

Anaconda Mining Announces Q2 Production Results and Updates Guidance to Reflect Potential Expansion at Pine Cove

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TORONTO, July 15, 2019 - [Anaconda Mining Inc.](#) ("Anaconda" or the "Company") (TSX: ANX) (OTCQX: ANXGF) is pleased to announce production results and certain financial information from the three and six months ended June 30, 2019 ("Q2 2019"). All dollar amounts are in Canadian Dollars. The Company expects to file its second quarter financial statements and management discussion and analysis on or around August 1, 2019.

Q2 2019 Highlights

- Anaconda sold 3,153 ounces of gold in Q2 2019, generating metal revenue of \$5.5 million at an average realized price of \$1,739 per ounce. As at June 30, 2019, the Company also had over 565 ounces in gold doré and bullion inventory which was subsequently sold in July 2019.
- The Company produced 78,123 tonnes of ore during the second quarter, predominantly from mining at the Stog'er Tight, a 138% increase over Q2 2018. Material moved also included 270,552 tonnes of waste development for a pushback at the Pine Cove Pit, which also contributed 14,690 tonnes of ore in Q2 2019.
- The Company ended the second quarter with stockpile of over 15,800 tonnes of ore at an estimated average grade of 1.2 grams per tonne ("g/t").
- The Pine Cove Mill processed 96,895 tonnes during Q2 2019, a 20% reduction compared to Q2 2018 due to lower mill availability resulting from planned maintenance activities on the main ball mill, unplanned maintenance of the regrind mill and the decision to accelerate other maintenance programs to minimize future down time. Mill availability was back up to 100% for the month of June.
- Milled tonnes per day ("tpd") of 1,241 were down 8% compared to Q2 2018 due to lower mill availability, however mill efficiency improved 9% from Q1 2019 when mill maintenance programs were initiated.
- Following the positive drill results in February 2019 which successfully infilled and extended mineralization near the existing pit outlines at Pine Cove and Stog'er Tight, the Company has initiated further drilling at these locations and continues to demonstrate the potential for further expansion of mine life.
- As at June 30, 2019, the Company had a cash balance of \$3.1 million, neutral preliminary working capital¹, and a strong available liquidity of \$1,000,000 from an undrawn revolving line of credit facility. On July 10, 2019, Anaconda successfully completed a non-brokered private placement for \$4.69 million, which will fund exploration at the Tilt Cove Gold Project, continued advancement of the Goldboro Gold Project, in addition to continued investment at the Point Rousse and other corporate initiatives.

¹ Refer to Non-IFRS Measures Section below.

"The second quarter was challenging for Anaconda as the unplanned maintenance of the regrind mill impacted mill availability which in turn impacted throughput and recovery. We took the opportunity to accelerate other planned maintenance programs to minimize future mill downtime and made significant investments in critical spares and upgrading key parts of the mill. We have brought on a new General Manager with strong mining experience to provide the oversight required to ensure sustainable operation, and have bolstered the maintenance team and programs, all of which have led to the improvement of throughput and recovery into July. Despite the challenging quarter, Anaconda continues to advance its Feasibility Study at the Goldboro Gold Project and with the closing of a private placement financing is in a position to commence exploration on the prospective Tilt Cove Gold Project, located approximately 40 kms east of the Pine Cove Mill and along strike from the past-producing, high-grade Pond Gold Mine."

~ Kevin Bullock, CEO, [Anaconda Mining Inc.](#)

Updated Guidance – As a result of recent successful infill and expansion drilling at the Pine Cove open pit mine in February 2019, the Company continues to see potential to expand the mine life at Pine Cove and consequently will continue development of the Argyle Deposit into 2020. As a result, the Company is revising its guidance for 2019 to 16,000 to 17,000 tonnes of ore.

ounces of gold from its initial guidance of 19,000 to 20,000 ounces. The Pine Cove Mine is immediately adjacent to the facility and is very well understood geologically and from a mining perspective, limiting technical risk, and requires low capital expenditure to continue production. Ongoing mining at Pine Cove also has the benefit of increasing the Company's per capita tailings storage capacity. This will allow the Company to continue to optimize the Argyle Deposit, incorporating recent development results, and complete all required permitting activities, while deferring the related capital to develop the site. The Company received a Mining Lease for the Argyle Deposit and has submitted the development and rehabilitation plan for regulatory review.

