

Capstone Mining Reports 2018 Financial Results

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(All amounts in US\$ unless otherwise specified)

VANCOUVER, Feb. 12, 2019 - [Capstone Mining Corp.](#) ("Capstone" or the "Company") (TSX:CS) announced its financial results for the three months and year ended December 31, 2018. Cash flow from operating activities for the quarter was \$54.2 million or \$0.14 per share and \$131.1 million or \$0.34 per share for the full year.

"Operational performance at our mines steadily improved as the year progressed, with increased production as well as lower costs quarter-over-quarter," said Darren Pylot, President and CEO of Capstone. "We ended 2018 strong and are well positioned for a solid 2019."

Q4 2018 HIGHLIGHTS

- Capstone achieved 2018 guidance from continuing operations with consolidated production of 155.2 million pounds of copper and C1 cash cost¹ of \$1.83 per pound payable produced.
- Q4 2018 copper production from continuing operations of 42.3 million pounds and C1 cash cost¹ of \$1.70 per pound payable produced. Q4 was the third consecutive quarterly performance improvement in 2018.
- Operating cash flow before changes in working capital¹ of \$19.1 million. A reduction in net debt during Q4 2018 of \$15.0 million and a \$15.0 million repayment on the Revolving Credit Facility ("RCF") for a total of \$55.0 million in RCF repayments during 2018. Q4 2018 operating cash flow before changes in working capital¹ was impacted by lower sales volumes in Q3 2018.
- Adjusted net income from continuing operations¹ of \$7.9 million (\$0.02 per share) and net loss from continuing operations of \$15.2 million ((\$0.04) per share). Net loss included non-recurring restructuring charges and non-cash deferred tax write-downs. Refer to the Alternative Performance Measures section in the Management's Discussion & Analysis for details ended December 31, 2018 for details.
- Cozamin reserves increased by ~90% and targeting 30% increase in production by end of 2020.
- Positive technical report with strong economics released for Santo Domingo and strategic process launched:
 - NPV (after-tax) of \$1.0 billion and IRR of 22%.
 - Robust, permitted copper-iron oxide-gold project; shovel-ready by early-2020.
 - Strategic process launched to optimize the ownership structure to align with Capstone's financing capabilities to maximize the value of the project for Capstone's shareholders.
- Minto mine placed on temporary care and maintenance to preserve value while the Company continues to run a strategic process.

OPERATIONAL OVERVIEW

	Q4 2018	Q4 2017	2018	2017
Copper Production (million pounds)				
Pinto Valley	33.0	35.6	119.0	126.4
Cozamin	9.3	9.4	36.2	36.9
Total from continuing operations	42.3	45.0	155.2	163.3
C1 Cash Cost ¹ (\$/lb) Produced				
Pinto Valley	1.97	1.79	2.16	1.95
Cozamin	0.75	1.04	0.75	1.16
Consolidated from continuing operations	1.70	1.63	1.83	1.77

Consolidated copper production from continuing operations of 155.2 million pounds and C1 cash cost¹ of \$1.83 per pound produced for 2018 was in line with guidance.

Pinto Valley Mine

Pinto Valley's Q4 2018 production increased from the third quarter on planned higher throughput. Throughput improved due to increased stabilization of operations and reliability improvements in the crushing and milling circuits. Average grade of 0.34% during the quarter was in accordance with the mine plan.

Cozamin Mine

Cozamin's Q4 2018 copper production increased from the third quarter on higher throughput of 3,030 tonnes per day. Production from the San Rafael zinc zone ramped up to planned levels during Q3 2018, resulting in the highest quarterly zinc production in Q4 2018. Zinc production in 2018 totaled 15 million pounds.

FINANCIAL OVERVIEW

Please refer to the Company's financial statements, related notes and accompanying Management's Discussion and Analysis for a full review of its fourth quarter and full year 2018 financial and operational results. This can be accessed by clicking on this link: [Q4-2018 MD&A and Financial Statements](#).

	Q4 2018	Q4 2017	2018	2017	2016
Revenue from continuing operations ² (\$ millions)	98.0	126.5	415.9	430.4	374.6
Net (loss) income from continuing operations (\$ millions)	(15.2)	37.4	7.4	44.6	(223.9)
Adjusted net income (loss) from continuing operations ¹ (\$ millions)	7.9	11.2	31.5	(3.3)	(0.5)
Net income (loss) (\$ millions)	(39.0)	29.5	(23.6)	55.1	(197.4)
Adjusted EBITDA ¹ from continuing operations (\$ millions)	31.2	38.7	126.5	94.9	89.4
Cash flow from operating activities ² (\$ millions)	54.2	44.8	131.1	112.5	125.3
Operating cash flow before changes in working capital ^{1, 2} (\$ millions)	19.1	38.2	100.4	129.7	156.9
Total assets (\$ millions)	1,336.1	1,400.5	1,336.1	1,400.5	1,395.0
Net debt ¹ (\$ millions)	150.1	158.7	150.1	158.7	198.6

² In accordance with IFRS 5, Minto's results are excluded from revenue but included within cash flow amounts in both the current and comparative period.

