

Orvana Reports Q3 2018 Results and Provides Guidance Update

09.08.2018 | [CNW](#)

TSX:ORV

Third Quarter of Fiscal 2018 Highlights:

- Consolidated quarterly gold production of 26,761 ounces, copper production of 1.6 million pounds;
- Consolidated revenue increased to \$38.4 million from sales;
- Improved consolidated COC of \$1,027 and AISC of \$1,291;
- EBITDA of \$3.9 million.

TORONTO, Aug. 8, 2018 - [Orvana Minerals Corp.](#) (TSX:ORV) (the "Company" or "Orvana") announced today financial and operational results for the third quarter ("Q3 2018"). The Company is also providing financial and operational updates for its Don Mario Mine Complex ("Don Mario") and Carlés Mines (collectively, "El Valle") operations in northern Spain and its Don Mario Mine Complex ("Don Mario").

The unaudited condensed interim consolidated financial statements for Q3 2018 and Management's Discussion and Analysis related thereto are available on SEDAR and on the Company's website at www.orvana.com.

Q3 2018 Highlights

- El Valle – Delivers higher gold production due to 13% increase in processed ore:
 - Gold production improved by 11% compared to Q2 2018 and recoveries remained steady at 91.8%;
 - Productivity enhancements at both, oxides and skarn production, allowed for delivery of higher processed ore grades to the mill;
 - Grades improved by 43% compared to Q3 2017 and remained in line with the previous quarter;
 - Oxide production is being sustained at 39% of mill ore feed;
 - Mechanical advance rates in oxide areas continued to improve, increasing by 20% to 1,919 meters during Q3 2018;
 - El Valle will be restarting a sector of the Carlés Mine as a short-term project commencing in Q4 2018.
- Don Mario – Production from Cerro Felix continues:
 - Gold recoveries from the Don Mario CIL plant increased to 92.4%, compared with 91.3% in the previous quarter;
 - Gold production was 9,916 ounces, an increase of 3% compared with the previous quarter.
 - Ore production was impacted by lower grades in the upper level of Cerro Felix. Higher grades are expected from the lower pit areas are mined in the following quarter.

Juan Gavidia, Interim CEO stated, "We are pleased with the progress at El Valle with continuing increases of mechanical advance rates, higher oxide production and processing at the mill along with increased grades year to date. We are committed to maintaining and improving on this trend since we are slightly below the challenging targets we imposed on ourselves for 2018. At Don Mario, higher gold recoveries from the CIL process resulted in the improvement of gold production but with the reduction in gold grade during the transition to the Cerro Felix area. We are expecting higher grades from the lower level of the next quarter and onwards. We are providing slightly revised gold and copper production guidance and AISC costs which is in line with current production, and we expect to be on track to achieve COC guidance."

Strategy and Outlook

The Company continues to pursue its objectives of optimizing production, lowering unitary cash costs, maximizing free cash flow and extending the life-of-mine of its operations and growing its operations to deliver shareholder value.

- At El Valle, the primary objective in fiscal 2018 is to continue increasing higher-grade oxides mining, therefore targeting gold output than the one realized in FY2017. The guidance put forward for FY2018 production assumed an operational transformation at our Boinás mine. This undertaking has unfolded with the right trend, although at a slower pace, in the last three quarters. To keep working on the maximization of high-grade oxides in the mill feed, we are conducting geological and geotechnical work, in order to increase mining reliability (due to the challenging grade variability and stability issues). Infrastructure and fleet maintenance investments to improve productivity and efficiency will continue to be made through last quarter of fiscal 2018, as planned.
- At Don Mario, the Company continues to produce consistent results from its re-commissioned CIL circuit, with a recovery averaging above 92% during the third quarter of fiscal 2018. Don Mario continues to pursue realization of a number of opportunities for mine life extension, including potential mining of the Company's Las Tojas satellite deposit, processing of existing mineral stockpiles, and reprocessing gold bearing tailings. With regards to exploration activities on Las Tojas, the Company expects to release results by the end of fiscal 2018.

FY 2018 Production and Cost Guidance

Based on results from the first nine months of fiscal 2018, the Company is revising its production guidance. The Company expects to achieve its COC guidance for fiscal 2018 but is revising AISC guidance.

