

Anaconda Mining achieves record 2018 production and generates \$12.2m in EBITDA from the Point Rouse Project

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TORONTO, Feb. 27, 2019 - [Anaconda Mining Inc.](#) ("Anaconda" or the "Company") – (TSX: ANX) (OTCQX: ANX) pleased to report its financial and operating results for the three months and year ended December 31, 2018. In 2017, the Company changed its fiscal year end to December 31, from its previous fiscal year end of May 31. For comparative purposes, results for the year ended December 31, 2018, have been compared to the seven months ended December 31, 2017 and the seven months ended May 31, 2017.

All dollar amounts are in Canadian Dollars. This press release should be read in conjunction with the Company's audited consolidated financial statements, management discussion and analysis, and annual information form, which will be available at [www.sedar.com](#) and the Company's website [www.anacondamining.com](#).

Highlights for the Year Ended December 31, 2018

- Anaconda produced an annual record of 20,149 ounces of gold during 2018, surpassing production guidance of 18,000 ounces.
- The Company sold a record 19,290 ounces of gold in 2018, generating \$31.7 million in total revenue at an average price of C\$1,638 (US\$1,264) per ounce of gold. As at December 31, 2018, the Company also had over 860 ounces in gold inventory, which was subsequently sold in early January.
- At the Point Rouse Project, EBITDA* for the year ended December 31, 2018 was \$12.2 million, while consolidated EBITDA was \$6.8 million.
- The Pine Cove Mill achieved record annual throughput of 461,439 tonnes during 2018, reflecting a throughput rate of 1,260 tonnes per day. It also achieved a record quarterly recovery in Q4 2018 of 89.1% as a result of processing higher grade ore from Stog'er Tight, contributing to an annual record recovery of 86.7%, a 1.4% increase over the comparative period.
- Operating cash costs per ounce sold* at the Point Rouse Project for the year ended December 31, 2018, was \$978 (US\$755), achieving guidance of under \$1,000.
- All-in sustaining cash costs per ounce sold*, including corporate administration and sustaining capital expenditure, was \$1,392 (US\$1,074) for the year ended December 31, 2018, compared to \$1,297 (US\$1,020) for the prior fiscal year.
- In December 2018, the Company filed an updated Mineral Resource Estimate for the 100%-owned Goldboro Gold Project with a 15% increase in Measured and Indicated Mineral Resources and a 30% increase in Inferred Mineral Resources, in addition to an improved after-tax preliminary economic analysis.
- The Company has completed mining activities in Q1 2019 for a 10,000-tonne underground bulk sample at Goldboro. In February commenced a feasibility study on the Project.
- Net loss for the year ended December 31, 2018 was \$1,693,413, or \$0.01 per share, compared to net income of \$1,000,000, or \$0.01 per share, for the seven months ended December 31, 2017. Excluding transaction costs, net loss for the year ended December 31, 2018 was \$839,282, or \$0.01 per share.
- As at December 31, 2018, the Company had a cash balance of \$6.4 million, working capital* of \$3.2 million, and total available liquidity of \$1,000,000 from an undrawn revolving line of credit facility.

*Refer to Non-IFRS Measures section below

"Our team had a great year, generating over \$12.2 million of project-level EBITDA on the back of over 20,000 ounces of gold produced, while making significant advancements at the Goldboro Gold Project. Record production exceeded our original production guidance of 18,000 ounces, and we achieved low operating cash cost per ounce of \$978, or US\$755, which resulted in the generation of \$8.9 million in cash flow from operations. Anaconda begins the 2019 year with a robust balance sheet, including \$6.4 million of cash and an undrawn \$1 million line of credit, which will enable us to continue to develop Goldboro towards production, funded by our existing cash balance and continued cash flow generated by the Point Rouse Project."

