

Gran Colombia Gold Reports Third Quarter and Nine Months 2019 Results

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Third Quarter 2019 Financial Results Reflect the Positive Impact of the Higher Gold Prices; High-Grade Segovia Operations Continue to Deliver Solid Operating Performance

TORONTO, Nov. 14, 2019 - [Gran Colombia Gold Corp.](#) (TSX: GCM; OTCQX: TPRFF) announced today the release of its unaudited interim condensed consolidated financial statements and accompanying management's discussion and analysis (MD&A) for the three and nine months ended September 30, 2019. All financial figures contained herein are expressed in U.S. dollars ("USD") unless otherwise noted.

Lombardo Paredes, Chief Executive Officer of Gran Colombia, commenting on the Company's latest results, said, "As expected, our third quarter 2019 financial results reflected the positive impact of the higher gold prices while our high-grade Segovia Operations continued to deliver solid operating performance. With one quarter to go, we are on track to meet our production and cost guidance for the full year. For the first nine months of 2019, our revenue was up 19%, our adjusted EBITDA was up 35%, our operating cash flow was up 22% and our Free Cash Flow was up 31%, all compared with the first nine months last year. Our financial strength showed further improvement in the third quarter with our cash position increasing to \$63.3 million and we added another CA\$15 million to our cash position in early November with the strategic investment by Eric Sprott. Following on the encouraging exploration results achieved at Segovia so far in 2019, we are about to embark on a more aggressive campaign with about 70,000 meters of drilling over the next approximately 18 months. We are also very pleased with the progress we have made at Marmato this year, finalizing a preliminary economic assessment that charts a course to expand underground mining operations in a new listed vehicle, Caldas Gold, once we complete the RTO Transaction with Bluenose. The recently announced drill results from the 2019 campaign at Marmato have increased our confidence in the geological model and we believe maintaining a control position in Caldas Gold will allow our shareholders to share in the value created in this exciting new gold and silver producer in Colombia."

Third Quarter and Nine Months 2019 Highlights

- The Company remains on track to meet its *gold production* guidance for 2019. With 56,271 ounces produced in the third quarter of 2019, compared with 57,163 ounces in the third quarter of 2018, total production for the first nine months of 2019 was 174,754 ounces, up 7% over the first nine months last year. With another 21,011 ounces produced in October, the Company's trailing 12-months' gold production at the end of October now stands at 232,960 ounces, up 7% over 2018's annual production.
- *Revenue* amounted to \$83.0 million in the third quarter of 2019, up 25% over the third quarter last year, getting a boost from the 21% increase in spot gold prices which, along with savings in refining charges under the new refining contract entered into earlier this year, increased the Company's realized gold price to an average of \$1,458 per ounce sold compared with \$1,186 per ounce sold in the third quarter last year. For the first nine months of 2019, production growth, the higher spot gold and silver prices and the reduction in refining charges all combined to increase revenue to \$238.0 million, up 19% over the first nine months last year.
- *Total cash costs* ⁽¹⁾ per ounce averaged \$684 per ounce in the third quarter of 2019 compared with \$657 per ounce in the third quarter last year, reflecting the adverse impact on Marmato's production costs per ounce of the lower head grades mined in the third quarter this year coupled with an increase in production taxes at both Segovia and Marmato due to the higher spot gold prices in the third quarter this year. With the Company's total cash costs averaging \$653 per ounce for the first nine months of 2019, down from an average of \$674 per ounce in the first nine months last year, the Company continues to expect that 2019's average total cash costs per ounce sold for the full year will remain below 2018's average of \$680 per ounce sold.

