

# Torex Announces Q1 2019 Financial and Operating Results

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*(All amounts expressed in U.S. Dollars unless otherwise stated)*

TORONTO, May 08, 2019 - [Torex Gold Resources Inc.](#) (the "Company" or "Torex") (TSX:TXG) reports the Company's financial and operating results for the quarter ended March 31, 2019.

Fred Stanford, President & CEO of Torex stated:

"As previously communicated, 2019 guidance is weighted toward the second half of the year. We expect to achieve at least the lower end of the guidance range, by producing for the remainder of the year at an average throughput rate of 12,600 tpd, at grades predicted by the reserve model, and at design gold recovery levels.

In Q1 several changes were made in the processing plant, and it is best in such circumstances to change one thing at a time. Since there are no losses associated with ore in stockpile, throughput rates were the third priority. The initial changes were focused on improving recovery and then on reducing costs by lowering reagent consumption. Once those improvements were entrenched, the focus shifted to improving throughput rates, which largely took place in April.

The team has been successful in all three improvement initiatives. Recoveries for the quarter were 1% above design level, achieving 88% gold recovery. Reagent consumption also improved steadily through each month of the year to date. Further improvement is expected once upgrades to the SART plant are completed in Q3.

In April, additional maintenance downtime was taken in support of the initiatives to increase throughput. Subsequent to these changes, the throughput rate per hour in May has increased by 6.4% and with the larger maintenance jobs completed, uptime is expected to be higher in the remainder of the quarter as well. In April, even with the additional planned maintenance downtime, gold production was 34,400 ounces. This bodes well for grade, which has increased as predicted by the reserve model. With grades as forecasted, rising throughput levels, and effective gold recovery, the operations are expected to deliver on their potential."

*This release should be read in conjunction with the Company's March 31, 2019 Financial Statements and MD&A on the Company's website or on SEDAR.*

## HIGHLIGHTS

- Gold produced totalled 77,870 ounces.
- Mine production averaged 149,272 tpd.
- Mine ore production averaged 12,816 tpd.
- Grade mined averaged 2.45 gpt.
- Grade processed averaged 2.62 gpt.
- Plant throughput averaged 11,956 tpd.
- Gold recovery averaged 88%.
- Gold sold was 76,473 ounces for \$99.6 million.
- Revenue was \$101.9 million, cost of sales was \$85.1 million, or \$1,113 per ounce of gold sold.
- Income before income taxes
- Net loss was
- Adjusted net loss
- Cash flow
- Cash balance
- Total cash
- All-in sustaining cost
- Principal re

• Earnings from mine operations were \$16.8 million.

Positive results from first infill program targeting the El Limon Deep (‘ELD’) Zone<sup>2</sup>

- The Company announced the results from the first 32 holes of its infill drill program targeting the ELD zone, in preparation for a maiden underground resource estimate.
- Highlights include intercepts of 25.0 g/t Au over 8.5m in borehole LDUG-026, 24.9 g/t Au Eq. over 7.5m in borehole LDUG-013, 16.8 g/t Au Eq. over 15.2m in borehole LDUG-021, and 12.5 g/t Au Eq. over 45.9m in borehole LDUG-002.

Muckahi<sup>3</sup>

- Initial components have arrived on site with physical testing of the Muckahi Mining System (‘Muckahi’) underway and expected to be completed by the end of 2019.
- Field trials are underway for the first piece of equipment for Muckahi. The first tunneling blast of the field trials was taken in March 2019. The round was successfully drilled from the monorail mounted Muckahi jumbo drill. Two additional blasts have subsequently been successfully completed. The second piece of equipment, the Muckahi service platform, is expected to be in service in the second quarter.
- The goal is to demonstrate Muckahi’s capabilities over the full development cycle for tunneling, including on a minus 30-degree gradient, and to demonstrate the capability of the system to lower costs in long hole open stope mining.

Qualified Persons

Scientific and technical information contained in this news release has been reviewed and approved by Dawson Proudfoot, P.Eng., Vice President, Engineering, of [Torex Gold Resources Inc.](http://www.torexgold.com) and a Qualified Person under NI 43-101 ‘Standards of Disclosure for Mineral Projects’.

Conference Call

The Company will host a conference call today at 9:00 am (ET) where senior management will discuss the Q1 2019 operational and financial results. Access the conference call as follows:

*Webcast access: A live audio webcast of the conference call will be available on the Company’s website at [www.torexgold.com](http://www.torexgold.com).*

*Telephone access: Please call the numbers below approximately ten minutes prior to the scheduled start of the call. Toronto local or international 1 (416) 915-3239  
Toll-Free (North America) 1 800-319-4610  
Toll-Free (France) 0 800-900-351  
Toll-Free (Switzerland) 0-800-802-457  
Toll-Free (United Kingdom) 0 808-101-2791*

*The webcast will be archived on the Company’s website.*

About Torex

Torex is an intermediate gold producer based in Canada, engaged in the exploration, development and operation of its 100% owned Morelos Gold Property, an area of 29,000 hectares in the highly prospective Guerrero Gold Belt located 180 kilometers southwest of Mexico City. The Company’s principal assets are the El Limón Guajes mining complex (the ‘ELG Mine Complex’), comprised of the El Limón, Guajes and El Limón Sur open pits, the El Limón Guajes underground mine including zones referred to as Sub-Sill and El Limón Deep, and the processing plant and related infrastructure, which is in the commercial production stage as of April 1, 2016, and the Media Luna deposit, which is an early stage development project, and for which the Company issued an updated preliminary economic assessment in September 2018. The property remains 75% unexplored.

