

Anaconda Mining Reports Third Quarter 2018 Results; Generates \$1.6 Million of Cash Flow from Operating Activities

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TORONTO, Nov. 8, 2018 - [Anaconda Mining Inc.](#) ("Anaconda" or the "Company") – (TSX: ANX) (OTCQX: ANXC) pleased to report its financial and operating results for the three and nine months ended September 30, 2018 ("Q3 2018") condensed interim consolidated financial statements and management discussion & analysis documents can be found on www.sedar.com and the Company's website, www.anacondamining.com. All dollar amounts are in Canadian dollars unless otherwise noted.

In 2017, the Company changed its fiscal year-end to December 31, from its previous fiscal year end of May 31. For comparative purposes, the results for the three and nine months ended September 30, 2018, have been compared to the three and nine months ended August 31, 2017.

Third Quarter 2018 Highlights

- Anaconda produced a quarterly record of 5,099 ounces of gold during Q3 2018 and has produced 14,024 ounces of gold in 2018. The Company is on track to exceed its 2018 production guidance of 18,000 ounces.
- Anaconda sold 4,314 ounces of gold and generated metal revenue of \$6.9 million in Q3 2018, at an average realized price* of \$1,603 per ounce (US\$1,227). As at September 30, 2018, the Company also had over 945 ounces in gold inventory, which were subsequently sold in early October.
- Operating cash costs per ounce sold* at the Point Rouse Project in the three and nine months ended September 30, 2018 were \$1,047 (US\$801) and \$938 (US\$729), respectively. The Company is on track to achieve its revised guidance of operating cash costs per ounce sold of less than \$1,000 per ounce (~US\$780).
- Strong revenue and lower costs enabled the Point Rouse Project to generate EBITDA* of \$2.3 million for the third quarter of 2018, and \$9.3 million for the first nine months of 2018.
- On a consolidated basis, EBITDA* for the three and nine months ended September 30, 2018 was \$1.2 million and \$5.3 million, respectively, compared with \$1.7 million and \$5.3 million in the comparative periods.
- All-in sustaining cash costs per ounce sold*, including corporate administration and sustaining capital expenditure, were \$1,520 (US\$1,163) and \$1,418 (US\$1,102) for the three and nine months ended September 30, 2018, respectively.
- In the first nine months of 2018, the Company invested \$6.0 million in its exploration and development projects, including \$2.0 million on the Goldboro Gold Project in Nova Scotia.
- For the three months ended September 30, 2018, net loss was \$936,755, or \$0.01 per share, compared to \$324,000, or \$0.01 per share for the comparative period.
- Net loss for the nine months ended September 30, 2018 was \$1,337,080, or \$0.01 per share, which included transaction costs related to the takeover bid for [Maritime Resources Corp.](#) ("Maritime") of \$854,131, or \$0.01 per share. Excluding transaction costs, net loss for the nine months ended September 30, 2018 was \$482,949, or \$0.00 per share.
- As at September 30, 2018, the Company had a cash balance of \$7.6 million, working capital* of \$7.4 million, and available liquidity of \$1,000,000 from an undrawn revolving line of credit facility.

*Refer to Non-IFRS Measures section below. A full reconciliation of Non-IFRS Measures can be found in the Company's Management Discussion and Analysis for the three and nine months ended September 30, 2018

"Anaconda continues to achieve strong operational results during 2018, achieving record quarterly production of 5,099 ounces of gold, generating a further \$1.6 million in cash flow from operations, at operating cash costs of US\$729 per ounce year-to-date. Continued free cash flow from the Point Rouse Project and a robust balance sheet with a cash balance of \$7.6 million allow the Company to progress its growth projects, particularly at the Goldboro Gold Project where we recently announced strong increases to its Mineral Resource and an improved preliminary economic assessment. We are well positioned in the challenging market to continue to execute our strategy as a growing gold producer in Atlantic Canada."