Second Quarter Operating Statistics

	Three months ended	Three months ended	Six months ended	Six months ended
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Mine Statistics				
Ore production (tonnes)	78,123	32,833	155,490	176,673
Waste production (tonnes)	427,425	356,642	706,837	606,774
Total material moved (tonnes)	505,548	389,475	862,327	783,447
Waste: Ore ratio	5.5	10.9	4.6	3.4
Mill Statistics				
Availability (%)	85.8	98.7	82.0	96.1
Dry tonnes processed	96,895	121,299	176,653	230,518
Tonnes per day ("tpd")	1,241	1,350	1,191	1,326
Grade (grams per tonne)	1.25	1.38	1.55	1.41
Recovery (%)	74.7	85.9	79.3	85.6
Gold Ounces Produced	2,907	4,632	7,083	8,925
Gold Ounces Sold	3,153	4,330	8,404	8,856

Operations Overview for the Three Months Ended June 30, 2019

Anaconda sold 3,153 ounces of gold during the second quarter of 2019, generating gold and silver revenue of \$5.5 million. Year-to-date, the Company has sold 8,404 ounces to generate revenue of \$14.3 million. As at June 30, 2019, the Company also had 16,000 ounces of gold doré and bullion inventory, which were sold in early July. The Company has revised its guidance to 16,000 to 17,000 ounces of gold in light of the potential expansion opportunities at Pine Cove, which it expects will require less capital and be easier to permit. The decrease in guidance reflects the deferral of the development of the Argyle Deposit into 2020, and the Company continues to advance the related permitting process. The Company will provide updated guidance for operating costs¹ as part of the release of its financial results on or around August 1, 2019.

¹ Refer to Non-IFRS Measures Section below.

Point Rousse Mill Operations – The Pine Cove Mill processed 96,895 tonnes during Q2 2019, down 20% compared to the second quarter of 2018, as the mill was ramping up from a series of planned maintenance programs on the main ball mill.

shipment of trunnion liners, and unplanned maintenance on the head of the regrind mill. Once the regrind mill trunnion mill head were installed in April, the mill was able to ramp up its throughput, which increased 9.3% to 1,241 tonnes per first quarter of 2019, when it achieved 1,135 tonnes per day.

Recovery during the second quarter of 2019 was 74.7%, down significantly from Q2 2018 and from usual recovery level operation. When the regrind mill was initially taken off-line in Q1 2019, a back-up stirred media detritor ("SMD") system initiated to maintain a certain level of throughput, however it was noted that the system was not able to maintain the optimal size and leach capabilities, leading to recovery losses. To minimize any loss of gold production, the mill temporarily ceased operations to allow for the completion of rebuild of the regrind mill head and to opportunistically complete many significant maintenance programs. When the mill was brought back on-line, the coarse concentrate from March made its way through the circuit at lower than usual leach recoveries, leading to relatively low overall recovery. In addition, consistency through the mill was challenged after the ramp-up as the mill calibrated the operating parameters for bearing temperature, which further impacted leach recovery. With the circuit now in full operation the mill is now achieving recoveries in line with historical levels.

Average grade during Q2 2019 was 1.25 g/t, a 9.9% decrease from the second quarter of 2018, and lower than Q1 2019. Stog'er Tight was the main ore feed to the Pine Cove Mill. The mill achieved an average recovery rate of 74.7%, 10% below planned and historically achieved levels, resulting in gold production of 2,907 ounces for the second quarter of 2019.

