

Teranga Gold Reports Record Q3 and Year-to-Date Production; Company Raises 2018 Production Guidance to 235,000-240,000 Ounces

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Establishing path to mid-tier status – Wahgnion construction on-schedule for first gold pour in 2019, Golden Hill advancing toward resource estimate

(All amounts are in U.S. dollars unless otherwise stated)

TORONTO, Nov. 01, 2018 - [Teranga Gold Corp.](#) ("Teranga" or the "Company") (TSX:TGZ; OTCQX:TGCDF) today reported its operating, financial and development results for the three and nine months ended September 30, 2018.

The Company achieved record third quarter and year-to-date gold production at Sabodala of 56,376 and 185,788 ounces, respectively, and is on track to achieve full year 2018 production of between 235,000 and 240,000 ounces up from the Company's original guidance range of between 210,000 and 225,000 ounces. Third quarter and year-to-date per ounce costs improved versus the prior year periods, positioning the Company to achieve the lower end of its full year guidance ranges for these metrics.

“Our team continued to execute successfully, managing the rainy season to achieve another strong operating quarter,” said Paul Chawrun, Chief Operating Officer. “With record year-to-date production at Sabodala in Senegal, we expect 2018 to set a new high for gold production after record-breaking years in 2016 and 2017. This is a testament to our continuous improvement program, which is resulting in improved grades relative to the Sabodala technical report, as well as our ability to manage our per ounce cost metrics.”

Mr. Chawrun added, “As we near the half-way mark of the project, Wahgnion continues to progress well, with construction on time and in line with latest capital spend estimates. With the added reserves recently announced, we have improved the 5-year profile, increasing annual production and lowering all-in sustaining costs to less than \$800 per ounce^{(1),(3)}. In addition, we are excited about Golden Hill and remain focused on completing an initial resource estimate for this advanced exploration project in early 2019.”

“We have a very clear vision – to build a multi-asset, mid-tier gold producer in West Africa. We believe this can be achieved in the next five years,” said Richard Young, President and CEO. “Our producing mine continues to generate strong free cash flows. We have a second mine under construction which, upon completion, is expected to increase annualized consolidated production by 50% to about 350,000 ounces. Additionally, we have a third project, Golden Hill that has the potential to be our third mine and take the Company to mid-tier producer status.”

OPERATING & FINANCIAL HIGHLIGHTS

Operating Data	Three months ended September 30,		
	2018	2017	Change
Gold Produced	(oz)	56,376	50,873
Gold Sold	(oz)	52,887	47,695

Average realized gold price ¹	(\$ per oz)	1,209	1,277	%)	1
Cost of sales per ounce	(\$ per oz sold)	977	1,032	%)	9
Total cash costs ¹	(\$ per oz sold)	663	782	%)	6
All-in sustaining costs (excluding (non-cash) / cash inventory movements and amortized advanced royalty costs) ¹	(\$ per oz sold)	1,052	1,084	%)	9

Notes to table above:

¹ This is a non-IFRS financial measure and does not have a standard meaning under IFRS. Please refer to Non-IFRS in the Company's Management's Discussion and Analysis for the quarter ended September 30, 2018.

Financial Data	Three months ended September 30,			Nine months ended September 30,		
	2018	2017	Change	2018	2017	Change
Revenue	(\$000's) 64,196	61,041	5 %	236,488	203,403	16 %
Cost of sales	(\$000's) (51,676)	(49,225)	5 %	(171,143)	(157,964)	8 %
Gross profit	(\$000's) 12,520	11,816	6 %	65,345	45,439	44 %
Net profit attributable to shareholders of Teranga	(\$000's) 7,866	10,370	(24 %)	22,433	26,173	(14 %)
Per share	(\$)	0.07	0.10	(24 %)	0.21	0.24
Adjusted net profit attributable to shareholders of Teranga ¹	(\$000's) 729	5,194	(86 %)	16,846	21,389	(21 %)
Per share ¹	(\$)	0.01	0.05	(86 %)	0.16	0.20
EBITDA ¹	(\$000's) 30,025	23,004	31 %	99,339	68,705	45 %
Operating cash flow excluding changes in working capital other than inventories	(\$000's) 20,166	11,884	70 %	71,137	57,902	23 %
Operating cash flow	(\$000's) 17,371	10,235	70 %	50,271	38,927	29 %
Sustaining capital expenditures (excluding deferred stripping)	(\$000's) 5,812	6,469	(10 %)	13,119	21,398	(39 %)
Capitalized deferred stripping - sustaining	(\$000's) 14,198	5,469	160 %	32,452	21,773	49 %
Growth capital expenditures	(\$000's) 39,407	4,984	691 %	84,160	14,113	496 %
Cash and cash equivalents, as at	(\$000's)			79,749	72,960	9 %

