

Anaconda Mining Reports Fourth Quarter and Full Year 2019 Financial Results; Generates \$9.9 Million in EBITDA From the Point Rouse Complex

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TORONTO, March 2, 2020 - [Anaconda Mining Inc.](#) ("Anaconda" or the "Company") (TSX:ANX) (OTCQX:ANXGF) is pleased to report its financial and operating results for the three months and year ended December 31, 2019 ("Q4 2019"). The Company's audited consolidated financial statements, management discussion & analysis, and annual information form can be found at www.sedar.com and the Company's website, www.anacondamining.com. All dollar amounts are in Canadian dollars unless otherwise noted.

Highlights for the Year Ended December 31, 2019

- Anaconda sold 16,362 ounces of gold in 2019 from production at the Point Rouse Complex, generating metal revenue of \$29.5 million at an average sales price* of C\$1,804 (US\$1,360) per ounce of gold.
- The Company also sold 903 ounces from the processing of the Goldboro Bulk Sample at the Pine Cove Mill in Q4 2019, generating a further \$1.8 million in proceeds.
- Anaconda produced 15,211 ounces of gold in 2019 at the Point Rouse Complex, below its revised guidance of 16,000 to 17,000 ounces due to increased throughput time for the Bulk Sample to maximize recovery, displacing Pine Cove ore, and lower grades in Q4 2019 due to changes in mine sequencing.
- Operating cash costs per ounce sold* at the Point Rouse Project in Q4 2019 were \$1,371 (US\$1,039), and \$1,165 (US\$878) for the year ended December 31, 2019, below the Company's revised annual guidance of \$1,325 and \$1,375 per ounce of gold sold as a result of better than planned throughput and grade in Q3 2019.
- All-in sustaining cash costs per ounce sold*, including corporate administration and sustaining capital expenditures, was \$1,693 (US\$1,282) for Q4 2019, and \$1,655 (US\$1,247) for the full year.
- In 2019, the Company invested \$10.9 million in its exploration and development projects, including \$9.2 million on the Goldboro Gold Project in Nova Scotia relating to the feasibility study, permitting, the bulk sample, and ongoing diamond drilling programs.
- The Point Rouse Complex generated EBITDA* of \$1.6 million in Q4 2019 and \$9.9 million for the year ended December 31, 2019, compared with \$2.9 million and \$12.2 million for the respective 2018 periods.
- Net income for the year ended December 31, 2019 was \$373,047, or \$0.00 per share, compared to net loss of \$1,693,413, or \$0.01 per share, for the year ended December 31, 2018.
- The Company extended the amortization of its term loan with the Royal Bank of Canada, providing enhanced financial flexibility as the Company continues to advance the Goldboro Gold Project and Tilt Cove Project.
- As at December 31, 2019, the Company had a cash balance of \$4.4 million, working capital* of \$2.7 million, and additional available liquidity of \$1,000,000 from an undrawn revolving line of credit facility.

*Refer to Non-IFRS Measures section below. A full reconciliation of Non-IFRS Measures can be found in the Management Discussion and Analysis as at and for the year ended December 31, 2019.

"Anaconda is pleased to announce another solid financial year from mining operations at the Point Rouse Complex, achieving project-level EBITDA of \$9.9 million and generating operating cash flows of over \$4.3 million. We ended the year with a strong liquidity position including \$4.4 million in cash, and 2020 is off to strong start with production at Point Rouse above plan and record Canadian dollar gold prices. Anaconda's strong financial position, continued cash flow, and operating infrastructure provide the platform for growth, as we target 150,000 ounces of gold production in the next three to five years. In 2020, we will advance towards our goal with continued gold production at the Point Rouse Complex, the advancement of the Goldboro Gold Project, and executing our drill programs at the exciting Tilt Cove Gold Project."

~Kevin Bullock, President and Chief Executive Officer, Anaconda Mining Inc.