- *All-in sustaining costs* (“AISC”) ⁽¹⁾ and *All-in costs* ⁽¹⁾ of \$951 per ounce and \$991 per ounce, respectively, in the third quarter of 2019 reflected the increase in total cash costs plus increased levels of capital and exploration spending and arbitration-related costs in G&A, compared with \$892 per ounce and \$908 per ounce, respectively, in the third quarter last year. For the first nine months of 2019, AISC and All-in costs per ounce were \$886 and \$911 per ounce, respectively, down from \$913 and \$922, respectively, in the first nine months last year. For 2019, the Company continues to expect that its AISC and All-in costs for the full year will remain below \$925 per ounce and \$950 per ounce, respectively.
- The Company reported *adjusted EBITDA* ⁽¹⁾ of \$37.6 million for the third quarter of 2019, up 52% over the third quarter last year, bringing the total for the first nine months of 2019 to \$106.1 million, up 35% over the first nine months last year. The trailing 12-months’ adjusted EBITDA at the end of September 2019 now stands at \$129.8 million, up 27% over 2018, driven by production growth, improved realized gold prices and the reduction in total cash costs per ounce sold.
- *Net cash provided by operating activities* in the third quarter of 2019 of \$30.6 million brought the total for the first nine months of 2019 to \$68.7 million, up 22% over the first nine months last year. The Company’s *Free Cash Flow* ⁽¹⁾ in the third quarter of 2019 of \$19.6 million brought the total for the first nine months of 2019 to \$38.7 million, up 31% over the first nine months last year.
- The Company’s *balance sheet* continued to benefit from 2019’s operating and financial performance and the private placement of Convertible Debentures completed in April, increasing its cash and cash equivalents to \$63.3 million at September 30, 2019 from \$35.6 million at the end of 2018. As of November 14, 2019, the aggregate principal amount of Gold Notes issued and outstanding has been reduced through four quarterly repayments in 2019 to \$68.8 million, down from \$88.3 million at the end of 2018, and the Convertible Debentures stood at CA\$20 million. In its recent annual review, Fitch Ratings affirmed its rating of ‘B’ with a Stable Outlook.
- On November 5, 2019, the Company closed a CA\$15 million non-brokered private placement with Eric Sprott resulting in the issuance of approximately 3.3 million common shares and 3.3 million common share purchase warrants exercisable at CA\$5.40 per share expiring November 5, 2023.
- As of November 14, 2019, the total *issued and outstanding common shares* of the Company is 53.3 million and after inclusion of stock options, warrants and the Convertible Debentures, the Company’s fully diluted common shares would total approximately 74.4 million.
- *Net income* for the third quarter of 2019 was \$9.0 million (\$0.18 per share), down from \$14.0 million (\$0.35 per share) in the third quarter last year primarily as a result of a non-operating loss on financial instruments in the third quarter this year. For the first nine months of 2019, net income amounted to \$17.7 million (\$0.36 per share) compared with a net loss of \$11.4 million (\$0.38 per share) in the first nine months last year. *Adjusted net income* ⁽¹⁾ for the third quarter of 2019 was \$16.0 million (\$0.33 per share), up from \$9.9 million (\$0.25 per share) in the third quarter last year. For the first nine months of 2019, adjusted net income amounted to \$43.0 million (\$0.88 per share) compared with \$28.0 million (\$0.93 per share) in the first nine months last year. Improved adjusted earnings in the third quarter and first nine months of 2019 compared with the corresponding periods last year continued to reflect the significant contribution of Segovia’s operating performance in 2019 on revenues, total cash costs per ounce, adjusted EBITDA and income from operations and the additional revenue from the increased spot gold prices in the third quarter this year.
- The Company’s *drilling program in Segovia* is continuing to provide encouraging results, including the first holes drilled in its regional exploration program in the Chumeca vein which identified a main vein and extended it 600 meters down-dip from the deepest level of the historical mine. Grades and widths in recent drilling results at Sandra K may lead to resource growth coupled with a greater flexibility for mining. At Providencia, drilling intercepted mineralization in the faulted block which suggests close proximity to the faulted orebody currently in production. The deep drilling at El Silencio proved the down-plunge extension of the north ore-shoot by approximately 150 meters and testing of the central and south ore-shoots should be completed by the end of the year. The Company is preparing to carry out about 70,000 meters of additional drilling at Segovia over the next approximately 18 months.
- In early October 2019, the Company entered into a letter of intent (“LOI”) with Bluenose Gold Corp. (TSX-V: BN.H) (“Bluenose”) in respect of a spin out to Bluenose of the Zona Baja mining assets (the “Mining Assets”) at the Company’s *Marmato Project* in a reverse takeover transaction (the “RTO Transaction”). In connection with the RTO Transaction, the Company is undertaking a brokered private placement to raise between CA\$10 million and CA\$15 million of equity for the new listed public company to be renamed Caldas Gold Corporation (“Caldas”) and will invest CA\$5 million of its own cash in a non-brokered private placement, maintaining a control position in Caldas once the RTO Transaction is fully completed. In mid-October 2019, the Company announced an updated Mineral Resource estimate for the Marmato Project effective as of July 31, 2019 together with the results of a preliminary economic assessment for the Mining Assets at Marmato. Refer to the Company’s press release on October 15, 2019 for additional details.