~ Dustin Angelo, President and CEO

2019 Guidance

In 2019, the Company projecting to produce and sell between 19,000 and 20,000 ounces of gold from continued mining at Stog'er Tight and pushbacks to the Pine Cove Pit. Development at Argyle is expected towards the middle of the year, with ore production commencing in the third quarter. The Argyle project has been released, subject to certain conditions, from environmental assessment and is working towards the receipt of final permits. Mill throughput is expected to remain consistent throughout the year, with marginal ore stockpiles available to supplement mill feed, although the Company continues to investigate opportunities to defer marginal ore feed. Operating cash costs for the full year are expected to be between \$1,050 and \$1,100 per ounce of gold sold (US\$800 - US\$835 at an approximate exchange rate of 0.76).

In 2019 at the Goldboro Gold Project, Anaconda is committed to completing and publish a full feasibility study on the Project, and in parallel continue with the permitting process such that Goldboro is in a shovel-ready state by the end of the year.

Consolidated Results Summary

Financial Results	Three months ended December 31, 2018	Four months ended December 31, 2017	Year ended December 31, 2018	Seven months ended December 31, 2017	Year ended December 31, 2017
Revenue (\$)	9,759,181	8,042,324	31,731,136	16,169,776	26,634,718
Cost of operations, including depletion and depreciation (\$)	8,490,772	6,455,603	25,826,099	13,765,473	24,790,421
Mine operating income (\$)	1,268,409	1,586,721	5,905,037	2,404,303	1,844,297
Net (loss) income (\$)	(356,333)	1,228,668	(1,693,413)	904,635	(3,602,188)
Net (loss) income per share (\$/share) – basic and diluted	(0.00)	0.01	(0.01)	0.01	(0.07)
Cash generated from operating activities (\$)	3,385,823	1,495,034	8,894,347	2,035,506	4,782,426
Capital investment in property, mill and equipment (\$)	284,911	347,647	2,023,857	527,118	3,414,163
Capital investment in exploration and evaluation assets (\$)	4,057,912	1,260,414	8,024,095	1,942,146	2,868,112
Average realized gold price per ounce*	US\$1,207	US\$1,284	US\$1,265	US\$1,270	US\$1,255
Operating cash costs per ounce sold*	US\$805	US\$692	US\$755	US\$719	US\$809
All-in sustaining cash costs per ounce sold*	US\$1,014	US\$1,020	US\$1,074	US\$1,020	US\$1,272
Total assets			57,942,367	49,927,877	46,074,065
Non-current liabilities			5,290,646	5,511,935	5,801,863

*Refer to Non-IFRS Measures section below

Operational Results	Three months ended December 31, 2018	Four months ended December 31, 2017	Year ended December 31, 2018	Seven months ended December 31, 2017	Year ended May 31, 2017
Ore mined (t)	99,998	223,254	328,291	382,111	432,081
Waste mined (t)	300,952	328,434	1,288,306	692,814	2,197,251
Strip ratio	3.0	1.5	3.9	1.8	5.1
Ore milled (t)	110,547	156,239	461,439	275,640	423,204
Grade (g/t Au)	1.93	1.29	1.56	1.32	1.33
Recovery (%)	89.1	85.0	86.7	85.8	85.0
Gold Oz Produced	6,125	5,421	20,149	10,002	15,566
Gold Oz Sold	6,120	4,786	19,290	9,509	15,562

Review of the Year Ended December 31, 2018

Operational Performance - Anaconda produced an annual record of 20,149 ounces of gold in 2018, exceeding original production guidance of 18,000 ounces by 12%, as a result of higher grades from mining at the bottom of the Pine Cove Pit, higher ore production than planned from the higher-grade Stog'er Tight Mine, and record mill throughput and recovery rates.

The Pine Cove Mill processing facility remains a cornerstone asset of the Company, achieving a record annual throughput of 461,439 tonnes, and also achieving a record quarterly throughput in Q2 2018 of 121,299 tonnes, representing a rate of 1,350 tonnes per day ("tpd"). The Company continues to invest in the Pine Cove Mill, making upgrades to the regrind motor and jaw and cone crushers, while continuing to maintain consistent throughput from its crushed ore stockpiles.