Consolidated Results Summary

	Three months ended December 31, 2019	Three months ended December 31, 2018	Year ended December 31, 2019
Financial Results			
Revenue (\$)	6,506,722	6,759,181	29,547,682
Cost of operations, including depletion and depreciation (\$)	4,919,066	8,490,772	22,690,028
Mine operating income (\$)	1,587,656	1,268,409	6,857,654
Net income (loss) (\$)	(229,778)	(356,333)	373,047
Net income (loss) per share (\$/share) - basic and diluted (\$)	(0.00)	(0.00)	0.00
Cash generated from operating activities (\$)	(209,207)	3,385,823	4,372,224
Capital investment in property, mill and equipment (\$)	133,609	284,911	2,181,896
Capital investment in exploration and evaluation assets (\$)	1,451,810	4,057,912	10,943,829

Average realized gold price per ounce*

US\$1,489 US\$1,207 US\$1,360

Operating cash costs per ounce sold*

US\$1,039 US\$805 US\$878

All-in sustaining cash costs per ounce sold*

US\$1,282 US\$1,014 US\$1,247

December 31, 2019	December 31, 2018
63,757,965	57,94
6,903,274	5,290

*Refer to Non-IFRS Measures section for reconciliation

During the fourth quarter of 2019, the Company processed the Goldboro Bulk Sample (the "Bulk Sample") at its Pine Cove Mill (see press release dated January 16, 2020). Fourth quarter and annual mill statistics are presented both including the Bulk Sample, and on a Point Rouse stand-alone basis. Proceeds from gold recovered and sold from the Bulk Sample were recorded as a credit against the Goldboro exploration and evaluation asset, and the related processing costs at the Pine Cove Mill were also reallocated to the Goldboro asset on a proportionate basis.

	Three months ended December 31, 2019	Three months ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018
Ore milled (t)	110,474	110,547	401,499	461,439
including Bulk Sample				
Grade (g/t Au)	1.49	1.93	1.52	1.56
Recovery (%)	83.1	89.1	82.3	86.7
Gold ounces recovered	6,125	6,125	16,181	20,149
Gold ounces sold	6,120	6,120	17,265	19,290

Excluding the operating results from the Bulk Sample, the Pine Cove Mill Statistics specifically for production from the Point Rouse Complex are as follows:

	Three months ended December 31, 2019	Three months ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018
Operational Results				
Ore milled (t)	100,689	110,547	391,714	461,439
Grade (g/t Au)	1.27	1.93	1.46	1.56
Recovery (%)	84.0	89.1	82.8	86.7
Gold ounces produced	1,444	6,125	15,211	20,149
Gold ounces sold	1,006	6,120	16,362	19,290

2020 Guidance

Anaconda is projecting to produce and sell between 18,000 and 19,000 ounces of gold in 2020. Mill feed in 2020 will be exclusively from mining in the Pine Cove Pit, as the Company has continued to successfully expand the mining operations at Pine Cove, which is well understood geologically and from a mining perspective, limiting technical risk. The Company continues to progress the Argyle Project, where infill drilling is ongoing, with development expected to commence towards the middle of 2020. The Company 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. Operating cash costs per ounce for the full year are expected to be between \$1,050 and \$1,100 per ounce of gold sold (US\$775 - US\$825 at an approximate exchange rate of 0.75), which is consistent with historical levels for the Point Rouse Complex, although expected to be higher earlier in 2020 due to the grade profile of the mine plan.

Review of the Year Ended December 31, 2019

Operational Overview

The Point Rouse Complex produced 15,211 ounces of gold during 2019, coming in below the revised guidance of 16,000 to 17,000 ounces of gold, mainly due to a slower than planned throughput rate for the Bulk Sample to maximize recovery (which displaced Pine Cove ore) and lower grades during the fourth quarter as slope conditions required a change to mine sequencing.

The Pine Cove Mill processed 401,499 tonnes during 2019, including 9,875 tonnes from the Bulk Sample, a decrease of 15.1% compared to 2018 largely due to the challenges in the second quarter, when unplanned maintenance of the regrind mill impacted mill availability, which in turn impacted throughput and recovery. Mill availability has returned to historical levels of 97% in the second half of the year, up significantly from 85.8% in Q2 2019.

Average grade from production from the Point Rouse Complex in 2019 was 1.46 g/t, down 6.4% from 2018 when mill feed was predominantly from the higher grade Stog'er Tight Mine. The average grade in 2019 was also impacted by lower than planned grade in the fourth quarter due to a change in the mine sequence. The mill achieved an average recovery rate of 82.8% in 2019, excluding the impact of the Bulk Sample, a significant decrease from 2018 due to the challenges in Q2 2019 when the recovery rate was 74.7%.

