(17.3)
Current income tax (expense) recovery	(1.3)	-
Deferred income tax (expense) recovery	11.1	4.1
	9.8	4.1
Profit (loss) and comprehensive profit	(25.3)	(13.2)
(loss) for the year		
Profit (loss) per share		
Basic and diluted	(\$0.30)	(\$0.16)
Weighted average		
number of shares (millions)		

Basic and diluted	85.1	80.4
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STATEMENT OF CASH FLOWS
(Expressed in Canadian dollars)

	Year ended December 31, 2017 \$millions	Year ended December 31, 2016 \$millions
Profit (loss) for the year	(25.3)	(13.2)
Operating activities		
Adjusted for:		
Share-based payments	3.2	2.8
Depreciation	11.0	-
Finance income	(0.8)	(0.8)
Finance expense	16.7	0.7
Unrealized foreign exchange loss (gain)	(10.6)	1.2
Fair value loss (gain)	0.8	0.2
Impairment of equipment and assets held for sale	0.9	2.0
Write-down of obsolete inventory	-	2.3
Current income tax expense (recovery)	1.3	-
Deferred income tax expense (recovery)	(11.1)	(4.1)
Increase (decrease) in non-cash		
operating working capital:		
Amounts receivable	5.6	(3.5)
Inventory	(10.9)	(63.6)
Prepaid expenses	(1.2)	-
Accounts payable	(8.3)	-
Operating cash flows before interest and tax	(28.7)	(76.0)
Cash tax paid	(0.9)	-
Cash interest paid	(4.3)	(0.1)
Cash flows from (used in) operating activities	(33.9)	(76.1)
Investing activities		
Additions to property, plant and equipment	(72.2)	(114.2)
Interest received	0.8	0.9
Debt facility restricted cash reclassification	10.0	-
Restricted cash	(9.4)	(25.8)
Cash flows from (used in) investing activities	(70.8)	(139.1)
Debt Facility drawdowns, net of	30.4	161.1
transaction costs		
Equity Financing, net of issuance costs	51.2	-
Flow-through financing, net of issuance costs	-	8.9
Warrants exercised	2.6	8.4
Bought Deal Financing, net of issuance costs	-	56.5
Other	0.1	-
Cash flows from (used in) financing activities	84.3	234.9
Effects of exchange rate changes on cash and cash equivalents	(0.1)	(1.3)
Net increase (decrease) in cash and cash equivalents for the year	(20.5)	18.4
Cash and cash equivalents at the beginning of the year	62.5	44.1
Cash and cash equivalents at the end of the year	42.0	62.5

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Contact

TMAC Resources Inc.

Jason Neal
President and Chief Executive Officer
416-628-0216
or
Ann Wilkinson
Vice President, Investor Relations
416-628-0216
www.tmacresources.com
or
Renmark Financial Communications Inc.
Daniel Gordon: dgordon@renmarkfinancial.com
Tel: (416) 644-2020 or (514) 939-3989
www.renmarkfinancial.com

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