

OceanaGold reports third quarter results; increases full year guidance

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MELBOURNE, Oct. 25, 2018 - [OceanaGold Corp.](#) (TSX: OGC) (ASX: OGC) (the "Company") is pleased to release its financial and operational results for the nine and three months ended 30 September 2018. Copies of the consolidated financial statements and the Management Discussion and Analysis ("MD&A") are available on the Company's website at www.oceanagold.com

Key Highlights

- Second increase to gold production guidance with the range increased to 515,000 ounces to 545,000 ounces (from 500,000 - 540,000 ounces). All-In Sustaining Costs guidance unchanged.
- Recorded revenue of \$589.2 million with EBITDA of \$290.0 million and a net profit of \$110.8 million in the nine months ended September 30, 2018, including revenue of \$186.8 million with EBITDA of \$79.4 million and a net profit of \$21.7 million in the third quarter.
- Reduced total debt by 23% quarter-on-quarter through the discretionary repayment of \$50 million towards the revolving credit facility and \$2.7 million in equipment leases while paying \$12.4 million in dividends.
- Maintained immediate liquidity at \$139.7 million, excluding \$76.6 million of marketable securities held as strategic investments.
- Consolidated production of 406,631 ounces of gold and 12,118 tonnes of copper in the nine months ended September 30, 2018, including 138,034 ounces of gold and 4,310 tonnes of copper produced in the third quarter.
- All-In Sustaining Costs of \$751 per ounce on sales of 400,556 ounces of gold and 11,404 tonnes of copper in the nine months ended September 30, 2018. Third quarter consolidated All-In Sustaining Costs of \$761 per ounce on sales of 134,134 ounces of gold and 4,232 tonnes of copper.
- Achieved 34th consecutive quarter of positive return on invested capital.
- Exploration success continued across the business with significant results reported at the WKP regional target in New Zealand.

Mick Wilkes, President and CEO said, "I am very pleased with our operational and financial performance so far this year with each of our operations delivering solid production and strong cash flows. We expect to continue this positive momentum to close out the year on a strong note with increased cash flows expected in the fourth quarter. Despite the lower gold price received in the third quarter, we still generated a solid \$64 million in net operating cash flow allowing us to continue our investment in exploration and organic growth projects, make a discretionary debt repayment of \$50 million and pay \$12.4 million in dividends."

He added, "Over the past 12 months, we have decreased our total debt position by 43% while increasing our total liquidity by 18% and we have achieved this through strong cash flow generation from our high-quality assets. We have maintained solid EBITDA margins and remain one of only a few gold mining companies that has delivered a positive return on invested capital every quarter dating back to 2010."

"Our organic growth opportunities across our business continue to advance well with the Haile expansion expected to increase annual gold production while the Martha project is set to deliver significant value in the near future. Exploration continues to yield excellent results, exceeding our own expectations. We will therefore, continue to invest in exploration drilling to create more value for shareholders."

"Finally, on the back of the strong operational performance, we have increased our guidance for the full year. We now expect that the full year gold production will fall between 515,000 to 545,000 ounces while maintaining our AISC guidance range of \$725 to \$775 per ounce sold."

Table 1 – Production and Cost Results Summary

Quarter ended 30 Sep 2018		Haile Didipio Waihi Macraes Consolidated					
						Q3 2018	Q3 2017
Gold Produced	koz	28.6	32.8	26.6	50.0	138.0	136.0
Gold Sales	koz	27.3	32.2	26.0	48.6	134.1	131.1
Average Gold Price	US\$/oz	1,213	1,168	1,241	1,215	1,202	1,276
Copper Produced	kt	-	4.3	-	-	4.3	4.4
Copper Sales	kt	-	4.2	-	-	4.2	3.3
Average Copper Price	US\$/lb	-	2.95	-	-	2.95	2.82
Cash Costs	US\$/oz	550	312	510	594	501	416
All-In Sustaining Costs	US\$/oz	1,081	449	603	874	761	748
Year to date 30 Sep 2018		Haile Didipio Waihi Macraes Consolidated					
						YTD 2018	YTD 2017
Gold Produced	koz	104.3	91.6	65.9	144.8	406.6	408.4
Gold Sales	koz	102.9	91.7	66.9	139.1	400.6	387.0
Average Gold Price	US\$/oz	1,288	1,265	1,308	1,280	1,315	1,254
Copper Produced	kt	-	12.1	-	-	12.1	14.7
Copper Sales	kt	-	11.4	-	-	11.4	13.2
Average Copper Price	US\$/lb	-	3.05	-	-	3.05	2.63
Cash Costs	US\$/oz	414	218	614	594	465	371
All-In Sustaining Costs	US\$/oz	828	349	756	957	751	644

