

TMAC Reports Record Q3 Operating and Financial Performance; 1,900 tpd Plant Throughput and 1,975 tpd Mine Production for October

08.11.2018 | [Business Wire](#)

[TMAC Resources Inc.](#) (TSX: TMR) ("TMAC" or the "Company") reports its operating and financial results for the third quarter of 2018.

Jason Neal, President and Chief Executive Officer of TMAC, stated, "TMAC is pleased to report record performance in the third quarter, including tonnes mined, tonnes processed, gold production and gold sales, but we are more excited about the progress we have made that will drive further substantial improvement in our operating and financial results. After a difficult July to open the quarter, the processing plant improved to average 80% recoveries for the full quarter, and then in October exceeded our ramp up expectations with throughput of 1,900 tonnes per day while maintaining recovery of 82%. Our investments in the processing plant to improve recoveries through additional gravity concentrators and other modifications are well advanced with the Knelson XD20s online and both the Falcon SB1350s and the Falcon C2000s are being installed in November."

Mr. Neal continued, "Mine production improved modestly in the third quarter, but development activity substantially opened up mining at the Doris Hinge, Doris BTD and Doris Crown Pillar by mid-October and drove October mine production to 1,975 tonnes per day. Our permitting activity at Madrid and Boston is now one quarter ahead of the schedule we had previously communicated. With expected receipt of the Type A Water Licences for Madrid and Boston in Q1 2019, we are now assessing Madrid North development which may deliver ore to the Plant in 2019. We have also concurrently released today strong drilling results at Doris and Madrid North, including at Naartok East where recent shallow drilling has delivered grade and strike extent materially beyond what was predicted in our current model of the near surface expression. The balance sheet has been substantially strengthened with a \$90 million equity financing, supported by the largest shareholders of our Company, which closed in early October. At the end of October, we made principal payments and prepayments against our debt to reduce the balance from US\$160.0 million to US\$125.8 million and, by the end of January, our debt will be further reduced to US\$117.0 million."

The Company achieved record gold production of 33,100 ounces during the third quarter. Gold sales of 32,140 ounces during the third quarter produced record revenues of \$50.3 million with cost of sales of \$50.0 million, resulting in a profit from mining operations of \$0.3 million. The net loss totalled \$3.3 million, or \$0.04 per share on a basic and fully diluted basis and EBITDA ⁽¹⁾ totalled \$15.7 million. Increased production resulted in the generation of positive cash flows from operations of \$6.1 million.

Processing Plant: Third Quarter and October Performance

TMAC began the process of ramping up the processing plant (the "Plant") in June when the second concentrator line began commissioning. The Company has managed a steady increase in throughput, including 1,385 tonnes per day ("tpd") on average for the third quarter, and the Plant has now exceeded expectations for the pace of ramp up with an average of 1,900 tpd being processed in October. The October performance has been achieved in a month where there has been extensive construction activity in the Plant related to the installation of additional gravity concentrators and substantial related upgrades and reconfiguration, with almost zero additional downtime in the month other than regularly scheduled

maintenance. In the month of October, the Plant exceeded 2,000 tpd for 17 operating days and 2,200 tpd for seven operating days with the peak production day of 2,333 tpd. Peak performance for the first concentrator line was 1,162 tpd and for the second concentrator line, which only started up in mid-June, peak

performance was 1,206 tpd and on average processed 1,008 tpd.

After disappointing Plant recovery of 75% for July, the Plant returned to the expected recovery range and for the full third quarter averaged 80%. The Plant achieved 82% recovery for the month of October and delivered by far the most consistent daily recovery in our operating history. Recoveries continue to benefit from the Falcon SB400 installed in April and the Company believes that the current recoveries of 82% to 85% represents the sustainable range before the benefits of the additional gravity concentrators and the other Plant modifications are completed.

The processed grade in the third quarter of 10.1 g/t included purposely lower feed grade of 9.0 g/t in July during the period of high operating volatility in the early weeks of starting up the second concentrator line. Third quarter gold production of 33,100 ounces and gold sales of 32,140 ounces are both record performances for TMAC. Feed grade in October was also below average at 6.7 g/t, with Plant operating decisions driven in part by expectations for improving gold recoveries in November and December as well as reduced financial liquidity pressure with the completion of a substantial equity financing. Despite lower grades, October gold production of 10,470 ounces and gold sales of 11,240 ounces represent our third best month.

