

# Leagold Announces 2018 Earnings, Including AISC of \$974/oz and AISC Margin of \$83.2 Million

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(All amounts in US dollars, unless otherwise indicated)

2018 Highlights include:

- Gold production of 302,550 ounces and sales of 300,053 gold ounces;
- Revenue of \$376.5 million;
- Adjusted EBITDA<sup>1</sup> of \$89.5 million;
- Net income of \$15.3 million and earnings from mine operations of \$58.3 million;
- All-in sustaining costs (AISC)<sup>1</sup> of \$974 per ounce of gold sold;
- AISC margin<sup>1</sup> of \$83.2 million; and
- Cash balance of \$53.0 million at December 31, 2018.

VANCOUVER, March 14, 2019 - [Leagold Mining Corp.](#) (TSX:LMC; OTCQX:LMCNF) ("Leagold" or the "Company") reported full year 2018 financial and operating results with consolidated gold production in 2018 of 302,550 ounces (oz) at AISC of \$974/oz sold and resulting in an AISC margin of \$83.2 million. These results generated full-year earnings from mine operations of \$58.3 million and net income of \$15.3 million. Leagold's 2018 results include the Brazilian operations on a post-acquisition basis from May 24 to year end.

Leagold CEO Neil Woodyer commented: "2018 was a transformational year as we grew into a diversified, multi-mine operation with four mines in two countries. In only two years, we have completed two significant acquisitions and established Leagold as a gold producer. We are now producing gold at an annual rate of about 400,000 oz per year. Our internal growth projects have the potential to grow production to 700,000 oz per year. These growth projects are the expansion of the Los Filos mine and the restart of construction of the Santa Luz project. Both have recently completed feasibility studies. We are advancing construction planning and optimizing the sequencing of the major expansion projects as part of our financial planning."

Table 1: 2018 Gold Production by Quarter (oz)

Mine	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Total 2018
Los Filos	51,003	43,541	42,617	58,201	195,362
RDM <sup>i,ii</sup>	-	7,889	16,596	4,913	29,398
Fazenda <sup>i</sup>	-	7,460	20,167	19,041	46,668
Pilar <sup>i</sup>	-	5,627	13,889	11,606	31,122
Total	51,003	64,517	93,269	93,761	302,550

<sup>i</sup> For Q2 2018, the results for RDM, Fazenda and Pilar are included in Leagold's results for the 38-day post-acquisition period from May 24, 2018 to June 30, 2018 (inclusive).

<sup>ii</sup> During Q4 2018, the RDM mine experienced a temporary shutdown from early October until November 20 due to regional drought conditions.

Table 2: Production and Costs for the Year Ended December 31, 2018

Mining physicals	Unit	Los Filos	RDM <sup>ii</sup>	Fazenda <sup>ii</sup>	Pilar <sup>ii</sup>	Total
Gold produced	oz	195,362	29,398	46,668	31,122	302,550
Gold sold	oz	190,614	29,389	48,066	31,984	300,053
Cash cost details						
Gold revenue	\$000s	241,126	36,028	58,992	39,256	375,402
Mining costs &ndash; open pit		33,905	9,808	2,933	-	46,646
Mining costs &ndash; underground		47,083	-	17,650	18,705	83,438
Processing costs		78,571	14,324	9,742	8,709	111,346
Site G&A costs		23,089	3,030	3,782	2,998	32,899
Change in inventory		(28,183)	113	(23)	382	(27,711)
Other		831	535	805	985	3,156
Total cash costs <sup>i</sup>	\$000s	155,296	27,810	34,889	31,779	249,774
Land access payments		14,966	-	2	23	14,991
Royalties		1,809	897	848	582	4,136
Sustaining capital <sup>i</sup>		10,224	943	4,561	2,072	17,800
Sustaining capital <sup>i</sup> &ndash; stripping		5,477	-	-	-	5,477
Total AISC <sup>i</sup>	\$000s	187,772	29,650	40,300	34,456	292,178
AISC margin <sup>i</sup>	\$000s	53,354	6,378	18,692	4,800	83,223
Cash costs <sup>i</sup>	\$/oz sold	815	946	726	994	832
AISC <sup>i</sup>	\$/oz sold	985	1,009	838	1,077	974

<sup>i</sup> Cash costs, sustaining capital, AISC, and AISC margin are non-IFRS financial performance measures with no standard meaning under IFRS. Refer to the section Non-IFRS Measures for a reconciliation to IFRS. AISC includes cash costs, royalties, land access and community payments and sustaining capital.