Table 2 – Financial Summary

Quarter ended 30 Sep 2018	Q3	Q2	Q3	YTD	YTD
(US\$m)	Sep 30 2018	Jun 30 2018	Sep 30 2017 ⁽¹⁾	Sep 30 2018	Sep 30 2017
Revenue	186.8	205.7	144.8	589.2	478.3
Cost of sales, excluding depreciation and amortisation	(92.3)	(83.3)	(59.5)	(260.3)	(190.1)
General and administration – other	(12.3)	(12.7)	(11.4)	(35.2)	(32.1)
General and administration – indirect taxes ⁽³⁾	(4.0)	(2.8)	(2.0)	(8.9)	(4.8)
Foreign currency exchange gain/(loss)	0.7	1.3	0.1	2.6	0.6
Gain on sale of available-for-sale assets	-	-	-	-	5.3
Other income/(expense)	0.5	1.5	1.3	2.6	2.3
EBITDA (excluding gain/(loss) on undesignated	79.4	109.7	73.3	290.0	259.5
hedges and impairment charge)					
Depreciation and amortisation	(46.6)	(47.7)	(44.3)	(145.7)	(131.9)
Net interest expense and finance costs	(4.0)	(3.6)	(4.4)	(11.5)	(13.0)
Earnings before income tax (excluding gain/(loss) on	28.8	58.4	24.6	133.0	114.7
undesignated hedges and impairment charge)					
Income tax expense on earnings	(8.4)	(10.7)	(3.3)	(26.2)	(9.1)
Earnings after income tax and before gain/(loss) on	20.4	47.7	21.3	106.8	105.6
undesignated hedges and impairment charge					
Impairment charge	-	-	-	-	(17.7)
Write off deferred exploration expenditure	-	(2.9)	-	(2.9)	-
Gain/(loss) on fair value of undesignated hedges	1.4	0.0	0.6	7.4	(6.2)
Tax (expense) / benefit on gain/loss on undesignated	(0.1)	(0.1)	(0.2)	(0.3)	1.7
hedges					
Share of loss from equity accounted associates	(0.0)	(0.1)	(0.0)	(0.2)	(0.3)
Net Profit	21.7	44.6	21.7	110.8	83.1
Basic earnings per share	\$0.04	\$0.07	\$0.04	\$0.18	\$0.14
Diluted earnings per share	\$0.03	\$0.07	\$0.03	\$0.18	\$0.13

- (1) For the nine months ended September 30, 2017, all revenue and costs reported did not include the Haile operations as these were capitalised as commercial production was declared effective from October 1, 2017.
- (2) The Company's consolidated financial results for the quarter ended March 31, 2018 reflected adjustments on adoption of IFRS 15 effective from January 1, 2018.
- (3) Represents indirect taxes in the Philippines – specifically excise tax (expensed as from April 1, 2018) and local business and property taxes.

Table 3 – Cash Flow Summary

Quarter ended 30 Sep 2018	Q3	Q2	Q3	YTD	YTD
(US\$m)	Sep 30 2018	Jun 30 2018	Sep 30 2017	Sep 30 2018	Sep 30 2017
Cash flows from Operating Activities	64.3	109.0	38.0	250.4	178.9
Cash flows used in Investing Activities	(58.7)	(60.0)	(50.4)	(177.8)	(188.1)
Cash flows used in Financing Activities	(63.3)	(8.3)	(13.6)	(76.0)	(9.8)

2018 Guidance

As a result of the strong operational performance in the first nine months of the year and positive outlook, the Company has increased its full year gold guidance range to 515,000 to 545,000 ounces while maintaining its robust AISC cost guidance range of \$725 to \$775 per ounce sold. The main driver for the guidance increase is Didipio on better grades and recoveries.

