

Guyana Goldfields Inc. Produces 160,500 Ounces of Gold in 2017; Generating US\$200M in Revenue and Completing the Year with Record Low Costs

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TORONTO, Feb. 23, 2018 /CNW/ - [Guyana Goldfields Inc.](#) (TSX: GUY) (the "Company") reports its 2017 full year and fourth quarter operational and financial results. A conference call will be held today at 10:00 am ET to discuss 2017 full year and fourth quarter results. The Company previously released its preliminary fourth quarter 2017 operational results on January 9, 2018. All amounts are expressed in U.S. dollars unless otherwise stated.

Q4 2017 Highlights

- Record gold production of 48,900 ounces.
- Operating costs (including depreciation and royalty) of \$752 per ounce, operating cash costs¹ of \$433 per ounce and sustaining costs¹ of \$665 per ounce; all significant decreases compared to the prior quarter.
- Trial results from supplementing mill feed with pre-crushed ore confirmed higher throughputs and recoveries can be achieved with minor plant modifications.
- Multiple mineralized intercepts from first ever diamond drill programs at the Iroma and Wynamu greenfields prospects.

2017 Highlights

- 160,500 ounces of gold produced, within full year production guidance range. Operating cash costs¹ of \$556 per ounce and sustaining costs¹ of \$665 per ounce were within guidance range, and all-in sustaining costs¹ of \$846 per ounce and operating costs (including depreciation and royalty) of \$897 per ounce were slightly above the annual guidance range.
- The Company's balance sheet continues to strengthen with a year-end closing cash balance of \$75.7 million and securities fair value of \$41.1 million versus a debt balance of \$60.0 million.
- Full year cash generated from operations, before working capital adjustments, of \$67.4 million.
- Significant capital investments made through the first three quarters of 2017 are paying dividends through reduced operating costs. The mining fleets, bulk emulsion delivery system, and logistics haulage fleet are now all commissioned and are generating significant operating costs savings, as evidenced in the third and fourth quarters.

Scott Caldwell, President & CEO stated, "Guyana Goldfields closed out 2017 on an operational high note, achieving record gold production along with record low operating cost metrics. Looking ahead for 2018, we are looking forward to maintaining this momentum as we deliver on the optimized life of mine plan which envisages 200,000 ounces of gold produced for 2018 and providing consistent production growth thereafter. The Phase 1 mill expansion is expected to be completed on-time and by the end of March and we expect the Phase 2 mill expansion, which would increase hard rock throughput capacity to 100,000 tonnes per day, to be completed by the end of this year. In addition, we look forward to initiating the development of the underground in the fourth quarter of this year in our effort to accelerate selective mining of higher grade stopes starting in 2019."

Aurora Gold Mine Operational and Financial Statistics

		2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Gold Sold	ounces	157,700	48,000	39,000	30,000	40,700
Gold Produced	ounces	160,500	48,900	41,000	29,700	40,900
Average Realized Gold Price	US\$/ounce	1,265	1,280	1,287	1,263	1,227
Gross Revenue	US\$ mlns	\$199.5	\$61.4	\$50.2	\$37.9	\$50.0
Cash costs ¹ (before royalty)	US\$/ounce	556	433	595	757	516
All-in Sustaining Cost ¹	US\$/ounce	846	665	828	1,144	861
Cost of sales (prod, royalty, dep)	US\$/ounce	897	752	940	1,164	827
Ore Mined	tonnes	2,412,900	714,500	688,100	511,600	498,800
Waste Mined	tonnes	10,029,500	1,596,400	2,946,300	3,097,200	2,389,700
Total Mined	tonnes	12,442,400	2,310,800	3,634,400	3,608,800	2,888,400
Strip Ratio	waste:ore	4.2	2.2	4.3	6.1	4.8
Tonnes Mined per Day	tpd	34,100	25,100	39,500	39,700	32,100
Ore Processed	tonnes	2,239,000	552,600	568,000	515,600	602,800
Tonnes Processed per Day	tpd	6,100	6,000	6,200	5,700	6,700
Head Grade	g/t Au	2.46	2.90	2.53	2.06	2.44
Recovery	%	89.7	91.7	90.0	86.5	89.7