(1) EBITDA (Earnings before interest, taxes, depreciation and amortization) refer to non-IFRS measures. Refer to the Management Discussion and Analysis for further information on these measures.

Processing Plant: Gravity Concentrator Upgrades and Additions

TMAC is highly focused on completing the installation of the additional gravity concentrators in the Plant, which was extensively detailed in our second quarter results and Management Discussion and Analysis. In the third quarter, significant progress was made and the project is nearing completion. Two Knelson XD20s have been installed to capture fine gravity recoverable gold in the concentrate treatment side of the Plant (the "CTP") reground circuit. Their installation included the reconfiguration of the inline pressure jigs and spinners to the CTP in recirculation with the screening circuit, with those changes completed by the end of October.

The successful Falcon SB400s in each of the concentrator lines are being upgraded to Falcon SB1350s, which are being installed in November. The Falcon SB1350s will enable the Plant to treat the entire flow within the primary grinding circuit, rather than solely the recirculating load. Two Falcon C2000s, which are expected to scavenge gravity recoverable gold and sulfides from the cyclone overflow feeding the flotation cells thereby further reducing losses to tailings, are expected to be online by the end of November. The surge bins for each of the concentrator lines, currently in fabrication, will be installed before the end of the year to add further stability to Plant operations; this is the last significant planned modification. TMAC maintains its expectation that recoveries of at least 90% will be achieved by the end of the year with the completion of these Plant modifications.

Doris Mine: Third Quarter and October Performance

During the third quarter and the month of October, the Company completed underground infrastructure and development, including vent raises and escapeways, to provide access to three production areas and one development area: the hinge zone in Doris North ("Doris Hinge"); Doris North below the diabase dyke zone ("Doris BTD"); the crown pillar at Doris which can be mined from surface ("Doris Crown Pillar"); and the development of Doris Connector. Production volumes from the Doris mine in early 2018 were substantially limited to production from Doris North above the diabase dyke but sequenced below the thicker, higher-grade Doris Hinge.

The Company mined 103,300 tonnes of ore, or 1,123 tpd, in the third quarter including 92,300 tonnes of ore at 9.0 g/t, primarily from mining stopes in Doris North, and 11,000 tonnes of incremental ore at 3.3 g/t, primarily from development activity in the Doris Connector. Incremental ore is below the cut-off grade for mining and is separately stockpiled because it is derived from development and must be brought to surface regardless. This material has an in situ value of approximately \$175 per tonne and, therefore, generates a significant margin over processing costs and will be processed given Plant capacity or as part of blending strategies.

Ore stockpiles at September 30, 2018 were estimated to contain 73,300 tonnes, consisting of 33,100 tonnes of ore at an average grade of 7.0 g/t, or 7,500 ounces of contained gold, and 40,200 tonnes of incremental ore at a grade of 3.3 g/t containing 4,300 ounces of gold.

TMAC mined 61,200 tonnes of ore, or 1,975 tpd, in the month of October. The improved mining rate includes the benefit of accessing attractive Doris Hinge and Doris BTD stopes by the middle of October and the start-up of the surface recovery of the Doris Crown Pillar. The initial estimates of available ore from the Doris Crown Pillar were 16,000 tonnes at 17.0 g/t contained in a high-grade core. As surface mining activity in October progressed, TMAC's confidence in the additional ore volume available increased as 21,415 tonnes were mined in October at an estimated grade of 7.2 g/t even before reaching the targeted zone. The Company now estimates that mining from the Doris Crown Pillar will produce up to 75,000 tonnes in total, comprised of a probable mineral reserve of 16,000 tonnes at 17.0 g/t and an inferred mineral resource of 59,000 tonnes at 6.2 g/t that will be upgraded with further development and sampling.

Madrid-Boston Project Permitting Progress

TMAC announced the positive recommendation of the Nunavut Impact Review Board ("NIRB") in June and subsequent acceptance by the Minister of Crown Indigenous Relations and the Minister of Intergovernmental and Northern Affairs and Internal Trade in October. The NIRB conducted the Project Certificate Workshop on November 1, 2018 with all parties and expects to issue the Project Certificate by November 15, 2018. The final Nunavut Water Board ("NWB") hearing concluded on October 25, 2018. Within 45 days of that date, the NWB will send the draft Type A Water Licences to the Ministers for approval that is reasonably expected to follow 45 days thereafter. As such, TMAC has revised its expectation on timing to receive the Type A Water Licences to be in the first quarter of 2019 rather than in the second quarter as was originally anticipated.