<sup>ii</sup> Includes the period May 24-December 31, 2018 for the RDM, Fazenda, and Pilar mines.

Table 3: Production and Costs for the Three Months Ended December 31, 2018

Mining physicals	Unit	Los Filos RDM Fazenda Pilar				Total
Gold produced	oz	58,201	4,913	19,041	11,606	93,761
Gold sold	oz	54,001	5,574	18,849	11,580	90,004
Cash cost details						
Gold revenue	\$000s	65,906	7,025	23,111	14,128	110,170
Mining costs &ndash; open pit		7,492	1,641	1,278	-	10,411
Mining costs &ndash; underground		13,146	-	7,454	7,851	28,451
Processing costs		21,908	3,237	4,387	4,063	33,595
Site G&A costs		6,041	1,066	1,714	1,417	10,238
Change in inventory		(8,624)	583	(791)	(761)	(9,593)
Other		223	174	350	396	1,143
Total cash costs <sup>i</sup>	\$000s	40,186	6,701	14,392	12,966	74,245
Land access payments		3,668	-	-	12	3,680
Royalties		389	171	356	217	1,133
Sustaining capital <sup>i</sup>		2,223	184	2,717	745	5,869
Sustaining capital <sup>i</sup> &ndash; stripping		1,614	-	-	-	1,614
Total AISC <sup>i</sup>	\$000s	48,080	7,056	17,465	13,940	86,541
AISC margin <sup>i</sup>	\$000s	17,826	(31)	5,646	188	23,629
Cash costs <sup>i</sup>	\$/oz sold	744	1,202	764	1,120	825
AISC <sup>1</sup>	\$/oz sold	890	1,266	927	1,204	962

<sup>i</sup> Cash costs, sustaining capital, AISC, and AISC margin are non-IFRS financial performance measures with no standard meaning under IFRS. Refer to the section Non-IFRS Measures for a reconciliation to IFRS. AISC includes cash costs, royalties, land access and community payments and sustaining capital.

At the Los Filos mine complex in Mexico, production of 58,201 oz in Q4 2018 was up 37% over the previous quarter and set a new quarterly production record since acquisition. This production result was due to the significant increase in contained gold placed on the heap leach pad during the year and the delayed gold recovery rates that improved at the end of 2018, and have continued at expected levels into 2019. During Q4 2018, mining operations continued to perform well with ore mined from the open pits up 21% to 2.6 million tonnes and ore mined from underground operations up 3% to 177,000 tonnes.

Full-year production at Los Filos totalled 195,362 oz at AISC of \$985 per oz sold. During 2018, growth capital expenditures (e.g. non-sustaining) at Los Filos totalled \$22.2 million which included \$11.3 million for development of the Bermejil Underground, \$3.1 million for the installation of additional conveyors and the agglomerator, \$1.5 million on the CIL plant studies, and \$6.3 million for the Los Filos Underground exploration drilling program that extended mine life.

At the RDM mine in Brazil, Q4 2018 production was impacted by a six-week shutdown due to regional drought conditions. As a result, the RDM mine only produced 4,913 oz of gold during Q4 2018 compared to

16,596 oz in Q3 2018. Water in the reservoir has continued to build up over the rainy season (typically November through March) and RDM is expected to be positioned for stable and continuous operations in 2019.

Also in Q4 2018, the grid power project at RDM continued to progress with 90% of the towers constructed by quarter-end. During Q1 2019, the installation of the remaining towers and power cable has been completed and commissioned, and the switch-over to grid power is scheduled for mid-March 2019. The lower cost grid power has the potential to reduce annual power costs by \$6 million, and the increased power availability will also improve mill performance and gold recovery rates.