Mine operations moved 413,139 tonnes of ore during the year at an average grade of 1.54 g/t and a strip ratio of 4.3 waste tonnes to ore tonnes. In general, mined tonnes have increased in the third and fourth quarters of 2019 compared to the first half of the year, when mining activity was focused at Stog'er Tight and

on the development of the Pine Cove Pit. Tonnes of ore produced increased 26% and total material moved increased 35% compared to 2018, when mining was focused on the lower-tonnage profile Stog'er Tight Mine. In 2020, mine production will remain focused on production from the south and southwest areas of the Pine Cove Pit, with the strip ratio expected to decrease over the year.

Financial Results

Anaconda sold 16,362 ounces of gold in 2019 from Point Rouse to generate metal revenue of \$29.5 million at an average realized gold price of C\$1,804 per ounce (US\$1,360). Anaconda generated a further \$1,773,091 in proceeds from the 903 ounces of gold recovered and sold from the Bulk Sample that was recorded as a credit against the Goldboro asset. As at December 31, 2019, the Company had over 420 ounces of gold doré inventory, which was sold in January.

Operating expenses for the year ended December 31, 2019 were \$18,648,582, compared to \$18,626,974 in the year ended December 31, 2018. Operating expenses for 2019 included mining costs of \$9,366,509, and increase from \$7,005,663 in the previous year, as the Company moved 35% more material in 2019 while mining in the Pine Cove Pit. Processing costs in 2019 were \$8,923,013, a decrease from \$9,428,149 in 2018 mainly related to 15% less mill throughput. Operating expenses were also impacted by an inventory adjustment credit of \$995,977 due to the build-up in inventory at December 31, 2019. Operating cash costs per ounce sold during 2019 were C\$1,165 (US\$878), below the Company's revised 2019 annual operating cash cost guidance of C\$1,325-C\$1,375 as a result of better than planned throughput and grade in the second half of 2019.

The royalty expense for 2019 was \$443,325, an increase over 2018 as a greater proportion of production was from Stog'er Tight, which carries a 3% net smelter royalty. Depletion and depreciation for the year ended December 31, 2019 was \$3,608,121, a significant decrease from 2018 due to the continued expansion of the mine life at Pine Cove, which results in a higher denominator for depletion and depreciation on a units-of-production basis relative to the denominator used in the fourth quarter of 2018.

Mine operating income for the year ended December 31, 2019 was \$6,857,654, an increase from mine operating of \$5,905,037 in 2018, mainly due to lower depletion and depreciation offsetting lower revenue due to the displacement of Point Rouse ore from the processing of the Bulk Sample.

Corporate administration expenditures were \$4,373,751 during 2019, an increase over 2018 as the result of one-time severance costs incurred as part of the Company's ongoing effort to streamline costs and renew its focus on increasing its production profile. The Company also recorded research and development costs of \$592,942 in 2019 relating to the research and a potential field trial for the narrow vein mining research project, as well as other research initiatives such as tailings repurposing.

Share-based compensation was \$861,429 during the year ended December 31, 2019, compared to \$544,560 in the comparative 2018 period. 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 year ended December 31, 2019 was \$417,072, significantly higher than 2018 as a result of the \$5 million term loan entered into with the Royal Bank of Canada ("RBC") in March 2019, which carries an interest rate of 4.6%.

Net comprehensive income for the year ended December 31, 2019, was \$373,047, or \$0.00 per share, compared to net comprehensive loss of \$1,693,413, or \$0.01 per share, in the comparative period of 2018. The improvement from the prior year was driven by higher mine operating in 2019 and a net income tax recovery of \$41,000 as a result of the significantly higher gold price environment (2018 - net income tax expense of \$1,624,445).

Review of Fourth Quarter 2019 Results

Operational Overview

Gold production of 3,441 from the Point Rouse Complex in Q4 2019 was lower than plan, mainly the result of a slower than planned throughput rate for the Bulk Sample to maximize recovery (which displaced Pine Cove ore), and lower grades during the fourth quarter as slope conditions required a change to mine sequencing.