The following table sets out Orvana's Q3 2018 results as well as its updated fiscal 2018 production, cost and capex guidance.

| | YTD 2018 FY 2018 | | FY 2018 |
|--|------------------|---------------------------|-------------------------|
| | Actual | Guidance | Revised Guidance |
| El Valle Production | | | |
| Gold (oz) | 42,768 | 65,000 – 72,000 | 55,000 – 62,000 |
| Copper (million lbs) | 3.8 | 4.1 – 4.5 | 4.9 – 5.3 |
| Don Mario Production | | | |
| Gold (oz) | 31,953 | 45,000 – 48,000 | 45,000- 48,000 |
| Copper (million lbs) | 3.1 | 2.0 – 2.3 | 3.1 |
| Total Production | | | |
| Gold (oz) | 74,721 | 110,000 – 120,000 | 100,000 – 110,000 |
| Copper (million lbs) | 6.9 | 6.1 – 6.8 | 8.0 – 8.4 |
| Total capital expenditures | \$17,287 | \$24,000 – \$27,000 | \$21,000 - \$24,000 |
| Cash operating costs (by-product) (\$/oz) gold ⁽¹⁾ | \$1,028 | \$950 – \$1,050 | \$1,000 – \$1,050 |
| All-in sustaining costs (by-product) (\$/oz) gold ⁽¹⁾ | \$1,286 | \$1,150 – \$1,250 | \$1,250 – \$1,300 |

(1) FY 2018 guidance assumptions for COC and AISC include fourth quarter by-product commodity price of \$2.75 per pound of copper and an average Euro to US Dollar exchange of 1.18.

Selected Consolidated Operational and Financial Information

Q3 2018 Q2 2018 Q3 2017 YTD 2018 YTD 2017

Operating Performance

Gold

| | | | | | |
|-----------------------------|---------|---------|---------|---------|---------|
| Grade (g/t) | 2.62 | 2.54 | 2.49 | 2.57 | 2.33 |
| Recovery (%) | 92.0 | 92.2 | 90.6 | 91.4 | 82.5 |
| Production (oz) | 26,761 | 24,788 | 26,414 | 74,721 | 62,626 |
| Sales (oz) | 26,490 | 25,489 | 24,287 | 73,974 | 58,997 |
| Average realized price / oz | \$1,298 | \$1,304 | \$1,262 | \$1,299 | \$1,253 |

Copper

| | | | | | |
|-----------------------------|--------|--------|--------|--------|--------|
| Grade (%) | 0.51 | 0.57 | 0.65 | 0.58 | 0.72 |
| Recovery (%) | 81.6 | 63.0 | 73.7 | 66.5 | 64.0 |
| Production ('000 lbs) | 1,575 | 2,609 | 3,837 | 6,943 | 10,292 |
| Sales ('000 lbs) | 2,225 | 2,531 | 4,244 | 7,456 | 10,836 |
| Average realized price / lb | \$3.11 | \$2.80 | \$2.45 | \$3.11 | \$2.42 |

Financial Performance (in 000's, except per share amounts)

| | | | | | |
|---|-----------|-----------|-----------|-----------|------------|
| Revenue | \$38,438 | \$36,930 | \$36,671 | \$109,538 | \$91,843 |
| Mining costs | \$31,729 | \$30,525 | \$31,180 | \$90,314 | \$81,808 |
| Gross margin | \$73 | (\$394) | (\$1,909) | \$137 | (\$8,754) |
| Net loss | (\$2,982) | (\$3,505) | (\$3,446) | (\$9,866) | (\$13,833) |
| Net loss per share (basic/diluted) | (\$0.02) | (\$0.03) | (\$0.03) | (\$0.07) | (\$0.10) |
| EBITDA ⁽¹⁾ | \$3,930 | \$4,473 | \$4,782 | \$12,585 | \$6,222 |
| Operating cash flows before non-cash working capital changes | \$4,282 | \$2,447 | \$2,930 | \$8,815 | \$3,317 |
| Operating cash flows | \$4,010 | (\$5,486) | \$7,769 | \$671 | \$8,396 |
| Ending cash and cash equivalents | \$13,484 | \$12,482 | \$18,504 | \$13,484 | \$18,504 |
| Capital expenditures ⁽²⁾ | \$5,618 | \$5,462 | \$3,294 | \$17,287 | \$15,512 |
| Cash operating costs (by-product) (\$/oz) gold ⁽¹⁾ | \$1,027 | \$1,055 | \$1,032 | \$1,028 | \$1,071 |
| All-in sustaining costs (by-product) (\$/oz) gold ⁽¹⁾⁽²⁾ | \$1,291 | \$1,309 | \$1,199 | \$1,286 | \$1,330 |

| | |
|-----|---|
| (1) | Earnings before interest, taxes, depreciation and amortization ("EBITDA"), cash operating costs and all-in sustaining costs are non-IFRS performance measures. |
| (2) | Each reported period excludes capital expenditures incurred in the period which will be paid in subsequent periods and includes capital expenditures incurred in prior periods and paid for in the applicable reporting period. The calculation of AISC includes capital expenditures incurred (paid and unpaid) during the period. |

About Orvana

Orvana is a multi-mine gold and copper producer. Orvana's operating assets consist of the producing gold-copper-silver El Valle and Carlés mines in northern Spain and the producing gold Don Mario mine in Bolivia. Additional information is available at Orvana's website (www.orvana.com).