Production at RDM for the post-acquisition period of May 24, 2018 to December 31, 2018 totalled 29,398 oz of gold at AISC of \$1,009 per oz sold.

At the Fazenda mine in Brazil, Q4 2018 production was ahead of expectations with 19,041 oz. Since acquisition, Leagold has focused on optimizing the excess throughput capacity of the plant using open pit material, which has contributed to consistently strong performance at Fazenda. Production for the post-acquisition period of May 24, 2018 to December 31, 2018 totalled 46,668 oz of gold at AISC of \$838 per oz sold.

At the Pilar mine in Brazil, Q4 2018 production was 11,606 oz, slightly below Q3 2018 due to processing of lower grade ore. Processing costs increased compared to the prior quarter due to the timing of increased preventive maintenance in the plant. Since acquisition, total ore mined from underground was 645,047 tonnes at an average grade of 1.36 g/t. Total ore processed was 895,835 tonnes of which 253,659 tonnes came from low-grade stockpiles, allowing the plant to operate at its throughput capacity. By doing this, management achieved record monthly throughput in H2 2018 and has maximized production despite grade issues from the underground mines. Production for the post-acquisition period of May 24, 2018 to December 31, 2018 totalled 31,122 oz of gold at AISC of \$1,077 per oz sold.

## Expansion and Development Projects

### Los Filos Expansion

At the Los Filos mine complex in Mexico, Leagold completed the Los Filos Expansion Feasibility Study in March 2019 which was prepared by independent consultants. The study incorporates the potential for developing the Bermejil underground mine, enlarging the Los Filos open pit mine, re-phasing the Bermejil open pit into two distinct sections (Bermejil and Guadalupe), and building a 4,000 tonne per day (tpd) carbon-in-leach (CIL) plant to complement the existing heap leach facilities.

The Expansion Feasibility Study builds on the large scale exploration program that Leagold commenced in April 2017, shortly after Leagold acquired the Los Filos mine complex from Goldcorp. This exploration program delineated several new areas of high-grade mineralization as part of the Bermejil Underground, and in Q4 2017, an exploration ramp was started. In Q4 2018, development of the 1,330-metre ramp to access the ore body at Bermejil underground was completed on schedule.

Since the acquisition of the Los Filos mine complex, Leagold has carried out extensive exploration programs for both open pit and underground deposits, developed the Bermejil access ramp, completed the Bermejil underground mine design, and completed comprehensive metallurgical test work on all of the mineral deposits to support the CIL plant design. This work, with a total investment of approximately \$30 million, has contributed to increasing the Proven and Probable Reserves from 1.7 Moz to 4.5 Moz<sup>3</sup> at an average cost of less than \$10 per oz, and now forms the basis of the Expansion Feasibility Study.

Highlights of the Expansion Feasibility Study include:

- Gold production of 3.2 Moz over a 10-year mine life (2019 to 2028) at an average AISC<sup>2</sup> of \$740/oz
- Post expansion (2021 onwards):
  - Average annual production of 350,000 oz at AISC<sup>2</sup> of \$694/oz
  - Average annual production exceeding 420,000 oz from 2021 to 2024
- Proven and Probable mineral reserves of 104.2 Mt at 1.31 g/t containing 4.5 Moz<sup>3</sup>

- Capital cost of \$180 million to develop the Bermejil underground and construct a new 4,000 tpd CIL plant with re infrastructure
- Current operations to fund capitalized stripping during the initial expansion phase (2019 to 2020) at the Guadalupe Filos open pits
- At \$1,250/oz gold price:
  - NPV<sub>0%</sub> of \$884 million
  - NPV<sub>5%</sub> of \$679 million
  - IRR of 86%

Leagold is advancing with Los Filos expansion construction planning, optimizing the sequencing of the major expansion projects as part of its financial planning, and discussing the social and economic benefits created by the expansion with its employees, contractors, unions and community members.