The scope of permitting for the development of Madrid and Boston covers the projects as described in the Company's prefeasibility study published in 2015. The permitting strategy, however, also included operational flexibility, additional infrastructure and water-use for increased processing throughput. Also included in the permitting is surface crown pillar recovery similar in approach to what is currently being executed at Doris.

With the revised expected timing to receive the Project Certificate and Type A Water Licences, TMAC is currently evaluating advanced exploration and development strategies for Madrid North, which may include generating ore feed for the Plant in 2019.

Exploration Results and Strategic Focus

The Company last released exploration results in June and today has concurrently issued a news release with further results from its 2018 program.

The most significant focus at Doris has been on extending the Doris BTD. Results demonstrate continuing strong gold grade to the north and the zone remains open in this direction. Highlights from the recent drilling results include TM50172 grading 16.4 g/t Au over 6.5 metres and TM50175 grading 24.2 g/t Au over 10.9 metres. By year end, there will be a further 60 metres of development which will set up an additional drill platform to test a further 100 metres of strike length. Doris BTD will remain a significant focus of our 2019 exploration program. In addition, the advancement of development at Doris Connector will provide exploration platforms for Doris Connector and Doris BTD Connector.

TMAC also completed 75 holes at Madrid North in 2018, of which 44 were targeting the Naartok West zone and 31 were targeting the Naartok East zone. The results showed strong grade and geological continuity within the higher-grade core of the deposit. Results at Naartok East exceeded expectations with better grade and strike extension than previously modelled from wide-spaced drilling. Recent highlights from the Naartok West zone include drill hole TM00381, intersecting 7.4 g/t Au over 65.7 metres, including 14.4 g/t Au over 26.1 metres and drill hole TM00396, intersecting 6.6 g/t Au over 42.2 metres. Highlights from the Naartok East zone include drill hole TM00422, which intersected 10.4 g/t Au over 9.6 metres and drill hole TM00441, which intersected 11.0 g/t Au over 12.5 metres, including 23.6 g/t Au over 5.4 metres. The successful exploration program at Madrid North supports TMAC's ongoing evaluation of near-term development.

The priorities for the 2019 exploration program are being finalized, but is expected to include expenditure at Doris targeted to add mine life, investment at Madrid North to prepare TMAC for near-term development decisions, exploration at Boston targeted at increasing reserves and resources to make better-informed infrastructure development decisions and regional exploration, which benefits from extensive historic work, and will be focused on targets in proximity to established, planned or potential infrastructure. Included in TMAC's \$90 million equity offering that closed in October was \$15 million of flow-through shares. TMAC expects a minimum exploration budget of \$20 million in 2019, when including exploration at Doris, which is not funded by flow-through shares.

Financial Results

Cash Costs per ounce sold ⁽¹⁾ in the third quarter of US\$825 per ounce sold were 11% lower than the previous quarter as gold sales continued to increase quarter-over-quarter due to increased recoveries and throughput, and costs decreased as economies of scale were achieved. Gold sales increased by 25% in the quarter while gross Cash Costs, excluding a net realizable value adjustment on ore stockpiles⁽²⁾ equal to US\$47 per ounce, increased by 6% in the same period. With continued improvement in recoveries expected in the fourth quarter of 2018, combined with it being the first full quarter of running both concentrating lines, the unit costs are expected to decline even further.

AISC per ounce sold ⁽¹⁾ in the third quarter of US\$1,456 per ounce sold were 11% lower than the previous quarter and include site infrastructure projects, which mostly consist of one-time initiatives to improve life-of-mine production. The largest components of site infrastructure projects are the construction of the south dam in the tailings impoundment area, the marine outfall pipeline and the gravity concentrator project in the Plant, all of which relate more to original project construction capital as opposed to sustaining capital, though these items are included as sustaining capital in AISC due to timing, and totalled US\$240 per ounce in the third quarter. The AISC per ounce sold is expected to decrease as production from the Plant increases and improvement and construction capital expenditures decrease. The sustaining capital expenditures are expected to be approximately \$15 million in the fourth quarter compared with \$22 million in the third quarter.

