

Anaconda Mining Reports Third Quarter 2019 Financial Results; Generates \$3.2 Million of Cash Flow from Operating Activities

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TORONTO, Nov. 5, 2019 - [Anaconda Mining Inc.](#) ("Anaconda" or the "Company") (TSX: ANX) (OTCQX: ANXGF) is pleased to report its financial and operating results for the three and nine months ended September 30, 2019 ("Q3 2019"). The Company's interim consolidated financial statements and management discussion & analysis documents can be found at [www.secdatabase.com](#) and the Company's website, [www.anacondamining.com](#). All dollar amounts are in Canadian dollars unless otherwise noted.

Third Quarter 2019 Highlights

- Anaconda sold 4,652 ounces of gold in Q3 2019, generating metal revenue of \$8.8 million at an average realized price of \$1,885 per ounce.
- The Pine Cove Mill processed 114,373 tonnes during Q3 2019 and achieved mill availability of 97%, a significant improvement from Q2 2019 when the mill experienced low availability resulting from unplanned maintenance of the regrind mill. A decision to accelerate other maintenance programs to minimize future down time.
- Mining operations produced 134,347 tonnes of ore during the third quarter, a 72% increase over Q2 2019, when operations were primarily focused at the Stog'er Tight Mine and development at the Pine Cove Pit. A stockpile of over 39,100 tonnes of ore with an estimated average grade of 1.45 grams per tonne ("g/t") was available at quarter-end.
- Operating cash costs per ounce sold* at the Point Rousse Project in Q3 2019 was \$1,057 (US\$800), and \$1,113 for the first nine months of 2019, tracking in-line with the Company's original guidance of \$1,050 and \$1,100 and significantly below the revised guidance of \$1,325 and \$1,375 per ounce of gold sold as a result of better than plan throughput in Q3 2019.
- All-in sustaining cash costs per ounce sold*, including corporate administration and sustaining capital expenditures, was \$1,594 (US\$1,208) for Q3 2019, and \$1,645 (US\$1,238) for the first nine months of 2019.
- In the first nine months of 2019, the Company invested \$9.5 million in its exploration and development projects, including \$3.5 million on the Goldboro Gold Project in Nova Scotia relating to the feasibility study, permitting, the bulk sample, and diamond drilling programs.
- The Point Rousse Complex generated EBITDA* of \$3.7 million in Q3 2019 and \$8.2 million for the first nine months of 2019, compared with \$2.3 million and \$9.3 million for the three and nine months ended September 30, 2018, respectively.
- Net income for the three months ended September 30, 2019 was \$1,083,438, or \$0.01 per share, compared to net income of \$936,755, or \$0.01 per share, for the three months ended September 30, 2018.
- On October 31, 2019, the Company announced an update to the Mineral Resource Estimate for the Goldboro Gold Project, including a 6.9% increase in grade and a 15.9% increase in ounces within the Measured and Indicated Mineral Resource categories.
- On July 10, 2019, Anaconda successfully completed a non-brokered private placement for \$4.7 million, which will be used for exploration at the Tilt Cove Gold Project, continued advancement of the Goldboro Gold Project, and continued investment in the Point Rousse Complex and other corporate initiatives.
- As at September 30, 2019, the Company had a cash balance of \$7.0 million, positive working capital of \$1.4 million and additional available liquidity of \$1,000,000 from an undrawn revolving line of credit facility. The Company is also currently processing the bulk sample from the Goldboro Gold Project, and related revenues are expected to be realized in 2019.

*Refer to Non-IFRS Measures section below. A full reconciliation of Non-IFRS Measures can be found in the Management Discussion and Analysis for the three and nine months ended September 30, 2019.

"With the processing challenges of the second quarter well behind us, Point Rousse is now back on track having sold 4,652 ounces of gold at operating costs of US\$800 per ounce, well below our revised guidance of US\$990-\$1,025, to generate operating cash flows of \$3.2 million during the third quarter. The Company achieved an all-in sustaining cash cost per ounce of US\$1,057, the quarter, which includes corporate and sustaining costs, while selling its gold at an average price of US\$1,428, providing positive cash flow to continue to advance our growth projects. We are particularly excited about the expanded Mineral Resource Estimate for the Goldboro Gold Project which will form the basis of the finalization of the Feasibility Study, and the commencement of ex-

drilling at the highly-prospective Tilt Cove Gold Project, all prior to the end of the year."