Full Year and Q4 2017 Operational Results Summary

- The Company completed the year with its strongest quarter since commencement of operations, producing 48,900 ounces of gold. The record quarter was a result of higher grade delivery from the mine, as per the mine plan, combined with higher throughputs from the process plant, which averaged 6,000 tonnes per day.
- The daily average mining rate declined in the fourth quarter to 25,100 tpd, a factor of being ore bound in the core Knoll diorite/tonalite deposit, hence requiring significantly reduced stripping. The fourth quarter stripping ratio was 2.2:1 compared to 4.3:1 in the third quarter.
- The mill processed 552,600 tonnes or 6,000 tpd in the fourth quarter. Throughput was higher than expected and comparable to the comparative quarter in the prior year, largely a result of mill optimizations and increased utilization. Throughput declined slightly from the prior quarter, due to a decrease in saprolite feed, as well as scheduled downtime for a full SAG mill change.
- The mill head grade was higher at 2.9 g/t Au in the current quarter compared to both the prior quarter and comparable fourth quarter in 2016. Gold recoveries of 91.7% edged higher this quarter when compared to recoveries of 90.0% in the prior quarter and comparable to the 90.6% recovery rate in the fourth quarter last year. The improvement can be attributed to testing of pre-crushed material, which resulted in both increased recovery and throughputs.
- The decrease in costs on a per ounce basis when compared to the prior quarter were largely attributable to higher production and a lower strip ratio due to mine sequencing while the decrease in costs compared to the comparable quarter in 2016 was mainly due to an increase in mill throughput, with similar grades and recoveries, resulting in increased production and lower costs in the current quarter.
- The decrease in AISC¹ compared to the prior quarter can be attributed to the higher gold ounces produced and sold and as lower deferred stripping costs.

Key Financial Statistics

	Three months ending December 31,		Years ending December 31,		
	2017	2016	2017	2016	2015
Revenue	\$ 61,417	\$ 54,809	\$ 199,480	\$ 194,153	\$ -
Earnings (loss) from mine Operations	\$ 25,340	\$ 20,673	\$ 58,197	\$ 71,099	\$ -
Net Income	\$ 14,012	\$ 3,405	\$ 26,994	\$ 26,985	\$ 20,063
Comprehensive income	\$ 9,460	\$ 14,215	\$ 33,275	\$ 47,683	\$ 20,063
Net earnings per share (EPS)					
Basic	\$ 0.08	\$ 0.02	\$ 0.16	\$ 0.17	\$ 0.13
Diluted	\$ 0.08	\$ 0.01	\$ 0.15	\$ 0.16	\$ 0.13
Total assets	\$ 472,016	\$ 438,835	\$ 472,016	\$ 438,835	\$ 367,391
Total debt	\$ 60,000	\$ 80,000	\$ 60,000	\$ 80,000	\$ 155,660
Total non-current liabilities	\$ 61,107	\$ 68,068	\$ 61,107	\$ 68,068	\$ 121,711
Cash flow from operations	\$ 30,022	\$ 25,490	\$ 66,505	\$ 85,713	\$ (4,927)
Cost of sales per ounce	\$ 752	\$ 750	\$ 897	\$ 789	\$ -
Cash costs per ounce before royalty ¹	\$ 433	\$ 446	\$ 556	\$ 496	\$ -
All-in sustaining cost per ounce ¹	\$ 665	\$ 678	\$ 846	\$ 738	\$ -

Full Year and Q4 2017 Financial Performance

- In the fourth quarter, a total of 48,000 ounces of gold were sold with an average realized gold price of \$1,280 per ounce resulting in revenues of \$61.4 million. On a full year basis, the Company generated revenues of \$199.4 million from 157,700 ounces at an average realized price of \$1,265 per ounce. The increase in revenue when compared to the fourth quarter was due to more gold ounces sold resulting from higher mill throughput combined with a higher realized gold price during the quarter.
- Cost of sales for 2017 totaled \$36.1 million for the fourth quarter and \$141.3 million for the year.
- Net earnings for the quarter amounted to \$14.0 million (\$0.08 earnings per diluted share) and \$27.0 million (\$0.15 earnings per diluted share) for the year.

Full Year and Q4 2017 Liquidity and Capital Resources

- Finished the year with cash and cash equivalents of \$75.7 million. This strong cash position provides the Company with the capacity to meet its most significant near-term liquidity requirements which consist of capital and operating purchase commitments of \$26.0 million and scheduled principal debt repayments of \$20.0 million over the next 12 months.
- Generated \$30.0 million in cash from operating activities for the quarter (compared to \$25.5 million in prior quarter) and \$66.5 million for the full year (compared to \$85.7 million for the year ended 2016). The decrease in the year to date cash flow is primarily attributable to the higher operating cash costs¹ due to mine sequencing and movement into fresh rock mining.
- The financial condition of the Company remains very strong with a positive working capital balance of \$136.9 million as of December 31, 2017. Current assets have increased by \$21.5 million year to date to \$166.8 million. This increase is attributed to both an increase in inventory of \$12.0 million, as well as an \$10.4 million increase in value in the Company's investment during the current year, offset by a decrease in deposits with suppliers by \$6.2 million. Current liabilities decreased by a modest decrease of \$4.0 million in current liabilities during the current year to \$29.9 million driven by a reduction in payable and accrued liabilities.