#### Santa Luz Project

At the Santa Luz project in Brazil, Leagold completed the Santa Luz Restart Feasibility Study in October 2018. Santa Luz is a previously operating open pit mine and processing plant which was shut down in 2014 by a previous owner to focus on optimizing gold recoveries. Leagold's independent metallurgical testwork, review of the pilot plant results, and updated Santa Luz Restart Feasibility Study demonstrates that resin-in-leach (RIL) processing will successfully achieve gold recoveries of 84%. The study outlines the potential for Santa Luz to add 100,000 oz per year of gold production within a 10-month construction period at a capital cost of \$82 million. Leagold is considering the timing of the Santa Luz restart in the context of its overall corporate business plan and the opportunities presented in the recently completed Los Filos Expansion study.

#### Leagold Financial Results

Leagold reported revenue of \$110.3 million in Q4 2018 and net earnings of \$1.3 million, or \$0.00 per share. On a full-year basis, revenue totalled \$376.5 million and net earnings totalled \$15.3 million, or \$0.07 per share. Tables 4 and 5 provide details of Q4 and full-year 2018 financial results.

Table 4: Leagold's Financial Results for the Three Months Ended December 31, 2018

\$000s	Three months ended	
	Dec 31, 2018	Dec 31, 2017
Revenue	110,250	65,265
Operating expenses	77,653	47,059
Depreciation and depletion	13,331	7,690
Royalties	1,132	324
Earnings from mine operations	18,134	10,192
Exploration costs	167	36
Share-based payments	28	225
Acquisition and restructuring costs	2,525	-
General and administration costs	4,801	4,359
Brazil regional office costs	1,342	-
Foreign exchange loss	4,152	58
Finance and accretion expense	5,780	3,514
Other expense/(income)	5,035	(336)
(Loss)/earnings before taxes	(5,696)	2,336
Current income tax expense	1,355	2,040
Deferred income tax recovery	(8,379)	(1,474)
Net income	1,328	1,770
Basic and diluted earnings per share	0.00	0.01
Basic and diluted (loss)/earnings before taxes per share (0.02)		0.02

Table 5: Leagold's Financial Results for the Year Ended December 31, 2018

\$000s	Year ended	
	Dec 31, 2018	Dec 31, 2017
Revenue	376,511	193,694
Operating expenses	267,178	148,330
Depreciation and depletion	46,862	16,859
Royalties	4,136	994
Earnings from mine operations	58,335	27,511
Exploration costs	674	119
Share-based payments	30	10,181
Acquisition and restructuring costs	8,038	7,636
General and administration costs <sup>1</sup>	11,304	8,178
Brazil regional office costs	3,375	-
Foreign exchange loss	2,733	260
Finance and accretion expenses	6,314	11,961
Other expenses/(income)	4,902	(553)
Earnings/(loss) before taxes	20,965	(10,271)
Current income tax expense	7,797	2,326
Deferred income tax (recovery)	(2,117)	(5,072)
Net income/(loss)	15,285	(7,525)
Basic and diluted earnings/(loss) per share	0.07	(0.07)
Basic and diluted earnings/(loss) before taxes per share	0.09	(0.09)

## Outlook and Strategy

Leagold expects to produce 380,000 to 420,000 oz in 2019 at AISC of \$920 to \$970 per oz. Beyond 2019, Leagold's internal growth projects have the potential to increase production to 700,000 oz per year. Leagold is currently reviewing the results of the Los Filos Expansion Feasibility Study and the Santa Luz Restart Feasibility Study while preparing financing alternatives that prioritize cash flow generation and long-term shareholder value.

Leagold's long-term growth strategy also includes acquiring operating gold mines and projects nearing construction where the acquired assets complement its existing operations and provide further operational diversification. Leagold's experienced management team has a history of operational success which provides the foundation for executing on its acquisition strategy.

## Supporting Documents

Leagold's Q4 and full year 2018 financial statements and related MD&A are available on SEDAR and in the

Investor Relations section of Leagold's website here.