Operations

For the nine months ended September 30, 2018, the Company produced 406,631 ounces of gold including 138,034 ounces in the third quarter. Gold production quarter-on-quarter decreased, which was previously forecast and due primarily to lower production at Haile from lower grades and mill utilisation. In July, the process plant was shut down for an extended period for planned maintenance and installation of the pebble crusher and upgraded tailings thickener, both of which relate to the expansion of the plant.

Consolidated All-In Sustaining Costs ("AISC") for the nine months ended September 30, 2018 remains within the full year guidance range and reported at \$751 per ounce on sales of 400,556 ounces of gold. AISC in the third quarter was in line with expectations at \$761 per ounce on sales of 134,134 ounces of gold. Quarter-on-quarter AISC increased as expected and previously forecast due to lower sales and a slightly higher cost of goods sold. The decrease in sales relate to lower production from lower grades and timing of sales at Haile.

Gold production is expected to be similar quarter-on-quarter with increased production expected at Haile and Macraes offset by decreased production expected from Didipio and Waihi. The Company does expect cash flows to increase through stronger margins, particularly at Haile. Consolidated AISC are expected to come within the Company's 2018 cost guidance range.

Financial

In the third quarter, the Company reduced its total debt position by 23% through a repayment of \$50 million

towards the revolving credit facility and \$2.7 million in equipment leases. In the quarter, the Company also paid \$12.4 million in dividends reflecting its strong cash flow generation.

At the end of the third quarter, the Company maintained immediate available liquidity of \$139.7 million of which \$69.7 million was held in cash. The cash balance excludes \$76.6 million held in strategic equity investments.

In the nine months ended September 30, 2018, the Company reported revenue of \$589.2 million, its highest ever nine-month calendar year revenue. Revenue for the third quarter was \$186.8 million which was a quarter-on-quarter decrease of approximately 9% due mainly to an 7% drop in the average gold price received. The Company expects higher sales in the fourth quarter and at better margins.

The YTD 2018 EBITDA margin stood at a robust 49% with \$290.0 million recorded in the first nine months of the year, which was also the highest EBITDA the Company has achieved over the first nine months of a calendar year. Third quarter EBITDA of \$79.4 million was a decrease quarter-on-quarter due to lower revenue and slightly higher operating costs. On an annualized basis, return on invested capital ("ROIC") was approximately 9%.

Organic Growth

The Company continued to advance its organic growth opportunities in New Zealand, the USA and the Philippines while achieving significant drill results across both brownfield and greenfield exploration targets.

In New Zealand, the Company continued to advance the permitting for a 10-year mine life extension at Waihi with positive support from multiple stakeholders from the town of Waihi and in the region. In the quarter, the Company increased the mineral Resource at the Martha Project and continues to drill along two drill drives beneath the open pit to prove up an exploration target that had recently increased by 50%.

At Macraes, the Company continued to drill multiple targets mainly at Coronation North, Coronation, Deepdell, Frasers and Frasers Underground with encouraging results. The Company also achieved significant results at Golden Point and is now investigating the potential of a new underground mining operation. Additionally, the Company is working on a revised mine plan together with the recent exploration success could further extend the mine life at Macraes.

In the United States, the Haile process plant expansion continued to progress well with the installation and commissioning of the pebble crusher and upgraded tailings thickener. With the installation of this new equipment, the Company has experienced record daily throughput rates that annualise to over 3.2 million tonnes. In addition, the Company poured the concrete foundation for the Tower mill and commenced the foundation pour for the Isa mill. Both sets of equipment are expected to be in operation in the first half of 2019. Finally, the Company commenced the permitting process for the Horseshoe Underground, expanded open pit mine design and additional supporting mine infrastructure.

Exploration at Haile continued to yield encouraging results with additional mineralisation intersected at depth and in between the Ledbetter, Mustang, Mill Zone, Snake and Red deposits. The results demonstrate the potential to add low-cost reserves to the mine plan.