Average grade during 2018 was 1.56 g/t, an increase of 18% over the previous fiscal year ended December 31, 2017, due to a greater proportion of mill feed from Stog'er Tight relative to ore stockpiled from the Pine Cove Pit. The mill achieved an annual record average recovery rate of 86.7% during the 2018 year, reflecting the impact of the higher-grade feed from Stog'er Tight. The combination of higher throughput, grade, and recoveries led to record quarterly and annual gold production.

Financial Performance - During 2018, Anaconda sold 19,290 ounces at an average realized gold price of C\$1,638, to generate total revenue of \$31.7 million, which included \$100,092 from the sale of waste rock as aggregate. As at December 31, 2018, the Company also had over 860 ounces of gold doré which were sold in early January.

Operating expenses for 2018, which include mining, processing and mine support costs, were \$18,626,974, compared to \$9,516,731 for the seven-month period ended December 31, 2017 and \$17,525,386 for the year ended May 31, 2017. On a per ounce sold basis, operating cash costs were \$978 (US\$755), achieving the Company's annual 2018 guidance of under \$1,000. Operating cash costs for the seven months ended December 31, 2017 were \$914 per ounce sold, which was positively impacted by higher by-product aggregate sales during the period. Operating expenses in 2018 also included a royalty expense of \$366,248 on production from Stog'er Tight, which carries a 3% net smelter return royalty.

Depletion and depreciation was \$6,832,877 for the year ended December 31, 2018, compared to \$4,248,742 for the seven month period ended December 31, 2017 and \$7,262,083 for the year ended May 31, 2017.

During the year ended December 31, 2018, the Company reviewed the residual values of certain buildings, machinery, and equipment at the Pine Cove Mill. The updated estimated residual values reduced the depreciation charges by approximately \$413,000 for the year ended December 31, 2018. On an annualized basis, the depletion and depreciation was consistent given the updated estimated residual values, with generally higher depletion and depreciation over the past three fiscal periods as a result of the higher gold ounces sold, which drove higher units-of-production depreciation.

Mine operating income for the year ended December 31, 2018 was \$5,905,037, compared to \$2,404,303 for the seven months ended December 31, 2017 and \$1,844,297 for the year ended May 31, 2017. The comparative higher mine operating income was attributable to higher gold sales combined with higher productivity in both the mine and mill operations, resulting in higher throughput, grades, and recovery, at similar or lower unit costs.

Corporate administration costs in 2018 were \$4,025,435, with higher comparative expenditures reflecting the expanded senior management team to execute the Company's growth plans and greater market presence and investor relations activity, particularly since the acquisition of Goldboro. The Company also incurred research and development costs of \$514,609 in the year ended December 31, 2018, relating to the Narrow Vein Mining Project announced in June 2017, and other research and development projects.

Share-based compensation was \$544,560 during the year, compared to \$131,676 and \$181,225 in the comparative fiscal years, reflecting the stock options granted during 2018, as well as the impact of the share consolidation on the fair value of the options as determined by the Black-Scholes option pricing model.

The drawdown of the deferred premium on flow-through shares resulted in a recovery of \$253,535 in the year ended December 31, 2018, as the remaining exploration commitments from the October 31, 2017 flow-through financing were incurred in the first half of 2018. The Company also recognized a write-down of exploration and evaluation costs of \$240,836 relating to the Anaroc Prospect, which did not encounter significant assays to justify further exploration work at this time.

Net loss for the year ended December 31, 2018 was \$1,693,413, or \$0.01 per share, compared to net income for the seven-month period ended December 31, 2017 of \$904,635, or \$0.01 per share. The comparative period was positively impacted by a deferred income tax recovery of \$1,569,000, while net loss for the year ended December 31, 2018 reflected a deferred income tax expense of \$617,000 relating to the use of tax loss pools, and the inclusion of \$854,131 in transaction costs related to the takeover bid of Maritime. The Company also recognized a current income tax expense of \$1,007,445 at December 31, 2018, reflecting the Company's estimate of Newfoundland and Labrador mining taxes payable based on results for the year.