- As at December 31, 2017, \$60 million of principal debt was outstanding with the Company having made \$20 million of principal repayments during the year ended December 31, 2017.

Financial Risk Management

- At December 31, 2017, the Company had a total of 38,400,000 litres of diesel forward contracts at an average rate of \$0.43/litre, which will settle on a net basis, covering subsequent periods that end into 2020.

Exploration Activities

- Brownfields exploration focused on exploring the higher-grade shoots located beneath the Mad Kiss and Aleck Hill and target generation beneath East Walcott within the Aurora Gold Mine. A small orientation magnetic survey was completed over Swamp Vein, with interpretation of results pending. Mapping work of other brownfield targets within proximity of the Aurora mill to define drill targets is currently ongoing.
- At Iroma, assay results were received for seven out of the nine holes. Drill hole IRD-001 returned gold grades of 1.90 g/t Au over 14 meters with a higher-grade interval 1.90 g/t Au over 4 meters. Drill hole IRD-002, drilled 40 meters to the east of IRD-001, returned 1.01 g/t Au over 26 meters including higher grade intervals of 2.47 g/t Au over 7 meters and 3.01 g/t Au over 2 meters. Drilling will continue to test the mineralized zones laterally and at depth. A drill rig road is currently being pushed towards Areas 2 and 3 along the 8.5km gold anomalous zone that will be drill tested.
- At Wynamu, assay results were received for all holes completed to date with drill hole WYD-01 returning gold grades of 11.73 g/t Au over 12 meters including higher grade intervals of 6.08 g/t Au over 5 meters and 11.73 g/t Au over 2.5 meters. Testing will continue towards the northeast of the drilled area to test anomalous gold in soils and trenches.
- At Arangoy, soil sampling conducted within the vicinity of the greenstone and intrusive lithological contact indicated a coherent gold anomaly in soils measuring roughly 1km by 0.5km. A trenching and drilling program is currently planned to test the gold anomaly. Mobilization and resources to Arangoy will commence this month.

2018 Outlook and Opportunities

The Company's production and cost guidance for 2018 was issued on Wednesday, February 20, 2018 and is provided below. Production is expected to be weighted towards the second half of the year due to mine sequencing and increased throughput to be available with the completion of the phase 1 expansion after the first quarter of 2018. The 2018 mine plan is primarily made up of all hard rock ore from the central tonalite/diorite ore at Rory's Knoll and East Walcott deposits.

Operating costs (including depreciation) are expected to be \$850-\$900 per ounce and all-in sustaining costs¹ of \$830-\$880 per ounce. These costs are based on an increased stripping rate during 2018, offset by the increased and more cost-efficient production offered by the process plant expansion investments. The royalty cost is based on an assumed gold price of \$1,200 per ounce.

2018 Guidance

Gold production (000's ounces)	190,000-210,000
Cost of sales (production costs, royalty & depreciation) (\$ per ounce)	850-900
Cash cost ¹ , excluding royalty (\$ per ounce)	430-480
AISC ¹ (\$ per ounce)	830-880

This release should be read in conjunction with the Company's fourth quarter 2017 financial statements and MD&A report on the Company's website, www.guygold.com, in the "Financial Reports" section under "Investors", or on the SEDAR website at www.sedar.com.

Conference Call

A conference call will be held today at 10:00 am ET to discuss annual and fourth quarter 2017 operational

and financial results.

A webcast will be available on the Company's website following the call or through the following link at: <http://event.on24.com/r.htm?e=1574850&s=1&k=097DFCF33FD67CAC5DEE0A76375E9414>

Conference Call Details:

Date of Call: Friday, February 23, 2018

Time of Call: 10:00am EST

Conference ID: 4794869

Dial-In Numbers:

North America Toll-Free: (888) 231-8191

International: (647) 427-7450

A recorded playback of the call will be available until March 2, 2018 by dialing: 1-855-859-2056 or 416-849-0833 and entering the call back passcode 4794869.