~Dustin Angelo, President and CEO, [Anaconda Mining Inc.](#)

Consolidated Results Summary

Financial Results	Three months	Three months	Nine months	Nine months
	ended	ended	ended	ended
	September 30,	August 31,	September 30,	September 30, August 31, 2017
	2018	2017	2018	(restated)
Revenue (\$)	6,923,738	8,127,452	21,971,955	22,032,298
Cost of operations, including depletion and depreciation (\$)	6,237,829	7,309,870	17,335,327	20,249,983
Mine operating income (\$)	685,909	817,582	4,636,628	1,782,315
Net loss (\$)	(936,755)	(324,033)	(1,337,080)	(3,154,325)
Net loss per share (\$/share) – basic and diluted (0.01)		(0.00)	(0.01)	(0.05)
Cash generated from operating activities (\$)	1,572,020	540,472	5,508,525	4,036,555
Capital investment in property, mill and equipment (\$)	357,834	179,471	1,738,946	966,420
Capital investment in exploration and evaluation assets (\$)	1,309,749	681,732	3,966,183	1,974,427
Average realized gold price per ounce *	US\$1,227	US\$1,251	US\$1,289	US\$1,207
Operating cash costs per ounce sold *	US\$801	US\$743	US\$729	US\$744
All-in sustaining cash costs per ounce sold *	US\$1,163	US\$1,017	US\$1,102	US\$1,034

*Refer to Non-IFRS Measures section below

Operational Results	Three months	Three months	Nine months	Nine months
	ended	ended	ended	ended
	September 30,	August 31,	September 30,	September 30, August 31,
	2018	2017	2018	2017
Ore mined (t)	51,620	158,857	228,293	353,556
Waste mined (t)	380,580	364,380	987,354	1,075,843
Strip ratio	7.4	2.3	4.3	3.0
Ore milled (t)	120,374	119,401	350,892	335,119
Grade (g/t Au)	1.52	1.35	1.45	1.37
Recovery (%)	86.6	86.8	85.9	86.0
Gold ounces produced	5,099	4,581	14,024	12,729

Gold ounces sold	4,314	4,723	13,170	12,977
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Third Quarter 2018 Review

Operational Overview

The Pine Cove Mill achieved throughput of 120,374 tonnes in Q3 2018, just 1% lower than the quarterly throughput achieved in the second quarter of 2018. Mill throughput was 1,332 tpd in Q3 2018, down slightly from the comparative three months ended August 31, 2017. Average grade during the third quarter of 2018 was 1.52 g/t, an increase of 10% over the second quarter of 2018 due to a greater proportion of mill feed from Stog'er Tight relative to ore stockpiled from the Pine Cove Pit. The Company expects to maintain the increased grade profile through the second half of 2018, as ore feed continues to be predominantly sourced from Stog'er Tight. Higher grade combined with an average recovery rate of 86.6% during Q3 2018 resulted in record quarterly gold production of 5,099 ounces.

During Q3 2018, mine operations produced a total of 51,620 tonnes of ore from the Stog'er Tight Mine, in addition to moving 380,580 tonnes of waste for a strip ratio of 7.4 tonnes of waste tonnes to ore tonnes. The strip ratio has decreased significantly from the second quarter of 2018, when mining activity was focused on pre-production development activity, and is expected to decrease further over the life of the pit.

Mine activity in the Pine Cove Pit finished in the middle of March, and the Company has commenced planning for pushbacks to the pit, which are expected to contribute ore in 2019. The Company has now converted the Pine Cove Pit into a fully-permitted in-pit tailings storage facility, which has approximately 15 years of capacity based on a throughput rate of 1,350 tonnes per day.

Financial Results

Anaconda sold 4,314 ounces of gold during the third quarter of 2018, generating gold and silver revenue of \$6.9 million, and year-to-date has sold 13,170 ounces to generate revenue of \$21.9 million at an average realized gold price of C\$1,659 per ounce (US\$1,289). As at September 30, 2018, the Company also had over 945 ounces of gold doré inventory, which were sold in early October. The Company is now on track to exceed its 2018 production guidance of 18,000 ounces at operating cash costs of under \$1,000 per ounce (~US\$780).

Operating expenses for the three and nine months ended September 30, 2018 were \$4,472,273 and \$12,411,876, respectively, compared to \$5,037,132 and \$13,996,158 in the three and nine months ended August 31, 2017, respectively. The decrease in operating costs was the result of lower mining costs as the operation moved 17% less material during the quarter and 15% less material in the first nine months of 2018. This was partially offset by higher processing costs, which were driven by a 5% increase in throughput during the first nine months of the year. The operating cash costs per ounce sold for the third quarter were \$1,047 (US\$801) compared to \$956 (US\$743) for the three months ended August 31, 2017, due to higher processing costs for the quarter as well as lower ounces sold. For the nine months ended September 30, 2018, operating cash costs were \$938 (US\$729), a reduction of 2% compared to operating cash costs of \$996 per ounce sold (US\$744) in the nine months ended August 31, 2017.