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

2019 Guidance

As a result of recent successful infill and expansion drilling at the Pine Cove open pit mine announced in February 2019, the Company continues to see the potential for continued expansion at Pine Cove and consequently has deferred the development of the Argyle Deposit into 2020. As a result, the Company revised its guidance for 2019 to 16,000 to 17,000 ounces of gold from its initial guidance of 19,000 to 20,000 ounces. The Company also revised its operating cash costs guidance for the full year from between \$1,050 and \$1,100 per ounce of gold sold to between \$1,325 and \$1,375 per ounce of gold sold (US\$990 - US\$1,050 at an approximate exchange rate of 0.75), to reflect the lower gold sales in Q2 2019 and the continued mining at Pine Cove in 2019 at lower grades than the previous production plan, which included Argyle. However, the Company achieved significantly better operating cash costs in Q3 2019 of \$1,057 as a result of higher throughput and grade and consequently revised its operating cash costs for 2019 to approximately \$1,250 per ounce of gold sold.

Consolidated Results Summary

Financial Results	Three months ended ended September 30, 2018 September 30, 2019	Nine months ended ended September 30, 2019	Nine months ended ended September 30, 2018
Revenue (\$)	6,928,568	23,040,960	21,971,955
Cost of operations, including depletion and depreciation (\$)	6,957,829	17,770,962	17,335,327
Mine operating income (\$)	280,737	5,269,998	4,636,628
Net income (loss) (\$)	(906,753)	602,825	(1,337,080)
Net income (loss) per share (\$/share) – basic and diluted (\$)	(0.01)	0.00	(0.01)
Cash generated from operating activities (\$)	3,272,026	4,581,431	5,508,525
Capital investment in property, mill and equipment (\$)	527,237	2,048,287	1,738,946
Capital investment in exploration and evaluation assets (\$)	2,599,739	9,492,019	3,966,183
Average realized gold price per ounce*	US\$1,427	US\$1,327	US\$1,289
Operating cash costs per ounce sold*	US\$800	US\$837	US\$729
All-in sustaining cash costs per ounce sold*	US\$1,268	US\$1,238	US\$1,102
		September 30, 2019	December 31, 2018
Total assets (\$)		65,790,915	57,942,367
Non-current liabilities (\$)		6,246,868	5,290,646

*Refer to Non-IFRS Measures section for reconciliation

Operational Results	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Ore mined (t)	134,347	51,620	289,837	228,293
Waste mined (t)	545,873	380,580	1,252,710	987,354
Strip ratio	4.1	7.4	4.3	4.3
Ore milled (t)	114,373	120,374	291,026	350,892
Grade (g/t Au)	1.49	1.52	1.53	1.45
Recovery (%)	85.6	86.6	81.7	85.9
Gold ounces produced	4,687	5,099	11,770	14,024
Gold ounces sold	4,652	4,314	13,057	13,170

Third Quarter 2019 Review

Operational Overview

The Pine Cove Mill processing facility re-established itself as a cornerstone asset of the Company, after a challenging second quarter when unplanned maintenance of the regrind mill impacted mill availability, which in turn impacted throughput and recovery. Anaconda 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. As a result, the Pine Cove Mill is back to operating at historical levels, milling 114,373 tonnes during Q3 2019, an 18% improvement from Q2 2019. Mill availability of 97% was a significant improvement from 85.8% in Q2 2019, and back in-line with the availability achieved in the corresponding period of 2018.

Average grade during the third quarter of 2019 was 1.49 g/t from ore feed primarily from the Pine Cove Pit, a slight decrease over Q3 2018 when a greater proportion of mill feed was from the higher-grade Stog'er Tight Mine. It however represents a 19% increase over the second quarter of 2019 when mill feed included lower-grade development ore from pushbacks at the Pine Cove Pit. The mill achieved an average recovery rate of 85.6% during Q3 2019, a significant increase from 74.7% in Q2 2019, resulting in quarterly gold production of 4,687 ounces for the third quarter of 2019.