Review of Fourth Quarter Results

Operational Performance - Anaconda produced 6,125 ounces of gold during the fourth quarter of 2018 and had 860 ounces of gold doré in finished goods at year-end. The Pine Cove Mill processed 110,547 tonnes of ore during the quarter at a throughput rate of 1,282 tonnes per operating day, compared to 1,299 tonnes per day during the four months ended December 31, 2017. Mill recovery of 89.1% was a 5% improvement over the comparative period, while average grade of 1.93 g/t for the three months ended December 31, 2018 was 50% higher than the four months ended December 31, 2017, reflecting the higher-grade ore being mined from Stog'er Tight relative to the Pine Cove Pit, which was the main ore feed in the comparative period.

Mine production of 99,998 tonnes of ore was significantly lower than the 223,254 tonnes of ore mined during the four months ended December 31, 2017, notwithstanding the shorter period, due to the lower-tonnage profile of the Stog'er Tight mine and the higher relative strip ratio during Q4 2018 compared to the comparative period, when ore was being sourced from the lower levels of the Pine Cove mine.

Financial Performance ‐ During Q4 2018, the Company generated \$9,754,517 in metal revenue at an average gold sales price of approximately \$1,594 per ounce. Gold revenue was 26% higher compared to the four months ended December 31, 2017, despite a shorter period, due to 28% higher gold ounces sold.

Operating expenses were \$6,215,098 during Q4 2018, equivalent to \$1,063 per ounce sold (US\$805),

compared to operating expenses of \$4,479,599 for the four months ended December 31, 2017. The significant change is due to the inventory adjustment of \$1,029,382 during Q4 2018 as the Company drew down on its stockpiles and gold-in-circuit inventory during the quarter, compared to a negative inventory adjustment of \$1,679,826 in the comparative period when the Company was building a stockpile from the Pine Cove mine.

Mine operating income for Q4 2018 was \$1,268,409, compared to \$1,586,721 for the four months ended December 31, 2017. The comparatively lower mine operating income in the most recent period, besides being a shorter period, reflects a royalty expense of \$295,803 relating to a 3% net smelter return royalty on Stog'er Tight production. There was no royalty expense in the comparative period when the Company was still processing ore from the Pine Cove Pit.

Net loss for the three months ended December 31, 2018 was \$356,333, or \$0.00 per share, compared to net income for the four months ended December 31, 2017 of \$1,228,668, or \$0.01 per share. The comparative period reflected higher relative revenue from the sale of waste rock and a deferred tax recovery of \$1,243,000, which was partially offset by lower comparative corporate administration costs. Net income in Q4 2018 also reflects a \$240,839 write-down of exploration and evaluation assets.

Non-IFRS Measures

Anaconda has included in this press release 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 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 Rouse Project EBITDA is EBITDA before corporate administration and 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.

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 Rouse Project located in the Baie Verte Mining District in Newfoundland, comprised of the Pine Cove open pit mine, the Stog'er Tight and Argyle Mineral Resource, the fully-permitted Pine Cove Mill and tailings facility, and approximately 5,800 hectares of prospective gold-bearing property. Anaconda is also developing the Goldboro Gold Project in Nova Scotia, a high-grade Mineral Resource, with the potential to leverage existing infrastructure at the Company's Point Rouse Project.

The Company also has a pipeline of organic growth opportunities, including the Great Northern Project on the Northern Peninsula of Newfoundland and the Tilt Cove Property on the Baie Verte Peninsula, also in Newfoundland.

Contact

FORWARD-LOOKING STATEMENTS
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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 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 Anaconda's annual information form for the year ended December 31, 2018, 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.

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