Notes to table above:

¹ This is a non-IFRS financial measure and does not have a standard meaning under IFRS. Please refer to Non-IFRS Performance Measures in the Company's Management's Discussion and Analysis for the quarter ended September 30, 2018.

- Record third quarter and year-to-date gold production at Sabodala of 56,376 and 185,788 ounces, respectively. On track to achieve full year 2018 production of between 235,000 and 240,000 ounces, an increase from the Company's original guidance of between 210,000 and 225,000 ounces.
- Year-to-date per ounce cost metrics* were all lower than the prior year periods, placing the Company on track for the lower end of its full year per ounce cost metric guidance ranges, mainly due to higher grades mined and processed.
- Total ounces mined over the last 15 month period ended September 30, 2018 reconciled 26% higher than the reserves models due to solid grade control processes and conservative resource modelling.
- Net profit attributable to shareholders was \$7.9 million (\$0.07 per share) for the third quarter compared to \$10.4 million (\$0.10 per share) in the prior year period. The decrease in net profit was due to higher income tax expense, higher depreciation expense, a new accounting standard that increases non-cash accretion expense, and higher exploration expense in the current period partially offset by realized and unrealized hedge gains.
- Adjusted net profit attributable to shareholders⁽²⁾ was \$0.7 million (\$0.01 per share) for the third quarter compared to \$5.2 million (\$0.05 per share) in the prior year period. The decrease in adjusted net profit was due to higher income tax expense, higher depreciation expense, and higher exploration expense in the current period.

*Per ounce metrics include cost of sales as well as the following non-IFRS financial measures: total cash costs, all-in sustaining costs and all-in sustaining costs (excluding (non-cash)/cash inventory movements and amortized advanced royalty costs). Please refer to the non-IFRS financial measures at the end of the Company's MD&A for the three and nine months ended September 30 2018.

LIQUIDITY HIGHLIGHTS

- Cash flow related to operating activities for the third quarter, before changes in working capital excluding inventories, increased 70 percent year-over-year to \$20.2 million.
- Cash and cash equivalents totalled \$79.7 million, a decrease of \$12.0 million from the second quarter 2018 balance of \$91.7 million, due to construction of the Company's second mine.
- During the third quarter, the Company drew down an additional \$32.2 million under the secured debt facility with Taurus Funds Management Pty Ltd; in total the Company has drawn down \$102.2 million of the \$165 million Wahgnion tranche of the Taurus Facility.
- In October, the Golden Hill tranche of the Taurus Facility increased by an additional \$10 million to \$35 million to fund the Company's acquisition of its joint venture partner's minority interest in the Golden Hill and Gourma exploration projects in Burkina Faso.

ORGANIC GROWTH HIGHLIGHTS

Updated Wahgnion NI 43-101 Highlights Significant Improvements to Reserves and 5-Year Profile

- Open-pit proven and probable reserves increased by nearly 40% or 450,000 ounces of gold to 1.6 million ounces.
- Extended initial mine life from 9 to 13 years.
- Improved 5-year profile, increasing annual production and lowering all-in sustaining costs per ounce to \$761 per ounce⁽¹⁾.

Wahgnion Construction is on Schedule

- Engineering and drafting are mostly complete apart from piping design and layout.
- Steel fabrication and equipment manufacture are on schedule with a large amount of items dispatched and currently in transit to site.
- Despite a heavy rainy season, concrete pours remain on schedule for the plant areas, with significant progress made in the primary crusher, reclaim, SAG & ball mill pedestals, leach tanks and elution areas.
- Bulk civils for the mine services, construction laydowns and site roads continued, with the plant and camp areas largely completed.