Point Rousse Mine Operations – During the second quarter of 2019, the mine operations produced 78,123 tonnes of ore, predominantly from the Stog'er Tight Mine. Total material moved included of 505,548 tonnes also included 295,082 tonnes of material for development for a pushback at the Pine Cove Pit, which also contributed 14,690 tonnes of ore in Q2 2019. Tonnes mined were down from plan as mine operations were scaled back during mill downtime and more focus was placed on development of the expanded mining plan at the Pine Cove Pit. As at June 30, 2019, the operation had stockpiled over 15,800 tonnes of ore at an estimated average grade of 1.62 g/t.

The mine operations achieved a strip ratio of 3.6 waste tonnes to ore tonnes between Stog'er Tight and development and was consistent with the strip ratio in the first quarter of 2019. The strip ratio has decreased compared to Q2 2018, when development activity was focused on the initial development of the West Pit of Stog'er Tight.

Ore mined during Q2 2019 was up significantly over the second quarter of 2018, when mining activity in the main Pine Cove was finishing and the focus was on the development of the Stog'er Tight Pit, while stockpiles from Pine Cove provided the mill with throughput. Going forward in 2019, mine operations will remain focused on pushbacks and mine production from the southwest areas of the Pine Cove Pit. Permitting activities continue with respect to the Argyle Deposit; the Company has received a Mining Lease for Argyle and has submitted the development and rehabilitation plan for review by the Department of Natural Resources in Newfoundland. With the shift of the mine plan to Pine Cove, the Company will continue to optimize the Argyle Deposit, incorporating recent drilling results, while advancing permitting activities.

Qualified Person

Gordana Slepcevic, P. Eng., Chief Operating Officer, [Anaconda Mining Inc.](#), is a "qualified person" as such term is defined in National Instrument 43-101 and has reviewed and approved the technical information and data included in this press release.

ABOUT ANACONDA

Anaconda is a TSX and OTCQX-listed gold mining, development, and exploration company, focused in Atlantic Canada. The company operates mining and milling operations in the prolific Baie Verte Mining District of Newfoundland which includes a fully-permitted Pine Cove Mill, tailings facility and deep-water port, as well as ~11,000 hectares of highly prospective mineral land including those adjacent to the past producing, high-grade Nugget Pond Mine. Anaconda is also developing the Goldboro Project in Nova Scotia, a high-grade resource and the subject of an on-going feasibility study.

NON-IFRS MEASURES

Anaconda has included 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 on these measures but they 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 cash costs by the number of ounces of gold produced.

expenses per the consolidated statement of operations, net of silver sales by-product revenue, by the gold ounces sold applicable period. Operating expenses include mine site operating costs such as mining, processing and administration royalties, however excludes depletion and depreciation and rehabilitation costs.

Average Realized Gold Price per Ounce Sold – In the gold mining industry, average realized gold price per ounce is a common performance measure that does not have any standardized meaning. The most directly comparable measure in accordance with IFRS is gold revenue. The measure is intended to assist readers in evaluating the revenue received in from each ounce of gold sold.

Working Capital – Working capital is a common measure of near-term liquidity and is calculated by deducting current liabilities from current assets.

FORWARD-LOOKING STATEMENTS

This news release contains "forward-looking information" within the meaning of applicable Canadian and United States legislation. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "contemplates", or "believes" or variations of such words and phrases or state that certain actions, events or results "may", "might", "will", "could", or "would", "might", or "will be taken", "occur", or "be achieved". Forward-looking information is based on the opinions and beliefs 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 achievement 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 price changes in foreign exchange and interest rates, actual results of current production, development and exploration activities, government regulation, political or economic developments, environmental risks, permitting timelines, capital expenditures, operating or technical difficulties in connection with development activities, employee relations, the speculative nature of exploration and development, including the risks of diminishing quantities of grades of resources, contests over title to property and changes in project parameters as plans continue to be refined as well as those risk factors discussed in Anaconda's 2018 Management 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. According to Kevin Bush, Chief Executive Officer, (647) 388-7342, updates@anaconda-mining.com, (514) 722-2276 x456, Dany.Cenac-Robert@ReseauProMarket.com

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