

# Ascendant Resources Announces Q2 2018 Production Results, Continues Growth For Sixth Consecutive Quarter

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- Provides Update on Ongoing Long-Term Optimization Plan at El Mochito

## Q2 2018 Production Highlights:

- Record contained metal production of 22.9 million ZnEq lbs, an increase of 7% over Q1 2018 and 49% over Q2 2017
- ZnEq grade of 6.3%, representing an increase of 3% over 6.1% ZnEq in Q1 2018 and a 14% increase over 5.5% ZnEq in Q2 2017
- Quarterly tonnes milled of 192,428 vs 186,955 tonnes in Q1 2018 and 150,785 in Q2 2017

TORONTO, July 12, 2018 -- [Ascendant Resources Inc.](#) (TSX:ASND) (OTCQX:ASDRF) (FRA:2D9) ("Ascendant" or the "Company") announces production results from its El Mochito mine for the second quarter of 2018 demonstrating continued operational improvements highlighted by an average head grade of 6.3% ZnEq, and record contained metal production for the quarter of 22.9 million ZnEq lbs, an increase of 7% over the first quarter 2018 and 49% over the second quarter 2017.

## Q2 2018 Operational Performance

During the second quarter of 2018, Ascendant produced yet another record of contained zinc equivalent metal production with production of 22.9 million ZnEq lbs, compared to 21.4 million ZnEq lbs in the first quarter of 2018 and 15.4 million lbs in the second quarter of 2017. This represents Ascendant's sixth consecutive quarter of metal production growth. Zinc grades showed a further improvement through the quarter increasing by 2% from 4.2% zinc in Q1 2018 to 4.3% zinc in Q2 2017 (27% increase from 3.4% zinc in Q2 2017). Silver grades similarly showed a slight increase over the previous quarter. Lead grades were 5% lower at 1.5% in Q2 versus 1.6% in Q1 but were 15% higher than Q2 2017 when the lead head grade was 1.3%. Recovery rates have modestly improved over the previous quarter.

Increased conventional mining from the high-grade Imperial, Barbasco, Port Royal and San Juan "chimney" ore-bodies had a positive impact on grade for the quarter combined with better dilution controls in the mantos areas. The success experienced at the higher-grade Esperanza orebody in the first quarter slowed into the second quarter as the number of working faces increased but could not be accessed due to additional ventilation requirements. This has now been addressed.

Milled production for the quarter was up slightly (3%) at 192,428 tonnes compared to the first quarter 2018 production of 186,955 tonnes and up 28% versus Q2 2017 (150,785 tonnes). June's performance was impacted by four days of lost production caused by issues experienced with the shaft loading pocket, a failure of a main bearing on the primary screen in the plant and inclement weather which affected power to the mine. These issues have since been remedied.

Overall, Ascendant continues to see higher throughput rates with increased grade as it continues to focus on dilution control and greater contribution from conventional mining in the higher-grade chimneys. Management expects tonnes processed and ore grades to continue trending higher over the course of the year. This quarter also saw the largest contribution from long-hole stoping since Ascendant gained control of the mine; the introduction of this lower cost mining methodology is well ahead of schedule at the mine and will continue to become a greater percentage of production. The Company's cash balance was US\$11.3 million at June 30, 2018.

Two remaining bolters arrived and were made operational during the quarter, setting the stage for increased development moving forward. The Company expects delivery of the final two trucks ordered early in Q3.

Operational performance for Q2 2018 relative to Q1 2018 and 2017 is provided in the table below:

	Units	2018		2017			Q1
		Q2	Q1	Q4	Q3	Q2	
Ore Milled	tonnes	192,428	186,955	198,354	176,035	150,785	131,116
	Zinc	%	4.3%	4.2%	3.7%	3.5%	3.4%
Average Head Grade	Lead	%	1.5%	1.6%	1.4%	1.5%	1.3%
	Silver	g/t	48	46	34	38	49
	Zinc equivalent grade*	%	6.3%	6.1%	5.3%	5.4%	5.5%
Average Recoveries	Zinc	%	89.7%	89.3%	88.5%	88.8%	88.9%
	Lead	%	79.1%	76.7%	74.6%	73.7%	72.3%
	Silver	%	79.4%	78.3%	75.0%	78.0%	79.3%
Contained Metal Production	Zinc	000's lbs	16,343	15,301	14,133	12,100	9,933
	Lead	000's lbs	5,109	5,125	4,556	4,175	3,216
	Silver	ozs	229,043	215,599	169,039	168,181	188,245
	Zinc equivalent metal*	000's lbs	22,926	21,412	19,576	17,495	15,377
							13,672

\*Calculated from average Q2 2018 metal prices of US\$1.41/lb for zinc, US\$1.08 for lead, and US\$16.40 Ag for silver

President and CEO Chris Buncic stated: *"We are pleased to demonstrate yet another strong operational quarter with record contained metal production exceeding the previous quarter's record, while at the same time delivering improved zinc equivalent grades. The arrival of the remaining outstanding conventional mining equipment enabled us to increase conventional mining benefitting our volumes and grade profile. We will continue to focus on lower cost mining methods and improved grade control to improve our overall cost per tonne produced."*