OUTLOOK - 2019 PRODUCTION, COST AND CAPITAL GUIDANCE

In 2019, Capstone expects to produce between 145 million and 160 million pounds of copper at a C1 cash cost¹ of between \$1.80 and \$2.00 per pound payable copper produced.

2019 Guidance	Pinto Valley	Cozamin	Santo Domingo	Total
Production and Cost				
Copper production (million pounds)	115 – 125	30 – 35	-	145 - 160
C1 Cash Cost ^{1,2}	\$2.10 - \$2.25	\$0.90 - \$1.05	-	\$1.80 - \$2.00
Capital Expenditure (\$ millions, rounded)				
Sustaining	26.5	29.0	-	55.5
Capitalized Stripping ³	13.5	-	-	13.5
Expansionary	6.0	4.0	10.5 ⁴	20.5
Total Capital Expenditure	46.0	33.0	10.5	89.5
Exploration (\$ millions, rounded)				
Brownfield ⁵	-	6.0	-	6.0
Greenfield ⁶	-	-	-	6.0
Total Exploration				

-

6.0



12.0

² Per pound of payable copper produced, net of by-product credits and treatment and selling costs.

³ Capitalized stripping is included as an operating cost in the PV3 PFS; however, under IFRS accounting guidelines, stripping costs are capitalized when certain criteria are met.

⁴ On a 100% basis, the total is approximately \$15 million; ownership is 70% Capstone and 30% KORES.

⁵ Brownfield exploration is capitalized.

⁶ Greenfield exploration is expensed.

CONFERENCE CALL AND WEBCAST DETAILS

Capstone will hold a conference call and webcast on Wednesday, February 13, 2019 at 11:30 a.m. Eastern time (8:30 a.m. Pacific time) to discuss these results; call-in details and information on associated slides are provided below. This release is not suitable on a standalone basis for readers unfamiliar with Capstone and should be read in conjunction with Capstone's consolidated financial statements and management's discussion and analysis ("MD&A") for the quarter ended December 31, 2018, which are available on Capstone's website at <https://capstonemining.com/investors/financial-reporting/default.aspx> and on SEDAR, all of which have been reviewed and approved by Capstone's Board of Directors. An updated corporate presentation will also be available at <https://capstonemining.com/investors/events-and-presentations/default.aspx>.

Date: Wednesday, February 13, 2019

Time: 11:30 am Eastern Time (8:30 am Pacific Time)

Dial in: North America: 1-888-390-0546, International: +416-764-8688

Webcast: <https://event.on24.com/wcc/r/1877147/BCD1389992682067485D8D0C5727099E>

Replay: North America: 1-888-390-0541, International: +416-764-8677

Replay Passcode: 521712#

The conference call replay will be available until Wednesday, February 20, 2019. The conference call audio file will be available on Capstone's website within 48 hours of the call at <https://capstonemining.com/investors/events-and-presentations/default.aspx>.

ABOUT CAPSTONE MINING CORP.

[Capstone Mining Corp.](#) is a Canadian base metals mining company, focused on copper. We are committed to the responsible development of our assets and the environments in which we operate. Our two producing mines are the Pinto Valley copper mine located in Arizona, US and the Cozamin polymetallic mine in Zacatecas State, Mexico. In addition, Capstone has the large scale 70% owned copper-iron Santo Domingo development project in Region III, Chile in partnership with Korea Resources Corporation, the Minto copper mine in Yukon, Canada currently on care and maintenance, as well as a portfolio of exploration properties. Capstone's strategy is to focus on the optimization of operations and assets in politically stable, mining-friendly regions, centred in the Americas. Our headquarters are in Vancouver, Canada and we are listed on the Toronto Stock Exchange (TSX). Further information is available at www.capstonemining.com.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This document may contain "forward-looking information" within the meaning of Canadian securities

legislation and "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, "forward-looking statements"). These forward-looking statements are made as of the date of this document and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation.