Cautionary Statements - Forward-Looking Information

Certain statements in this information constitute forward-looking statements or forward-looking information within the meaning of applicable securities laws ("forward-looking statements"). Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, potentials, future events or performance (often, but not always, using words or phrases such as "believes", "expects", "plans", "estimates" or "intends" or stating that certain actions, events or results "may", "could", "would", "might", "will" or "are projected to" be taken or achieved) are not statements of historical fact, but are forward-looking statements.

The forward-looking statements herein relate to, among other things, Orvana's ability to achieve improvement in free cash flow; the potential to extend the mine life of El Valle and Don Mario beyond their current life-of-mine estimates including specifically, but not limited to in the case of Don Mario, the completion of the major tailings storage facility expansion, the mining of the Cerro Felix deposit, the processing of the mineral stockpiles and the reprocessing of the tailings material; Orvana's ability to optimize its assets to deliver shareholder value; the Company's ability to optimize productivity at Don Mario and El Valle; estimates of future production, operating costs and capital expenditures; mineral resource and reserve estimates; statements and information regarding future feasibility studies and their results; future transactions; future metal prices; the ability to achieve additional growth and geographic diversification; future financial performance, including the ability to increase cash flow and profits; future financing requirements; and mine development plans.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates and assumptions of the Company contained or incorporated by reference in this information, which may prove to be incorrect, include, but are not limited to, the various assumptions set forth herein and in Orvana's most recently filed Management's Discussion & Analysis and Annual Information Form in respect of the Company's most recently completed fiscal year (the "Company Disclosures") or as otherwise expressly incorporated herein by reference as well as: there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment or otherwise; permitting, development, operations, expansion and acquisitions at El Valle and Don Mario being consistent with the Company's current expectations; political developments in any jurisdiction in which the Company operates being consistent with its current expectations; certain price assumptions for gold, copper and silver; prices for key supplies being approximately consistent with current levels; production and cost of sales forecasts meeting expectations; the accuracy of the Company's current mineral reserve and mineral resource estimates; and labour and materials costs increasing on a basis consistent with Orvana's current expectations.

A variety of inherent risks, uncertainties and factors, many of which are beyond the Company's control, affect the operations, performance and results of the Company and its business, and could cause actual events or results to differ materially from estimated or anticipated events or results expressed or implied by forward looking statements. Some of these risks, uncertainties and factors include fluctuations in the price of gold, silver and copper; the need to recalculate estimates of resources based on actual production experience; the failure to achieve production estimates; variations in the grade of ore mined; variations in the cost of operations; the availability of qualified personnel; the Company's ability to obtain and maintain all necessary regulatory approvals and licenses; the Company's ability to use cyanide in its mining operations; risks generally associated with mineral exploration and development, including the Company's ability to continue to operate the El Valle and/or Don Mario and/or ability to resume long-term operations at Carlés Mine; the Company's ability to acquire and develop mineral properties and to successfully integrate such acquisitions; the Company's ability to execute on its strategy; the Company's ability to obtain financing when required on terms that are acceptable to the Company; challenges to the Company's interests in its property and mineral rights; current, pending and proposed legislative or regulatory developments or changes in political, social or economic conditions in the countries in which the Company operates; general economic conditions worldwide; and the risks identified in the Company's Disclosures under the heading "Risks and Uncertainties". This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements and reference should also be made to the Company's Disclosures for a description of additional risk factors.

Any forward-looking statements made in this information with respect to the anticipated development and exploration of the Company's mineral projects are intended to provide an overview of management's expectations with respect to certain future activities of the Company and may not be appropriate for other purposes.

Forward-looking statements are based on management's current plans, estimates, projections, beliefs and opinions and, except as required by law, the Company does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change. Readers are cautioned not to put undue reliance on forward-looking statements.

The forward-looking statements made in this information are intended to provide an overview of management's expectations with respect to certain future operating activities of the Company and may not be appropriate for other purposes.

Cautionary Notes to Investors & Reserve and Resource Estimates

In accordance with applicable Canadian securities regulatory requirements, all mineral reserve and mineral resource estimates of the Company disclosed in this AIF have been prepared in accordance with NI 43-101 (as defined below), classified in accordance with Canadian Institute of Mining Metallurgy and Petroleum's "CIM Standards on Mineral Resources and Reserves Definitions and Guidelines" (the "CIM Guidelines").

Pursuant to the CIM Guidelines, mineral resources have a higher degree of uncertainty than mineral reserves as to their existence as well as their economic and legal feasibility. Inferred mineral resources, which are not measured or indicated mineral resources, have the least certainty as to their existence, and it cannot be assumed that all or any part of an inferred mineral resource will be upgraded to an indicated or measured mineral resource as a result of continued exploration. Pursuant to NI 43-101, inferred mineral resources may not form the basis of any economic analysis, including any feasibility study. Accordingly, readers are cautioned not to assume that all or any part of a mineral resource exists that will ever be converted into a mineral reserve, or is or will ever be economically or legally mineable or recovered.

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