	Three months ended September 30,	Three months ended June 30,	Three months ended March 31,
	2018 US\$/oz	2018 US\$/oz	2018 US\$/oz
Ounces sold	32,140	25,760	19,540
Cash Costs ⁽¹⁾	825	928	1,049
Less: Inventory NRV Adjustment ⁽²⁾	(47)	(12)	-
Cash Costs excluding NRV adjustment	778	916	1,049
Corporate general and administration costs	103	132	169
Underground development	149	198	215
Site infrastructure projects	139	104	174
All-in sustaining costs before the following	1,169	1,350	1,607
South dam	19	256	190
Marine outfall pipeline	131	20	10
Gravity concentrator project	90	4	-
Add back: Inventory NRV Adjustment ⁽²⁾	47	12	-
All-in sustaining costs	1,456	1,642	1,807

Balance Sheet

TMAC completed several initiatives in the third quarter and in the month of October to strengthen the balance sheet.

On October 3, 2018, TMAC completed a \$90 million equity financing for aggregate gross proceeds of \$90.0 million and net proceeds of approximately \$88.0 million, or 98% of the gross proceeds. The equity financing consisted of a concurrent public offering and a private placement of common shares and flow-through common shares at a blended offering price of \$4.40 per share.

On October 31, 2018, in addition to the regularly scheduled \$8.4 million (US\$6.5 million) principal payment, the Company made an additional voluntary prepayment of \$36.3 million (US\$27.7 million) against its debt facility. The additional voluntary prepayment had no fees associated with it and reduces the scheduled January 31, 2019 principal payment to \$11.4 million (US\$8.8 million). The interest savings on the voluntary prepayment are expected to be approximately \$0.8 million.

(1) Cash Costs, AISC (All-in Sustaining Costs) and EBITDA (Earnings before interest, taxes, depreciation and amortization) refer to non-IFRS measures. Refer to the Management Discussion and Analysis for further information on these measures.

(2) The net realisable value adjustment was processed against gold and stockpile inventory. Refer to the management discussion and analysis for further details.

THIRD QUARTER FINANCIAL AND OPERATING RESULTS

TMAC filed its third quarter 2018 Financial Statements and MD&A for the period ended September 30, 2018. The documents may be found on the Company's website at www.tmacresources.com or, once filed, on SEDAR at www.sedar.com. Please read this news release in conjunction with these documents.

CONFERENCE CALL AND WEBCAST

Senior management will host a conference call on Friday, November 9, 2018 at 10:00 am (ET).

In order to participate in the conference call please dial (416) 915-3239 (Toronto local or international) or 1 (800) 319-4610 for toll-free within Canada and the United States at least five minutes prior to the scheduled start of the call. Alternatively, a live audio webcast of the conference call will be available at <http://services.choruscall.ca/links/tmacresources20181109.html>. An archive of the webcast will be available on the Company's website.

CONFERENCE ATTENDANCE

November 27 - 28, 2018

Jason Neal, President and Chief Executive Officer, will present on Wednesday, November 28, 2018 at 10:50 am ET at the 2018 Scotiabank Mining Conference, taking place in Toronto, ON, Canada.

FORWARD-LOOKING INFORMATION

This release contains "forward-looking information" within the meaning of applicable securities laws that is intended to be covered by the safe harbours created by those laws. "Forward-looking information" includes statements that use forward-looking terminology such as "may", "will", "expect", "anticipate", "believe", "continue", "potential" or the negative thereof or other variations thereof or comparable terminology. Such forward-looking information includes, without limitation, bringing the timing for bringing Madrid and Boston into production and the throughput and recoveries ramp up at Doris throughout 2018.

Forward-looking information is not a guarantee of future performance and management bases forward-looking statements on a number of estimates and assumptions at the date the statements are made. Furthermore, such forward-looking information involves a variety of known and unknown risks, uncertainties and other factors, which may cause the actual plans, intentions, activities, results, performance or achievements of the Company to be materially different from any plans, intentions, activities, results, performance or achievements expressed or implied by such forward-looking information. See "Risk Factors" in the Company's Annual Information Form dated February 22, 2018 filed on SEDAR at www.sedar.com for a discussion of these risks.

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