- In October 2019, the Company completed the acquisition of a 19.89% equity investment in [Western Atlas Resources Inc.](#) (“Western Atlas”) at a cost of CA\$1.35 million and signed an agreement with Western Atlas that established a potential opportunity to add to the Company’s pipeline of Latin America-based projects which could fuel the Company’s mid- to long-term growth objectives should the parties recover and develop the Company’s gold exploration assets in Venezuela that were nationalized in 2011.
- In early November 2019, Sandspring’s shareholders approved the Company becoming a “control person”, facilitating the conversion of the Company’s 5,200,000 subscription receipts into additional common shares and share purchase warrants. The common shares controlled by the Company now represent approximately 20.8% of the outstanding common shares of Sandspring.

Selected Financial Information

	Third Quarter		Nine Months	
	2019	2018	2019	2018
Operating data				
Gold produced (ounces)	56,271	57,163	174,754	16
Gold sold (ounces)	56,284	55,601	174,697	15
Average realized gold price (\$/oz sold)	\$ 1,458	\$ 1,186	\$ 1,348	\$ 1,2
Total cash costs (\$/oz sold) ⁽¹⁾	684	657	653	67
AISC (\$/oz sold) ⁽¹⁾	951	892	886	91
All-in costs (\$/oz sold) ⁽¹⁾	991	908	911	92
Financial data (\$000’s, except per share amounts)				
Revenue	\$ 82,952	\$ 66,605	\$ 238,017	\$ 20
Adjusted EBITDA ⁽¹⁾	37,595	24,701	106,068	78
Net income (loss)	9,014	13,973	17,685	(1)
Per share - basic	0.18	0.35	0.36	(0.
Per share - diluted	0.18	0.23	0.36	(0.
Adjusted net income ⁽¹⁾	16,034	9,930	43,003	27
Per share - basic	0.33	0.25	0.88	0.9
Per share - diluted	0.27	0.21	0.76	0.4
Net cash provided by operating activities	30,606	20,531	68,655	56
Free cash flow ⁽¹⁾	19,630	11,200	38,658	29
			September 30, Dec	2018
			2019	2018
Balance sheet (\$000’s):				
Cash and cash equivalents			\$ 63,254	\$ 35
Gold Trust Account ⁽²⁾			5,802	3,2
Gold Notes, including current portion – principal amount outstanding ⁽³⁾			73,625	88
Convertible Debentures – principal amount outstanding ⁽⁴⁾			CA20,000	-

Notes:

- (1) Refer to “Non-IFRS Measures” in the Company’s MD&A.
Represents physical gold deposited by the Company into a trust account to be used to fund the next quarterly amortizing payment of the Gold Notes. At September 30, 2019, there were 3,900 ounces accumulated in the Gold Trust Account (December 31, 2018 – 2,600 ounces).
- (2) The Gold Notes are recorded in the Financial Statements at fair value. At September 30, 2019 and December 31, 2018, the carrying amount of the Gold Notes outstanding was \$72.1 million and \$74.1 million, respectively.
- (3) The Convertible Debentures are recorded in the Financial Statements at fair value. At September 30, 2019 and December 31, 2018, the carrying amount of the Convertible Debentures outstanding was \$18.6 million and \$Nil million, respectively.

Segovia Operations

The Segovia Operations produced 50,050 ounces of gold in the third quarter of 2019 compared with 50,698 ounces in the third quarter of 2018. The expansion of the mill capacity to 1,500 tpd was completed in July 2019 and the filter press is now operating at the El Chocho tailings storage facility. Utilizing its expanded mill capacity, the Company processed an average of 1,314 tonnes per day (“tpd”) in the third quarter of 2019, up from an average of 1,038 tpd in the third quarter last year. The Company initially used lower grade stockpile material to feed the expanded plant while it prepared additional areas in its mines to feed the plant going forward. Segovia’s head grades averaged 14.3 g/t in the third quarter of 2019 and the Company expects that with these new mining areas now in operation, Segovia’s head grades will continue to average between 14 and 15 g/t over the balance of the year. For the first nine months of 2019, the Segovia Operations produced a total of 156,061 ounces of gold, up 8% over the first nine months last year. Overall, the Company processed an average of 1,200 tpd at Segovia at an average head grade of 16.5 g/t in the first nine months of 2019 compared with an average of 994 tpd at an average head grade of 17.1 g/t in the first nine months last year. In October 2019, the Segovia Operations processed an average of 1,322 tpd at an average head grade of 15.6 g/t resulting in a total of 18,600 ounces of gold production for the month. This brings Segovia’s trailing 12-months’ total gold production at the end of October 2019 to 207,447 ounces, up 7% over 2018’s annual production. The Company continues to expect that Segovia will produce between 201,000 and 214,000 ounces of gold in 2019.