#### Update on Long-Term Optimization Plans at El Mochito

Since acquiring the El Mochito mine in December 2016, Ascendant's primary objective was to rehabilitate the El Mochito mine targeting increased production, reduced costs and returning the mine to profitability in a stronger zinc commodity price environment. During 2017, production grew by 81%, direct operating cost were decreased by 31% and by the third quarter of 2017 the mine had achieved positive EBITDA and by the fourth quarter positive Free Cash Flow. As can be seen by results above, during 2018 the El Mochito mine has continued to see growth in production volumes, costs have continued to decline, and the mine continues to show improvement in almost all metrics.

In January of 2018 Ascendant management engaged third party technical and engineering firms to assist with the objective of making the El Mochito mine robust and profitable in any reasonable zinc price environment. The recent completion of the NI 43-101 Mineral Reserves and Resources Estimate and Technical Report for El Mochito (see press release of April 10, 2018), outlining Proven and Probable Reserves providing for a mine life of more than 7 years, formed a solid foundation for this analysis.

Management is currently near the completion of its detailed engineering and technical analysis, and expects that once implemented, the optimization plans will position the mine to deliver strong EBITDA and robust Free Cash Flow at consensus long-term metal prices.

The focus of the analysis has been on lowering sustainable operating and capital costs through underground mine improvements, plant upgrades and improved long term water and tailings management systems. A large part of the study is focused on materially shortening the long-term haul distances of the underground mining fleet as the new Reserves, Resources and expected future exploration discoveries continue to extend the ore body to the East of current mine infrastructure.

Full details are expected to be released during the third quarter.

President and CEO Chris Buncic continued, *&ldquo;During the second quarter, realized metal prices were lower than anticipated impacting our expected cash flow generation, and this remains so in the short-term due to global trade concerns and the perceived uncertainty from the demand-side. We remain positive on metal prices going forward but are cognizant of El Mochito&rsquo;s sensitivity to metal prices. As such, we continue to press for further long-term operational improvements to drive our costs lower, improve profitability in the short-term and set the mine on a profitable path in any reasonable metals price environment. We expect to be in a position to provide more details on our long-term optimization plans shortly.&rdquo;*

#### Second Quarter 2018 Conference Call

Ascendant plans to release second quarter 2018 financial results after market close on August 8, 2018. A conference call will be held on August 9, 2018, at 10:00am EDT to discuss second quarter 2018 operational and financial results.

#### Conference Call Details:

Date of Call: Thursday, August 9, 2018

Time of Call: 10:00am EDT

Conference ID: 3172066

Dial-In Numbers:

North American Toll-Free: 1-833-696-8362

International: 1-612-979-9908

#### About Ascendant Resources Inc.

Ascendant is a Toronto-based mining company focused on its 100%-owned El Mochito zinc-lead-silver mine in north-western Honduras, which has been in production since 1948. After acquiring the mine in December 2016, Ascendant implemented a rigorous optimization program aimed at restoring the historic potential of the El Mochito mine. In 2017, the Company successfully completed the operational turnaround with sustained production reaching record levels and profitability restored. The Company remains focused on cost reduction and further operational improvements to drive robust free cash flow in 2018 and beyond. Ascendant is also focused on expanding and upgrading known resources through extensive exploration work for near-term growth. With a significant land package of 11,000 hectares and an abundance of historical data there are several regional targets providing longer term exploration upside which could lead to further resource growth. The Company is also engaged in the evaluation of producing and development stage mineral resource opportunities, on an ongoing basis. The Company's common shares are principally listed on the Toronto Stock Exchange under the symbol "ASND". For more information on Ascendant Resources, please visit our website at [www.ascendantresources.com](http://www.ascendantresources.com).

*Neither the Toronto Stock Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX) accepts responsibility for the adequacy or accuracy of this release.*

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#### Cautionary Notes to US Investors

*The information concerning the Company&rsquo;s mineral properties has been prepared in accordance with National Instrument 43-101 (&ldquo;NI-43-101&rdquo;) adopted by the Canadian Securities Administrators. In accordance with NI-43-101, the terms &ldquo;mineral reserves&rdquo;, &ldquo;proven mineral reserve&rdquo;, &ldquo;probable mineral reserve&rdquo;, &ldquo;mineral resource&rdquo;,,*