The mine operation produced 134,347 tonnes of ore from the Pine Cove Pit in Q3 2019, an increase from Q2 2019 when mining activity was focused at the Stog'er Tight Mine and Pine Cove development. Mine production for the remainder of 2019 will focus on pushbacks and ore delivery from the south and southwest areas of the Pine Cove Pit. The Company continues to advance permitting for the Argyle Deposit; it has now received a Mining Lease for Argyle and has submitted the development and rehabilitation plan for review by the Department of Natural Resources in Newfoundland.

Financial Results

Anaconda sold 4,652 ounces of gold during the third quarter of 2019, generating metal revenue of \$8.8 million at an average realized gold price of C\$1,885 per ounce, and year-to-date has sold 13,057 ounces to

generate metal revenue of \$23.0 million. As at September 30, 2019, the Company also had over 650 ounces of gold doré inventory, which will be sold in October. Gold sales were generally in-line relative to the comparative three and nine month periods of 2018, with the increase in revenue attributable to the significant increase in gold price since late Q2 2019.

Operating expenses for the three and nine months ended September 30, 2019 were \$4,916,099 and \$14,140,265, respectively, compared to \$4,472,273 and \$12,411,876 in the three and nine months ended September 30, 2018, respectively. Mining costs were higher in the first nine months of 2019 due to moving 27% more material. Operating cash costs per ounce sold during Q3 2019 were \$1,057 (US\$800), a significant improvement over operating cash costs of \$1,421 (US\$1,062) during Q2 2019, contributing to operating cash costs of \$1,113 (US\$837) for the nine months ended September 30, 2019, below the Company's revised 2019 annual operating cash cost guidance of C\$1,325-C\$1,375.

With respect to other costs of operations, royalty expense of Q3 2019 was only \$6,769, a decrease from \$51,368 in Q3 2018, and a significant decrease from the first and second quarters of 2019. Production in Q3 2019 was predominantly from Pine Cove, whereas production in the comparative quarters was mainly from Stog'er Tight, which carries a 3% net smelter return royalty. Depletion and depreciation three and nine months ended September 30, 2019 was \$1,032,009 and \$3,230,197, respectively, representing a decrease from the comparative periods of 2018 due to the higher expected production from Pine Cove, resulting in a higher denominator on a units-of-production basis, and higher depreciation in 2018 when production was focused on Stog'er Tight.

Mine operating income for the three months ended September 30, 2019 was \$2,823,685, a significant increase from mine operating of \$685,909 in Q3 2018, mainly due to higher gold sales and gold price, and lower depreciation and depletion. Importantly, mine operating income was up significantly from the \$124,304 achieved in Q2 2019, when the operation faced challenges in the mill. Despite the operational challenges in Q2 2019, on a year-to-date basis mine operating income of \$5,269,998 was 11% higher than the comparative period of 2018, with the increase in gold revenue from higher gold prices and lower depletion and depreciation partially offset by higher operating expenses.

Corporate administration expenditures were \$1,649,560 during the third quarter of 2019, higher than the corresponding quarter of 2018 and also relative to the first two quarters of 2019, as a result of one-time severance costs incurred as part of the Company's ongoing effort to streamline costs and renew its focus on developing the Goldboro Gold Project and growing gold production at its Point Rousse Complex.

Share-based compensation was \$201,260 during Q3 2019, compared to \$106,967 in the third quarter of 2018, and \$620,761 for the first nine months of 2019, compared to \$206,338 in the first nine months of 2018. The increase reflects the higher fair value and vesting expense of the share units granted during the first half of 2019.

Finance expense for the quarter was \$111,165 for Q3 2019 and \$303,667 for the first nine months of 2019, significantly higher than the comparative periods of 2018 as a result of the \$5 million term loan entered into with the Royal Bank of Canada ("RBC") in March 2019, which carries a two-year term and a 4.6% interest rate.