Depletion and depreciation expense for the three and nine months ended September 30, 2018 was \$1,714,188 and \$4,853,006, respectively, a decrease from \$2,272,738 and \$6,250,873 during the comparative periods. The lower depletion and depreciation was the result of lower depletion of stripping costs for the Pine Cove Pit, where mining was completed in Q1 2018. Capitalized development costs for Stog'er Tight for 2018 of \$993,502 are now being depreciated from May 1, 2018, the beginning of production.

Mine operating income for the three months ended September 30, 2018 was \$685,909, compared to \$817,582 in the comparative period of 2017. During the first nine months of 2018, the Company generated mine operating income of \$4,636,628, significantly higher than the \$1,782,315 generated in the nine months ended August 31, 2017, due to 22% lower cost of operations.

Corporate administration expenditures were \$952,029 and \$3,194,725 for the three and nine months ended

September 30, 2018, compared to \$1,244,616 and \$2,529,289 for the comparative periods ended August 31, 2017. The higher expenditures in the nine months ended September 30, 2018 reflect the expanded senior management team to execute the Company's growth plans, greater market presence and investor relations activity, and the timing of certain corporate costs as a result of the change in year-end to December 31.

The drawdown of the deferred premium on flow-through shares resulted in a recovery of \$253,535 in the nine months ended September 30, 2018, as the remaining exploration commitments from the October 31, 2017 flow-through financing were incurred in the first half of 2018.

Net loss for the three months ended September 30, 2018, was \$936,755, or \$0.01 per share, compared to \$324,033, or \$0.00 per share, in the comparative period, with the primary driver of the quarterly change being a net tax expense in Q3 2018 of \$370,000 compared to a net tax recovery of \$267,000 in the three months ended August 31, 2017. For the first nine months of 2018, net loss was \$1,337,080, or \$0.01 per share, compared to a net loss of \$3,154,325, or \$0.05 per share, for the nine months ended August 31, 2017. The improvement over the comparative period was the result of higher mine operating income, which was partially offset by higher corporate administration expenditures and share-based compensation. Net loss for the period was further impacted by the recognition of \$854,131 in transaction costs related to the takeover bid of Maritime. The Company also recorded a current income tax expense of \$813,445 relating to provincial mining tax and a deferred income tax expense of \$660,000 during the nine months ended September 30, 2018 (nine months ended August 31, 2017 – \$59,000 and \$1,996,000, respectively).

Financial Position and Cash Flow Analysis

As at September 30, 2018, the Company continued to maintain a robust working capital position of \$7,404,989, which included cash and cash equivalents of \$7,579,958. In addition, the Company maintains a \$1,000,000 revolving credit facility with the Royal Bank of Canada. As at September 30, 2018, the Company had not drawn against the revolving credit facility.

During the three months ended September 30, 2018, Anaconda generated cash flow from operations of \$1,572,020, after accounting for corporate administration costs. Revenue less operating expenses from the Point Rouse Project were \$2,451,465, based on quarterly gold sales of 4,314 ounces at an average price of C\$1,603 per ounce sold and operating cash costs of C\$1,047 per ounce sold. Corporate administration costs in the third quarter were \$952,029 and there was a net increase in operating cash flows of \$300,928 from changes in working capital.

During Q3 2018, the Company continued to invest in its key growth projects in Newfoundland and Nova Scotia. The Company spent \$1,309,749 in Q3 2018 and \$3,966,183 during the first nine months of 2018 on exploration and evaluation assets (adjusted for amounts included in trade payables and accruals at September 30, 2018), primarily on the continued advancement of the Goldboro Project, which included \$1.5 million on the bulk sample program which commenced in August 2018. The Company has also invested \$1,738,946 year-to-date into the property, mill and equipment at the Point Rouse Project, which included capital development of \$993,502 at Stog'er Tight.

Financing activities during Q3 2018 were primarily limited to the repayment of capital lease obligations and government loans. In June 2018, the Company successfully completed a flow-through financing of \$4,465,290. The Company has also received cash proceeds of \$116,000 from the exercise of stock options in fiscal 2018.

Restatement of Prior Period Financial Information

As part of the preparation of the audited consolidated financial statements for the year ended May 31, 2017, the Company undertook a comprehensive review of the capitalization and units-of-production depletion calculations for its production stripping asset and property, mill infrastructure and equipment and deferred taxes and discovered that certain errors had been made. As a result, the Company amended the treatment of these balance sheet items resulting in a restatement of prior periods.