At the Segovia Operations, an increase in production taxes due to the higher spot gold prices in the third quarter this year was the primary factor contributing to the increase in its total cash costs to \$621 per ounce in the third quarter of 2019 compared with \$616 per ounce in the third quarter last year. For the first nine months of 2019, Segovia’s total cash costs averaged \$596 per ounce compared with \$618 per ounce in the first nine months last year.

The Company’s AISC of \$886 per ounce for the first nine months of 2019 included \$23.2 million (equivalent to \$133 per ounce) of sustaining capital expenditures attributable to the Segovia Operations, the major components of which included (i) \$6.2 million for drilling under the Company’s ongoing exploration campaign, including approximately 25,000 meters drilled so far this year, (ii) \$5.5 million for ongoing mine development, (iii) \$7.1 million for the mines including additional underground equipment, continuation of the ventilation improvements at the El Silencio and Sandra K mines, construction of underground drilling platforms and further infrastructure improvements at all three mines, (iv) \$1.6 million associated with the expansion of the Maria Dama plant to 1,500 tpd and costs associated with the new filter press, (v) \$1.6 million for costs related to the ongoing construction activities at the new El Chocho tailings storage facility, and (vi) \$1.2 million associated with upgrading of the Segovia site facilities and mine support functions. The Company’s All-in costs of \$911 per ounce in the first nine months of 2019 included \$0.7 million (equivalent to \$4 per ounce) of non-sustaining capital expenditures related to technical studies being carried out to identify and prioritize drilling targets for the expanded step out and brownfield drilling campaign and the first drill holes in the regional exploration program in the Chumeca vein..

Marmato Operations

At the Marmato Operations, total production for the third quarter of 2019 amounted to 6,221 ounces compared with 6,465 ounces in the third quarter of 2018. For the first nine months of 2019, Marmato produced a total of 18,693 ounces of gold, up 1% over the first nine months last year. In October 2019, the Company commenced implementation of the optimized mine plan in the Upper Zone operation at Marmato, increasing the head grade for the month to 2.8 g/t from the average head grade for the first nine months of 2019 of 2.4 g/t. Gold production for October increased to 2,411 ounces, the best month so far in 2019, bringing Marmato’s trailing 12-months’ total gold production at the end of October to 25,513 ounces. The Company is maintaining its 2019 annual production guidance for the Marmato operations of between 24,000 and 26,000 ounces of gold.

At Marmato, the impact on production costs per ounce of the lower head grades this year compared with last year coupled with an increase in production taxes due to the higher spot gold prices this year increased its total cash costs per ounce to \$1,156 per ounce in the third quarter of 2019 compared with \$1,052 per ounce in the third quarter last year. For the first nine months of 2019, Marmato’s total cash costs averaged \$1,124 per ounce compared with \$1,138 per ounce in the first nine months last year. The Company expects that the implementation of the optimized mine plan at Marmato, as outlined in the recent PEA, will significantly reduce its total cash costs per ounce as grades increase with improved dilution control and the Company identifies cost savings opportunities.

The Company's AISC of \$886 per ounce for the first nine months of 2019 included \$1.3 million (equivalent to \$7 per ounce) primarily related to mine infrastructure and mill improvements. The Company's All-in costs of \$911 per ounce in the first nine months of 2019 included an additional \$3.7 million (equivalent to \$21 per ounce) of expenditures at the Marmato Project in connection to complete the 2018 drilling campaign in mid-March and then carry out the 2019 drilling campaign together with various technical studies in support of the underground expansion of the Marmato mining operations to incorporate the Deep mineralization, as outlined in the PEA results recently announced by the Company.

Outlook

Through the first ten months of 2019, the Company has produced a total of 195,722 ounces of gold and its trailing 12-months' total gold production at the end of October 2019 stands at 232,960 ounces. In light of its production results to date and its expectation for the next two months, the Company believes it is on track to meet its gold production guidance for 2019 of between 225,000 and 240,000 ounces.