Golden Hill: Potential to be Teranga's Third Mine

- Progressing towards an initial resource estimate in early 2019.
- Increased ownership in Golden Hill to 100% through acquisition of the joint venture partner minority interest, funded through upsizing the Golden Hill tranche of the Taurus Facility by an additional \$10 million to \$35 million.
- Signed an agreement with ACC Resources Limited to establish a shared exploration entity within the Dossi permit area, immediately north of Golden Hill.

- Teranga has secured \$25 million⁽⁴⁾ for the future advancement of Golden Hill to a feasibility study through the Taurus Facility.

CONSOLIDATED FINANCIAL STATEMENTS

A copy of Teranga's consolidated financial statements and management's discussion & analysis for the three and nine months ended September 30, 2018 are available on the Company's website at www.terangagold.com, SEDAR at www.sedar.com and on the OTC Markets website at www.otcmarkets.com/terangagold.

Q3 2018 CONFERENCE CALL & WEBCAST

Teranga will host a conference call/audio webcast today at 8:30 a.m. ET, during which management will review the highlights for the quarter. Those wishing to listen can access the live conference call and webcast as follows:

Date & Time: Thursday, November 1, 2018 at 8:30 a.m. ET

Telephone: Toll-free +1-877-291-4570
Local of International +1-647-788-4919
Please allow 10 minutes to be connected to the conference call.

Webcast: The webcast can be accessed on Teranga's website at www.terangagold.com/q32018.

Replay: The conference call replay will be available for two weeks after the call by dialling +1-416-621-4642 or toll-free at +1-800-585-8367 and entering the conference ID 4389617.

Note: The slide presentation will be available for download at www.terangagold.com for simultaneous viewing during the call.

ENDNOTES

This is a non-IFRS financial measure and does not have a standard meaning under IFRS. Please refer to
(1) Non-IFRS Performance Measures in the Company's Management's Discussion and Analysis for the three and nine months ended September 30, 2018.

This is a non-IFRS financial measure and does not have a standard meaning under IFRS. Starting in 2018, the Company adopted "adjusted net profit attributable to shareholders" and "adjusted basic earnings per share" as new non-IFRS financial measures. These non-IFRS financial measures are used by management and investors to measure the underlying operating performance of the Company. Presenting these measures from period to period is expected to help management and investors evaluate earnings trends more readily in comparison with results from prior periods.

The Company calculates "adjusted net profit attributable to shareholders" as net profit attributable to shareholders adjusted to exclude specific items that are significant, but not reflective of the underlying operations of the Company, including: the impact of unrealized and realized foreign exchange gains and losses, gains and losses on derivative instruments, accretion expense on long-term obligations, impairment provisions and reversals thereof, and other unusual or non-recurring items. During the second quarter of 2018, the Company also excluded the impact of foreign exchange movements on deferred taxes and other non-cash fair value changes from adjusted net profit attributable to shareholders as management does not believe these factors to be reflective of the underlying performance of the Company.

(2) "Adjusted basic earnings per share" is calculated using the weighted average number of shares outstanding under the basic method of earnings per share as determined under IFRS.

	Three months ended September 30,		Nine months ended September 30,	
(US\$000's)	2018	2017	2018	2017
Net profit attributable to shareholders	7,866	10,370	22,433	26,173
Adjustments (net of tax) for:				
Gains on derivative instruments	(8,567)	(5,320)	(16,448)	(5,320)

Accretion expense	2,565	145	7,569	438
Acquisition	-	-	-	52
Net foreign exchange losses	641	1,102	2,586	4,039
Impact of foreign exchange on deferred taxes	61	(1,103)	2,532	(3,993)
Change in fair value of share warrant liability	(1,284)	-	(1,273)	-
Change in fair value of gold offtake payment liability	(553)	-	(553)	-
Adjusted net profit attributable to shareholders	729	5,194	16,846	21,389
Basic earnings per share	0.07	0.10	0.21	0.24
Adjusted basic earnings per share	0.01	0.05	0.16	0.20

For complete details of non-IFRS financial measures, please see the Non-IFRS Financial Measures section in the Company's Management's Discussion & Analysis for the three and nine months ended September 30, 2018 available on the Company's website at www.terangagold.com.