The amounts of each adjustment and a reconciliation between the previously published consolidated

statement of comprehensive loss for the nine months ended September 30, 2017, have been presented in Note 4 of the condensed interim consolidated financial statements.

ABOUT ANACONDA

Anaconda Mining is a TSX-listed gold mining, development, and exploration company, focused in the prospective Atlantic Canadian jurisdictions of Newfoundland and Nova Scotia. The Company operates the Point Rousse Project located in the Baie Verte Mining District in Newfoundland, comprised of the Stog'er Tight open pit mine, the Pine Cove open pit mine, the Argyle Mineral Resource, the fully-permitted Pine Cove Mill and 7-million tonne capacity tailings facility, and approximately 9,150 hectares of prospective gold-bearing property. Anaconda is also developing the Goldboro Gold Project in Nova Scotia, a high-grade Mineral Resource, subject of a 2018 preliminary economic assessment which demonstrates a strong project economics.

The Company also has a wholly owned exploration company that is solely focused on early stage exploration in Newfoundland and New Brunswick.

FORWARD-LOOKING STATEMENTS

This news release contains "forward-looking information" within the meaning of applicable Canadian and United States securities legislation. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes" or 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 information is based on the opinions and estimates of management at the date the information is made, and is based on a number of assumptions and is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Anaconda to be materially different from those expressed or implied by such forward-looking information, including risks associated with the exploration, development and mining such as economic factors as they effect exploration, future commodity prices, changes in foreign exchange and interest rates, actual results of current production, development and exploration activities, government regulation, political or economic developments, environmental risks, permitting timelines, capital expenditures, operating or technical difficulties in connection with development activities, employee relations, the speculative nature of gold exploration and development, including the risks of diminishing quantities of grades of resources, contests over title to properties, and changes in project parameters as plans continue to be refined as well as those risk factors discussed in the annual information form for the fiscal year ended December 31, 2017, available on www.sedar.com. Although Anaconda has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. Anaconda does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

NON-IFRS MEASURES

Anaconda has included certain non-IFRS performance measures as detailed below. In the gold mining industry, these are common performance measures but may not be comparable to similar measures presented by other issuers. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Operating Cash Costs per Ounce of Gold – Anaconda calculates operating cash costs per ounce by dividing operating expenses per the consolidated statement of operations, net of silver sales and aggregate sales by-product revenue, by the gold ounces sold during the applicable period. Operating expenses include mine site operating costs such as mining, processing and administration as well as royalties, however excludes depletion and depreciation and rehabilitation costs.

All-In Sustaining Costs per Ounce of Gold – Anaconda has adopted an all-in sustaining cost

performance measure that reflects all of the expenditures that are required to produce an ounce of gold from current operations. While there is no standardized meaning of the measure across the industry, the Company's definition conforms to the all-in sustaining cost definition as set out by the World Gold Council in its guidance dated June 27, 2013. The World Gold Council is a non-regulatory, non-profit organization established in 1987 whose members include global senior mining companies. The Company believes that this measure will be useful to external users in assessing operating performance and the ability to generate free cash flow from current operations.

The Company defines all-in sustaining costs as the sum of operating cash costs (per above), sustaining capital (capital required to maintain current operations at existing levels), corporate administration costs, sustaining exploration, and rehabilitation accretion and amortization related to current operations. All-in sustaining costs excludes capital expenditures for significant improvements at existing operations deemed to be expansionary in nature, exploration and evaluation related to growth projects, financing costs, debt repayments, and taxes. Canadian and US dollars are noted for realized gold price, operating cash costs per ounce of gold and all-in sustaining costs per ounce of gold. Both currencies are considered relevant and the Company uses the average foreign exchange rate for the period.

Average Realized Gold Price per Ounce Sold – In the gold mining industry, average realized gold price per ounce sold is a common performance measure that does not have any standardized meaning. The most directly comparable measure prepared in accordance with IFRS is gold revenue. The measure is intended to assist readers in evaluating the revenue received in a period from each ounce of gold sold.

Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA") - EBITDA is earnings before finance expense, deferred income tax expense and depletion and depreciation.

Point Rousse Project EBITDA is EBITDA before corporate administration, transaction costs, write-down of exploration assets, share-based compensation, and all other expenses (income).

Working Capital – Working capital is a common measure of near-term liquidity and is calculated by deducting current liabilities from current assets.

SOURCE [Anaconda Mining Inc.](#)

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