With the higher spot gold price environment thus far in the second half of 2019, the Company expects that its ongoing operating cash flow and its cash position, which stood at \$63.3 million at September 30, 2019, will be more than sufficient to fund its ongoing exploration and capital investment programs in the coming year and to meet its debt service obligations as they come due. The Company's cash position was bolstered in early November 2019 through the completion of a CA\$15 million strategic investment by Eric Sprott as detailed in the Company's press release on November 5, 2019. Capital investment at the Segovia Operations, expected to total up to approximately \$30 million (excluding exploration) in 2019, is continuing to focus on ongoing mine development at the Providencia, El Silencio and Sandra K mines, along with ongoing investments in mine infrastructure upgrades, ventilation, health, safety and environmental initiatives, mine equipment and further expansion of the El Chocho tailings storage facility, including commissioning of a filter press. Sustaining capital expenditures at the Marmato mine and processing plant in 2019 are expected to be about \$1.5 million.

The Company's exploration program at its Segovia Operations in 2019 is continuing to provide encouraging results as detailed in the Company's press releases on August 13, 2019 and October 21, 2019. The Company has successfully completed the first holes in its regional exploration program, identifying a main structure in the Chumeca vein and extending it 600 meters down-dip from the deepest level of the historical mine. Over the last several months, the Company's exploration team has been working closely with the team from GoldSpot Discoveries as they leverage machine learning capabilities in a data processing and prospectivity analysis to aid in establishing future drilling targets at Segovia, both near the existing mine areas as well as regional exploration away from the main mines. The Company successfully tested some of its recent drill results against the preliminary findings in GoldSpot's analysis. The favorable overlap of the Company's actual drill results with the preliminary machine learning models bodes well as the Company prepares to carry out about 70,000 meters of drilling at Segovia over the next approximately 18 months.

The Company's total cash costs in the first nine months of 2019 was \$653 per ounce sold, benefitting primarily from increased gold production at the Segovia Operations. The Company continues to expect that total cash costs for the full year will average less than 2018's total cash costs of \$680 per ounce sold. The Company also expects that with its planned capital investment program in 2019, including the ongoing exploration activities at Segovia and Marmato, its AISC for the full year will remain below \$925 per ounce and its All-in costs will remain below \$950 per ounce.

With the signing of the LOI with Bluenose in October 2019, the Company is focusing its efforts on completing the RTO Transaction and the brokered and non-brokered private placements in order to complete the spin out of the Marmato Mining Assets before the end of the year. Following on the announcement of the updated Mineral Resource estimate and the PEA results on October 15, 2019, the Company expects to file the 43-101 technical report on SEDAR and its website by the end of November 2019. Work on the prefeasibility study for the Marmato Mining Assets has already commenced and is expected to be completed by mid-2020.

Third Quarter 2019 Results Webcast

As a reminder, Gran Colombia webcast on Friday, November 15, 2019 at 9:30 a.m. Eastern Time to discuss

the results. Webcast and call-in details are as follows:

Live Event link: <https://edge.media-server.com/mmc/p/b2a92m8q>
International: 1 (514) 841-2157
North America Toll Free: 1 (866) 215-5508
Colombia Toll Free: 01 800 9 156 924
Conference ID: 49120998

A replay of the webcast will be available at www.grancolombiagold.com from Friday, November 15, 2019 until Friday, December 13, 2019.

About Gran Colombia Gold Corp.

Gran Colombia is a Canadian-based mid-tier gold producer with its primary focus in Colombia where it is currently the largest underground gold and silver producer with several mines in operation at its Segovia and Marmato Operations. Gran Colombia is continuing to focus on exploration, expansion and modernization activities at its high-grade Segovia Operations.

Additional information on Gran Colombia can be found on its website at www.grancolombiagold.com and by reviewing its profile on SEDAR at www.sedar.com.

Cautionary Statement on Forward-Looking Information:

This news release contains "forward-looking information", which may include, but is not limited to, statements with respect to production guidance and anticipated business plans or strategies. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative 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 statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Gran Colombia to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause actual results to differ materially from those anticipated in these forward-looking statements are described under the caption "Risk Factors" in the Company's Annual Information Form dated as of March 27, 2019 which is available for view on SEDAR at www.sedar.com. Forward-looking statements contained herein are made as of the date of this press release and Gran Colombia disclaims, other than as required by law, any obligation to update any forward-looking statements whether as a result of new information, results, future events, circumstances, or if management's estimates or opinions should change, or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, the reader is cautioned not to place undue reliance on forward-looking statements.

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