Net comprehensive income for Q3 2019, was \$1,083,438, or \$0.01 per share, compared to net comprehensive loss of \$936,755, or \$0.01 per share, in the comparative period of 2018. The improvement was driven by higher mine operating income from higher gold sales and gold prices, and a lower net income tax expense, as the Company recorded a deferred income tax recovery of \$693,000 in Q3 2019 as a result of the significantly higher gold price environment (Q3 2018 – income tax expense of \$229,000). For the nine months ended September 30, 2019, net income was \$602,825, or \$0.00 per share, compared to net loss of \$1,337,080 for the first nine months of 2018, similarly due to higher period over period mine operating income and a lower net income tax expense, predominantly driven by a significantly higher gold price environment.

Financial Position and Cash Flow Analysis

As at September 30, 2019, the Company had working capital of \$1.4 million, which included cash and cash equivalents of \$7.0 million. The cash balance reflects the completion of a non-brokered private placement in

July 2019 for net proceeds of \$4.5 million. Overall current assets decreased from December 31, 2018 due to a lower inventory balance, particularly of gold-in-circuit, and lower HST receivable due to the timing of payables. Trade and other payables were down from year-end, primarily due to the ongoing payments of invoices relating to the underground bulk sample at Goldboro. Current taxes payable relate to Newfoundland mining taxes and reflect the estimated amount payable based on the first nine months of 2019. The increase in other current liabilities reflects the flow-through premium recognized as part of the non-brokered financing completed in July 2019, which included \$2.6 million of flow-through financing.

The current portion of loans increased due to the \$5 million term loan with RBC. The Company also maintains a \$1,000,000 revolving credit facility as well as a \$750,000 revolving equipment lease line of credit with RBC. As at September 30, 2019, the Company had not drawn against the revolving credit facility.

In the third quarter of 2019, Anaconda generated \$3,217,085 in operating cash flows, a significant increase from the previous quarter when the Company used \$2,770,728 in operating cash flows as a result of significantly lower mill availability and its impact on gold revenue. Operating cash flows in Q3 2019 also represent an increase over the comparative period of 2018, due to a combination of higher gold sales and higher gold prices. Revenue less operating expenses and royalties from the Point Rouse Project were \$3,855,694, based on quarterly gold sales of 4,652 ounces at an average price of C\$1,885 per ounce sold and operating cash costs of C\$1,057 per ounce sold. Corporate administration costs in the third quarter were \$1,649,560, impacted by one-time severance costs. Unearned revenue decreased \$575,833 as the Company delivered the remaining 346 ounces under a gold prepayment agreement with Auramet International LLC in July 2019.

During the third quarter of 2019, the Company continued to invest in its key growth projects in Newfoundland and Nova Scotia. The Company spent \$2,595,838 on exploration and evaluation assets (adjusted for amounts included in trade payables and accruals and non-current prepaid assets at September 30, 2019), primarily on the continued advancement of the Goldboro Project. The Company also invested \$523,237 into the property, mill and equipment at the Point Rouse Project, with capital investment focused on development activity on a pushback of the Pine Cove Mine.

Financing activities during the third quarter included the net proceeds of \$4,508,680 from a non-brokered private placement completed in July 2019, the ongoing repayment of the RBC term loan, and the repayment of other capital lease obligations and government loans. The Company also received \$4,000 from the exercise of warrants.

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 the fully-permitted Pine Cove Mill, tailings facility and deep-water port, as well as ~11,000 hectares of highly prospective mineral lands including those adjacent to the past producing, high-grade Nugget Pond Mine at its Tilt Cove Gold Project. Anaconda is also developing the Goldboro Gold Project in Nova Scotia, a high-grade resource and the subject of an on-going feasibility study.

FORWARD-LOOKING STATEMENTS

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 risks,

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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Contact

[Anaconda Mining Inc.](#), Kevin Bullock, President and CEO, (647) 388-1842, kbullock@anacondamining.com; Reseau ProMarket Inc., Dany Cenac Robert, Investor Relations, (514) 722-2276 x456, Dany.Cenac-Robert@ReseauProMarket.com; [Anaconda Mining Inc.](#), Lynn Hammond, VP, Public Relations, (709) 330-1260, lhammond@anacondamining.com

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