In the Philippines, the Didipio underground continued to ramp-up of panel one. Development of the underground water reservoir is near completion while development of panel two of the underground continues to track to plan. In the third quarter, the Company completed surface mining of the Breccia zone, which is designed to further increase the stability of underground workings in the Breccia.

Third Quarter 2018 Results and Webcast

The Company will host a conference call / webcast to discuss the results at 8:00 am on Friday 26 October 2018 (Melbourne, Australian Eastern Daylight Time) / 5:00 pm on Thursday 25 October 2018 (Toronto, Eastern Daylight Time).

Webcast Participants

To register, please copy and paste the link below into your browser:

<https://event.on24.com/wcc/r/1851535/81DFE850EAF9BDAD6A00D4AE87C30E>

Teleconference Participants (required for those who wish to ask questions)

Local (toll free) dial in numbers are:

Australia: 1 800 076 068

New Zealand: 0 800 453 421

Canada & North America: 1 888 390 0546

All other countries (toll): + 1 416 764 8688

Playback of Webcast

If you are unable to attend the call, a recording will be available for viewing on the Company's website.

About OceanaGold

[OceanaGold Corp.](#) is a mid-tier, high-margin, multinational gold producer with assets located in the Philippines, New Zealand and the United States. The Company's assets encompass the Didipio Gold-Copper Mine located on the island of Luzon in the Philippines. On the North Island of New Zealand, the Company operates the high-grade Waihi Gold Mine while on the South Island of New Zealand, the Company operates the largest gold mine in the country at the Macraes Goldfield which is made up of a series of open pit mines and the Frasers underground mine. In the United States, the Company operates the Haile Gold Mine, a top-tier, long-life, high-margin asset located in South Carolina. OceanaGold also has a significant pipeline of organic growth and exploration opportunities in the Americas and Asia-Pacific regions.

OceanaGold has operated sustainably since 1990 with a proven track-record for environmental management and community and social engagement. The Company has a strong social license to operate and works collaboratively with its valued stakeholders to identify and invest in social programs that are designed to build capacity and not dependency.

The Company expects to produce 515,000 to 545,000 ounces of gold and 15,000 to 16,000 tonnes of copper with All-In Sustaining Costs that range from \$725 to \$775 per ounce sold.

Cautionary Statement for Public Release

Certain information contained in this public release may be deemed "forward-looking" within the meaning of applicable securities laws. Forward-looking statements and information relate to future performance and reflect the Company's expectations regarding the generation of free cash flow, execution of business strategy, future growth, future production, estimated costs, results of operations, business prospects and opportunities of [OceanaGold Corp.](#) and its related subsidiaries. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are

not statements of historical fact and may be forward-looking statements. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those expressed in the forward-looking statements and information. They include, among others, the accuracy of mineral reserve and resource estimates and related assumptions, inherent operating risks, sovereign risks, risk of suspension and those risk factors identified in the Company's most recent Annual Information Form prepared and filed with securities regulators which is available on SEDAR at www.sedar.com under the Company's name. There are no assurances the Company can fulfil forward-looking statements and information. Such forward-looking statements and information are only predictions based on current information available to management as of the date that such predictions are made; actual events or results may differ materially because of risks facing the Company, some of which are beyond the Company's control. Although the Company believes that any forward-looking statements and information contained in this press release is based on reasonable assumptions, readers cannot be assured that actual outcomes or results will be consistent with such statements. Accordingly, readers should not place undue reliance on forward-looking statements and information. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements and information, whether because of new information, events or otherwise, except as required by applicable securities laws. The information contained in this release is not investment or financial product advice.

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(All financial figures in US Dollars unless otherwise stated)

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Contact

Investor Relations: Sam Pazuki, Tel: +1 416 915 3123; Jeffrey Sansom, Tel: +61 3 9656 5300; Media Relations: Melissa Bowerman, Tel: +61 459 900 099; ir@oceanagold.com, info@oceanagold.com, www.oceanagold.com, Twitter: @OceanaGold

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