(3) Life of mine all-in sustaining costs figures for Wahgnion are before (non-cash)/cash inventory movements and exclude any allocation of corporate overheads.

The \$25 million tranche from the Taurus Facility is to fund the completion of a feasibility study on Golden Hill, (4) and is available for drawdown upon delivery of a positive initial preliminary economic assessment to the satisfaction of the lenders.

FORWARD-LOOKING STATEMENTS

This press release contains certain statements that constitute forward-looking information within the meaning of applicable securities laws ("forward-looking statements"), which reflects management's expectations regarding Teranga's future growth opportunities, results of operations, performance (both operational and financial) and business prospects (including the timing and development of new deposits and the success of exploration activities) and other opportunities. Wherever possible, words such as "plans", "expects", "does not expect", "scheduled", "trends", "indications", "potential", "estimates", "predicts", "anticipate" “to establish” or "does not anticipate", "believe", "intend", "ability to" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might", "will", or are "likely" to be taken, occur or be achieved, have been used to identify such forward looking information. Specific forward-looking statements in this presentation include forecasting 2018 gold production of between 235,000 and 240,000 ounces, annualized production to increase 50% to about 350,000 ounces upon completion of Wahgnion in 2019 and progressing towards an initial resource in January 2019 at Golden Hill. Although the forward-looking information contained in this press release reflect management's current beliefs based upon information currently available to management and based upon what management believes to be reasonable assumptions, Teranga cannot be certain that actual results will be consistent with such forward-looking information. Such forward-looking statements are based upon assumptions, opinions and analysis made by management in light of its experience, current conditions and its expectations of future developments that management believe to be reasonable and relevant but that may prove to be incorrect. These assumptions include, among other things, the closing and timing of financing, the ability to obtain any requisite governmental approvals, the accuracy of mineral reserve and mineral resource estimates, gold price, exchange rates, fuel and energy costs, future economic conditions, anticipated future estimates of free cash flow, and courses of action. Teranga cautions you not to place undue reliance upon any such forward-looking statements.

The risks and uncertainties that may affect forward-looking statements include, among others: the inherent risks involved in exploration and development of mineral properties, including government approvals and permitting, changes in economic conditions, changes in the worldwide price of gold and other key inputs, changes in mine plans and other factors, such as project execution delays, many of which are beyond the control of Teranga, as well as other risks and uncertainties which are more fully described in Teranga's Annual Information Form dated March 29, 2018, and in other filings of Teranga with securities and regulatory authorities which are available at www.sedar.com. Teranga does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change. Nothing in this document should be construed as either an offer to sell or a solicitation to buy or sell Teranga securities. All references to Teranga include its subsidiaries unless the context requires otherwise.

ABOUT TERANGA

Teranga is a multi-jurisdictional West African gold company focused on production and development as well as the exploration of more than 6,400 km² of land located on prospective gold belts. Since its initial public offering in 2010, Teranga has produced more than 1.5 million ounces of gold at its Sabodala operation in Senegal. Focused on diversification and growth, the Company is advancing construction of its second producing gold mine, Wahgnion, which is located in Burkina Faso, as well as carrying out extensive exploration programs in three West African countries: Burkina Faso, Côte d'Ivoire and Senegal. The Company had more than 4.0 million ounces of gold reserves as of June 30, 2018. Teranga applies a rigorous capital allocation framework for its investment decisions to execute on its growth strategy relying on a combination of cash on the balance sheet, free cash flow from operations and debt.

Steadfast in its commitment to set the benchmark for responsible mining, Teranga operates in accordance with the highest international standards and aims to act as a catalyst for sustainable economic, environmental, and community development as it strives to create value for all of its stakeholders. Teranga is a member of the United Nations Global Compact and a leading member of the multi-stakeholder group responsible for the submission of the first Senegalese Extractive Industries Transparency Initiative revenue report.

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