For further information, please contact:

[Torex Gold Resources Inc.](#)

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## CAUTIONARY NOTES

### PRELIMINARY ECONOMIC ASSESSMENT

The Company prepared a technical report (the "Technical Report") on Morelos Property entitled "NI 43-101 Technical Report ELG Mine Complex Life of Mine Plan and Media Luna Preliminary Economic Assessment", which has an effective date of March 31, 2018, has been filed with SEDAR and posted on the Company's website.

The Technical Report includes a preliminary economic assessment ("PEA") on the Media Luna Project. A preliminary economic assessment should not be considered a prefeasibility study or feasibility study, as the economics and technical viability of the Media Luna Project have not been demonstrated at this time. The PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. It cannot be assumed that all or any part of the inferred mineral resources will ever be upgraded to a higher category. Furthermore, there is no certainty that the conclusions or results as reported in the Media Luna PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The Media Luna PEA includes information on Muckahi. It is important to note that Muckahi is experimental in nature and has not been tested in an operating mine. Many aspects of the system are conceptual, and proof of concept has not been demonstrated. Drill and blast fundamentals, standards and best practices for underground hard rock mining are applied in the Muckahi, where applicable. The proposed application of a monorail system for underground transportation for mine development and production mining is unique to underground hard rock mining. There are existing underground hard rock mines that use a monorail system for transportation of materials and equipment, however not in the capacity described in the Technical Report. Aspects of Muckahi mining equipment are currently in the design stage. The mine design, equipment performance and cost estimations are conceptual in nature, and do not demonstrate technical or economic viability. The Company expects to complete the development and test the concept by the end of 2019 for the mine development activities and up to five years for the mine production activities (approx. second quarter 2023). Further studies would be required to verify the viability of Muckahi. Muckahi is not intended as a "trade off study" but is shown in the PEA to merely demonstrate the potential benefits Muckahi may have using the Media Luna deposit as an example. It includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

### FORWARD LOOKING STATEMENTS

This press release contains "forward-looking statements" and "forward-looking information" within the meaning of applicable Canadian securities legislation. Notwithstanding the Company's efforts, there can be no guarantee that the Company will not face unforeseen delays or further disruptions of its operations including without limitation, delays caused by blockades limiting access to the ELG Mine Complex and the Media Luna Project or by blockades or trespassers impacting the Company's ability to operate. Forward-looking information also includes, but is not limited to, the expectation that reagent consumption levels will improve further with the upgrade to the SART plant in the third quarter of 2019, the expected successful completion of the ramp-up of the processing plant and achieving throughput of 12,600 tpd by year-end, achieving the lower end of guidance, expectation that grade improving to levels above plan, expectation that future production is expected to increase as the new leadership implements the throughput initiative, plans to further examine the potential of the new mining technology (Muckahi) including the expected timing and completion of the testing of the completed system, and the goal to demonstrate Muckahi's capabilities over the full development cycle for tunneling, including on a minus 30-degree gradient, and to demonstrate the capability of the system to lower costs in long hole open stope mining.

Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", "estimates", "intends", "anticipates", "believes" or "potential"; 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 subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including, without limitation, uncertainty as a result of the preliminary nature of the PEA and the Company's ability to realize the results of the PEA, uncertainty regarding the inclusion of inferred mineral resources in the mineral resource estimate, uncertainty involving resource estimates and the ability to extract those resources economically, or at all, risks associated with skarn deposits, uncertainty involving drilling programs and the Company's the regulatory process and actions, the success of the Muckahi mining system, the ability to fund the development and testing of Muckahi, the ability to finance the Media Luna Project on reasonable terms, and those risk factors identified in the Technical Report and the Company's annual information form and management's discussion and analysis. Forward-looking information are based on the assumptions discussed in the Technical Report and such other reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and perception of trends, current conditions and expected developments, and other factors that management believes are relevant and reasonable in the circumstances at the date such statements are made. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking information, there may be other factors that cause results not to be as anticipated. 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. The Company does not undertake to update any forward-looking information, whether as a result of new information or future events or otherwise, except as may be required by applicable securities laws.

<sup>1</sup> Refer to "Non-IFRS Financial Performance Measures" in the Company's March 31, 2019 MD&A for further information and a detailed reconciliation.

<sup>2</sup> For more information on the drill results, see the Company's news release titled "Torex Announces Positive Results from its First Infill Program Targeting the El Limon Deep (ELD) Zone" issued on February 14, 2019, and filed on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.torexgold.com](http://www.torexgold.com).

<sup>3</sup> The Media Luna PEA (as defined in the Company's March 31, 2019 MD&A) is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. The Media Luna PEA includes information on the Muckahi Mining System ("Muckahi"). The PEA economics for the Media Luna Project in the Technical Report (as defined in the Company's March 31, 2019 MD&A) are based on conventional mining methods. In addition, Muckahi, a Torex proprietary mining method, is introduced and described in the Technical Report. The Technical Report uses the Media Luna Project as a platform for comparison to demonstrate the potential benefits that could be possible if the Muckahi method is proven and ultimately applied to the Media Luna Project, or any other deposit that does not employ caving methods. It is important to note that Muckahi is experimental in nature and has not been tested in an operating mine. Many aspects of the systems are conceptual, and proof of concept has not been demonstrated.

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