*&ldquo;measured mineral resource&rdquo;, &ldquo;indicated mineral resource&rdquo; and &ldquo;inferred mineral resource&rdquo; are defined in the Canadian Institute of Mining, Metallurgy and Petroleum (the &ldquo;CIM&rdquo;) Definition Standards for Mineral Resources and Mineral Reserves adopted by the CIM Council on May 10, 2014. While the terms &ldquo;mineral resource&rdquo;, &ldquo;measured mineral resource&rdquo;, &ldquo;indicated mineral resource&rdquo; and &ldquo;inferred mineral resource&rdquo; are recognized and required by NI 43-101, the U.S. Securities Exchange Commission (&ldquo;SEC&rdquo;) does not recognize them. The reader is cautioned that, except for that portion of mineral resources classified as mineral reserves, mineral resources do not have demonstrated economic value. Inferred mineral resources have a high degree of uncertainty as to their existence and as to whether they can be economically or legally mined. It cannot be assumed that all or any part of any inferred mineral resource will ever be upgraded to a higher category. Therefore, the reader is cautioned not to assume that all or any part of an inferred mineral resource exists, that it can be economically or legally mined, or that it will ever be upgraded to a higher category. Likewise, you are cautioned not to assume that all or any part of a measured or indicated mineral resource will ever be upgraded into mineral reserves.*

*Readers should be aware that the Company&rsquo;s financial statements (and information derived therefrom) have been prepared in accordance with International Financial Reporting Standards (&ldquo;IFRS&rdquo;) as issued by the International Accounting Standards Board and are subject to Canadian auditing and auditor independence standards. IFRS differs in some respects from United States generally accepted accounting principles and thus the Company&rsquo;s financial statements (and information derived therefrom) may not be comparable to those of United States companies.*

#### *Forward Looking Information*

*This news release contains "forward-looking statements" and "forward-looking information" (collectively, "forward-looking information") within the meaning of applicable Canadian securities legislation. All information contained in this news release, other than statements of current and historical fact, is forward-looking information. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "budget", "guidance", "scheduled", "estimates", "forecasts", "strategy", "target", "intends", "objective", "goal", "understands", "anticipates" and "believes" (and variations of these or similar words) and statements that certain actions, events or results "may", "could", "would", "should", "might" "occur" or "be achieved" or "will be taken" (and variations of these or similar expressions). Forward-looking information is also identifiable in statements of currently occurring matters which may continue in the future, such as "providing the Company with", "is currently", "allows/allowing for", "will advance" or "continues to" or other statements that may be stated in the present tense with future implications. All of the forward-looking information in this news release is qualified by this cautionary note.*

*Forward-looking information in this news release includes, but is not limited to, statements regarding the consistency of processing recovery levels, improvements of grades in 2018, deployment of new mining equipment, increase in contained metal production, maintenance of production rates, increase of mill feed grades, reduction of costs, the ability to fully fund planned development, exploration expenditures and the undertaking of various long-term optimization programs. Forward-looking information is not, and cannot be, a guarantee of future results or events. Forward-looking information is based on, among other things, opinions, assumptions, estimates and analyses that, while considered reasonable by Ascendant at the date the forward-looking information is provided, inherently are subject to significant risks, uncertainties, contingencies and other factors that may cause actual results and events to be materially different from those expressed or implied by the forward-looking information. The material factors or assumptions that Ascendant identified and were applied by Ascendant in drawing conclusions or making forecasts or projections set out in the forward-looking information include, but are not limited to, the ability of the Company to maintain the consistency of processing recovery levels, to improve grades in 2018, to deploy new mining equipment, increase contained metal production, maintain production rates, increase mill feed grades, reduce costs, fully fund planned development, exploration and capital expenditures and undertake various long-term optimization programs and other events that may affect Ascendant's ability to develop its project; and no significant and continuing adverse changes in general economic conditions or conditions in the financial markets.*

*The risks, uncertainties, contingencies and other factors that may cause actual results to differ materially from those expressed or implied by the forward-looking information may include, but are not limited to, risks generally associated with the mining industry, such as economic factors (including future commodity prices, currency fluctuations, energy prices and general cost escalation), uncertainties related to the development and operation of Ascendant's projects, dependence on key personnel and employee and union relations, risks related to political or social unrest or change, rights and title claims, operational risks and hazards, including unanticipated environmental, industrial and geological events and developments and the inability to*

*insure against all risks, failure of plant, equipment, processes, transportation and other infrastructure to operate as anticipated, compliance with government and environmental regulations, including permitting requirements and anti-bribery legislation, volatile financial markets that may affect Ascendant's ability to obtain additional financing on acceptable terms, the failure to obtain required approvals or clearances from government authorities on a timely basis, uncertainties related to the geology, continuity, grade and estimates of mineral reserves and resources, and the potential for variations in grade and recovery rates, uncertain costs of reclamation activities, tax refunds, hedging transactions, as well as the risks discussed in Ascendant's most recent Annual Information Form on file with the Canadian provincial securities regulatory authorities and available at [www.sedar.com](http://www.sedar.com).*

*Should one or more risk, uncertainty, contingency, or other factor materialize, or should any factor or assumption prove incorrect, actual results could vary materially from those expressed or implied in the forward-looking information. Accordingly, the reader should not place undue reliance on forward-looking information. Ascendant does not assume any obligation to update or revise any forward-looking information after the date of this news release or to explain any material difference between subsequent actual events and any forward-looking information, except as required by applicable law.*

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