Forward-looking statements relate to future events or future performance and reflect our expectations or beliefs regarding future events. Forward-looking statements include, but are not limited to, statements with respect to the estimation of mineral resources and mineral reserves, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production and capital expenditures, the success of our mining operations, environmental risks, unanticipated reclamation expenses and title disputes. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes" or variations of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document certain forward-looking statements are identified by words including "guidance" and "expects". By their very nature, forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, amongst others, risks related to inherent hazards associated with mining operations and closure of mining projects, future prices of copper and other metals, compliance with financial covenants, surety bonding, our ability to raise capital, Capstone's ability to acquire properties for growth, counterparty risks associated with sales of our metals, use of financial derivative instruments and associated counterparty risks, foreign currency exchange rate fluctuations, changes in general economic conditions, accuracy of mineral resource and mineral reserve estimates, operating in foreign jurisdictions with risk of changes to governmental regulation, compliance with governmental regulations, compliance with environmental laws and regulations, reliance on approvals, licences and permits from governmental authorities, impact of climatic conditions on our operations, aboriginal title claims and rights to consultation and accommodation, land reclamation and mine closure obligations, uncertainties and risks related to the potential development of the Santo Domingo Project, increased operating and capital costs, challenges to title to our mineral properties, maintaining ongoing social license to operate, dependence on key management personnel, potential conflicts of interest involving our directors and officers, corruption and bribery, limitations inherent in our insurance coverage, labour relations, increasing energy prices, competition in the mining industry, risks associated with joint venture partners, our ability to integrate new acquisitions into our operations, cybersecurity threats, legal proceedings, and other risks of the mining industry as well as those factors detailed from time to time in the Company's interim and annual financial statements and MD&A of those statements, all of which are filed and available for review under the Company's profile on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause our actual results, performance or achievements to differ materially from those described in our forward-looking statements, there may be other factors that cause our results, performance or achievements not to be as anticipated, estimated or intended. There can be no assurance that our forward-looking statements will prove to be accurate, as our actual results, performance or achievements could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on our forward-looking statements.

NATIONAL INSTRUMENT 43-101 COMPLIANCE

Unless otherwise indicated, Capstone has prepared the technical information in this news release ("Technical Information") based on information contained in the technical reports, news releases and MD&A's (collectively the "Disclosure Documents") available under [Capstone Mining Corp.](#)'s company profile on SEDAR at www.sedar.com. Each Disclosure Document was prepared by, or under the supervision of, a qualified person (a "Qualified Person") as defined in National Instrument 43-101 Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators ("NI 43-101"). Readers are encouraged to review the full text of the Disclosure Documents which qualifies the Technical Information. Readers are advised that mineral resources that are not mineral reserves do not have demonstrated economic viability. The Disclosure Documents are each intended to be read as a whole, and sections should not be read or relied upon out of context. The Technical Information is subject to the assumptions and qualifications contained in the Disclosure Documents.

The technical information in this news release ("Technical Information") was prepared by, or under the supervision of, a qualified person (a "Qualified Person") as defined in National Instrument 43-101 Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators ("NI 43-101"). The disclosure of Technical Information and information related to mineral exploration activities contained in this news release

have been reviewed and approved by Brad Mercer, P. Geol., Senior Vice President, Operation and Exploration.

ALTERNATIVE PERFORMANCE MEASURES

The items marked with a "1" are alternative performance measures and readers should refer to Alternative Performance Measures in the Company's Management's Discussion and Analysis for the quarter ended December 31, 2018 as filed on SEDAR and as available on the Company's website.

CAUTIONARY NOTE TO UNITED STATES INVESTORS

This news release contains disclosure that has been prepared in accordance with the requirements of Canadian securities laws, which differ from the requirements of US securities laws. Without limiting the foregoing, this news release may refer to technical reports that use the terms "indicated" and "inferred" resources. US investors are cautioned that, while such terms are recognized and required by Canadian securities laws, the SEC does not recognize them. Under US standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. US investors are cautioned not to assume that all or any part of indicated resources will ever be converted into reserves. US investors should also understand that "inferred resources" have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. It cannot be assumed that all or any part of "inferred resources" will ever be upgraded to a higher category. Therefore, US investors are also cautioned not to assume that all or any part of inferred resources exist, or that they can be mined legally or economically. Accordingly, information concerning descriptions of mineralization and resources contained in this news release may not be comparable to information made public by US companies subject to the reporting and disclosure requirements of the SEC.

¹ This is an alternative performance measure; please see "Alternative Performance Measures" at the end of this release.

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Contact

Paul Jones, VP, Business Development and Investor Relations, 604-674-0891,
pjones@capstonemining.com

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