Non-GAAP Performance Measures

The Company has included certain non-GAAP performance measures in this document including total cash costs per ounce, all-in sustaining cost per ounce, total cash cost per ounce before royalty, and free cash flow. These measures are not defined under IFRS and should not be considered in isolation. The Company believes that these measures, together with measures determined in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company. The inclusion of these measures is meant to provide additional information and should not be used as a substitute for performance measures prepared in accordance with IFRS. These measures are not necessarily standard and therefore may not be comparable to similar measures presented by other issuers.

The Company has applied the World Gold Council's June 2013 published guidance in reporting cash costs and all-in sustaining costs to its mining operations. Adoption of cash costs and all-in sustaining cost metrics is voluntary and not necessarily standard, and therefore, these measures presented by the Company may not be comparable to similar measures presented by other issuers. The Company believes that the cash costs and all-in sustaining cost measures complement existing IFRS measures reported by the Company.

Total cash costs per ounce

Total cash costs is a common financial performance measure in the gold mining industry but with no standard meaning under IFRS. The Company reports total cash costs on a sales basis. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, such as sales, certain investors use this information to evaluate the Company's performance and ability to generate operating earnings and cash flow from its mining operations. Management uses this metric as an important tool to monitor operating cost performance.

Total cash costs include production and royalty costs. Production costs include mining, processing, refining and transportation, and site administration, and in total are then divided by gold ounces sold to arrive at total cash costs per gold ounce sold. This measure also includes other mine related costs incurred such as mine standby costs and any current inventory write downs. Production costs are exclusive of depreciation. Royalty costs are excluded from the above total cash costs figure to arrive at total cash costs per ounce – before royalty. Other companies may calculate these measures differently.

All-in sustaining cost per ounce

"All-in sustaining cost per ounce" is also a non-GAAP performance measure. The Company believes this measure more fully defines the total costs associated with producing gold; however, this performance measure has no standardized meaning. Accordingly, there may be some variation in the method of computation of "all-in sustaining cost per ounce" as determined by the Company compared with other mining companies. In this context, the Company calculates AISC as the sum of total cash costs (as described above), share-based compensation, corporate general and administrative expense, exploration and

evaluation expenditures that are sustaining in nature, reclamation cost accretion, sustaining capital including deferred stripping, and realized gains and losses on diesel derivative contracts, all divided by the gold ounces sold to arrive at a per ounce figure.

Sustaining capital expenditures are expenditures that do not increase annual gold ounce production at a mine site and excludes expenditures at the Company's development projects as well as expenditures that are deemed expansionary in nature.

Additional GAAP financial performance measures

The Company has included the additional IFRS measure "Earnings from mine operations" in the financial statements. Management believes that that "Earnings from mine operations" provides useful information to investors as an indication of the Company's principal business activities before consideration of how those activities are financed, and before sustaining capital expenditures, corporate general and administrative expenses, exploration and evaluation expenses, stock based compensation, non-mine related depreciation, net finance expenses, and taxation.

About Guyana Goldfields Inc.

[Guyana Goldfields Inc.](#) is a Canadian based mid-tier gold producer primarily focused on the exploration, development and operation of gold deposits in Guyana, South America.

Forwarding-Looking Information

This news release contains "forward-looking information" which may include, but is not limited to, statements with respect to the estimation of mineral resources, future included principal debt repayments, the expectation that certain current liabilities will be funded from operating cash flows, and the expectation of reduced future mining costs. Often, but not always, forward-looking statements can be identified by the use of words and phrases such as "plans," "expects," "is expected," "budget," "scheduled," "estimates," "forecasts," "intends," "anticipates," or "believes" or variations (including negative 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 statements are based on the opinions and estimates of management as of the date such statements are made and are based on various assumptions.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, the receipt of applicable regulatory approvals, among others, future included principal debt repayments, the expectation that certain current liabilities will be funded from operating cash flows, the expectation of reduced future mining costs, fulfilling all conditions and payments pursuant to the debt facility, general business, economic, competitive, political and social uncertainties; the actual results of exploration activities; changes in project parameters as plans continue to be refined; accidents, labour disputes and other risks of the mining industry; political instability; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the section entitled "Risk Factors" in the Company's annual information form. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this news release and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results, except as may be required by applicable securities laws. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

¹ This is a non-IFRS measure. Refer to "Non-IFRS Performance Measures" section in this MD&A

SOURCE [Guyana Goldfields Inc.](#)

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