## Conference Call

A conference call and live webcast will be held on Thursday, March 14 at 10am PDT/1pm EDT. Participants may dial in to the conference call using the numbers below (no access code is needed).

Toll free Canada/US: 1-800-319-4610  
International: +1-604-638-5340

The live webcast can be accessed through the following link:  
<http://services.choruscall.ca/links/leagold20190314.html>

The conference call will be available for playback until April 14, 2019 by dialling 1-800-319-6413 (toll free Canada/US) or +1-604-638-9010 (international), quoting access code 2841. The webcast playback will be available on Leagold's website here.

## About Leagold Mining Corporation

Leagold is building a mid-tier gold producer with a focus on opportunities in Latin America. The Company is based in Vancouver, Canada and owns four operating gold mines in Mexico and Brazil, along with an expansion opportunity in Mexico and a near-term gold mine restart project in Brazil. Leagold is listed on the TSX under the trading symbol "LMC" and trades on the OTCQX market as "LMCNF".

## CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This news release contains "forward looking information" or "forward looking statements" within the meaning of applicable securities legislation. All statements other than statements of historical fact, included herein, including without limitation, statements related to full-year production forecasts and AISC, expectations for increased recovery rates and the impact of cost savings initiatives at Los Filos, cost savings from low-cost grid power and anticipation of stable and continuous operations at RDM, statements about potential future production at Santa Luz, future operating costs and capital costs, and the projected IRR for the Santa Luz project are forward looking statements. Generally, these forward looking information and forward looking statements 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", "will continue" 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". The material factors or assumptions used to develop forward looking information or statements are disclosed throughout this document.

Forward looking information and forward looking statements, while based on management's best estimates and assumptions, are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Leagold to be materially different from those expressed or implied by such forward-looking information or forward looking statements, including but not limited to: risks related to international operations; risks related to general economic conditions and credit availability, unanticipated reclamation expenses; changes in project parameters as plans continue to be refined; fluctuations in prices of metals including gold; fluctuations in foreign currency exchange rates, increases in market prices of mining consumables, possible variations in mineral reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes, title disputes, claims and limitations on insurance coverage and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, changes in national and local government regulation of mining operations, tax rules and regulations, and political and economic developments in countries in which the Company operates, actual resolutions of legal and tax matters, as well as those factors discussed in the section entitled "Description of the Business & Risk Factors" in Leagold's most recent AIF available on SEDAR at [www.sedar.com](http://www.sedar.com).

Although Leagold has attempted to identify important factors that could cause actual results to differ



materially from those contained in forward-looking information and forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information or statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information or statements. The Company has and continues to disclose in its Management's Discussion and Analysis and other publicly filed documents, changes to material factors or assumptions underlying the forward-looking information and forward-looking statements and to the validity of the information, in the period the changes occur. The forward-looking statements and forward-looking information are made as of the date hereof and Leagold disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements or forward-looking information contained herein to reflect future results. Accordingly, readers should not place undue reliance on forward-looking statements and information.

<sup>1</sup> AISC, AISC margin and adjusted EBITDA are non-IFRS financial performance measures with no standard meaning under IFRS. AISC includes cash costs, royalties, land access and community payments and sustaining capital.

<sup>2</sup> AISC is a non-GAAP measure. See AISC in the Cautionary Notes.

<sup>3</sup> Proven reserve of 26.2 million tonnes at 0.91 grams per tonne containing 0.768 Moz gold plus Probable Reserve of 78.1 million tonnes at 1.44 grams per tonne containing 3.626 Moz gold plus an additional 0.114 Moz gold plus Probable Reserves of 1.14 million tonnes at 1.44 grams per tonne containing 0.114 Moz gold. Please visit the Company website [www.leagold.com](http://www.leagold.com) effective dated October 31, 2018. Leagold Consulting (Canada) President, Investor Relations, tel: +1-604-398-4525, email: [mbrown@leagold.com](mailto:mbrown@leagold.com)

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