The Pine Cove Mill has returned to consistent operations, milling a total of 110,474 tonnes during the fourth quarter, including 9,875 tonnes from the Bulk Sample. Mill throughput has continued to increase since the Company addressed second quarter challenges, achieving 1,318 tonnes per day in the fourth quarter for Pine Cove mill feed (noting that the mill throughput rate was purposely slowed for the processing of the bulk sample to maximize recoveries on Goldboro material). Average grade during the fourth quarter was 1.27 g/t from ore feed predominantly from Pine Cove, lower than planned due to a change in the mine sequence, and a decrease compared to the corresponding period of 2018 when mill feed was predominantly from the higher grade Stog'er Tight Mine. The mill achieved an average recovery rate for Point Rouse ore feed of 84.0% during the fourth quarter, a significant increase from 74.7% in Q2 2019, resulting in quarterly gold production of 3,441 ounces. Including the mill throughput from the Bulk Sample, the Pine Cove Mill recovered 4,411 ounces of gold at an overall average recovery rate of 83.1% during Q4 2019.

The mine operation produced 123,302 tonnes of ore in Q4 2019 mainly from the Pine Cove Pit and some residual mining at Stog'er Tight, an 8% decrease from Q3 2019 as slope conditions on the western wall resulted in a change to mine sequencing, which also impacted the total material moved for the quarter. In general, mined tonnes have increased in the second half of 2019 compared to the first half of the year, when mining activity was focused at Stog'er Tight and on the development of the Pine Cove Pit.

Financial Results

During the fourth quarter, the Company sold 3,306 ounces of gold from production from the Point Rouse Complex, generating metal revenue of \$6,506,722 at an average realized gold price of C\$1,966 per ounce (US\$1,489). Anaconda generated a further \$1,773,091 in proceeds from gold recovered and sold from the Bulk Sample. Gold revenue was 33% lower compared to Q4 2018 due to 46% decrease in ounces sold from Point Rouse, which was partially offset by a 23% increase in the price of gold.

Operating expenses were \$4,498,317 during Q4 2019, a decrease from \$6,215,098 in the fourth quarter of 2018. The higher operating expenses in the prior year were the result of higher relative haulage costs at Stog'er Tight, and higher mill throughput which resulted in higher processing costs. Furthermore, the operating expenses in Q4 2019 were impacted by an inventory adjustment credit of \$995,977 due to the build-up in inventory at December 31, 2019. Operating cash costs per ounce sold in Q4 2019 were \$1,371 (US\$1,039), compared to \$1,063 (US\$805) in the prior period, primarily due to the decrease in ounces sold and higher strip ratio in the most recent quarter. The royalty expense of \$42,825 during the fourth quarter was down significantly from Q4 2018, when production was predominantly from Stog'er Tight, which carries a 3% net smelter return royalty. Depletion and depreciation for Q4 2019 was \$377,924, representing a significant decrease from Q4 2018 due to the continued expansion of the mine life at Pine Cove, which results in a higher denominator for depletion and depreciation on a units-of-production basis relative to the denominator used in the fourth quarter of 2018.

Overall, mine operating income for the fourth quarter was \$1,587,656, an increase from \$1,268,409 in corresponding period of 2018, as lower gold revenue and higher operating expenses were offset by lower royalty expenses and a significant decrease in depletion and depreciation.

Net loss for the three months ended December 31, 2019 was \$229,778, or \$0.00 per share, compared to net loss for the three months ended December 31, 2018 of \$356,333, or \$0.00 per share.

Financial Position and Cash Flow Analysis

As at December 31, 2019, the Company had working capital of \$2,728,061, which included cash and cash equivalents of \$4,351,588. Current loans increased in 2019 due to a \$5 million term loan with the Royal Bank of Canada ("RBC"), entered into in March 2019, which carries a fixed interest rate of 4.6% and a performance guarantee fee by Export Development Canada ("EDC") of 1.85%, based on the proportional amount outstanding. In January 2020, the Company announced that it had extended the amortization period on the term loan to April 2022, providing enhanced financial flexibility in 2020 as it continues to advance the

Goldboro Gold Project and the Tilt Cove Gold Project. 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 December 31, 2019, the Company had not drawn against the revolving credit facility.

Anaconda generated \$4,335,382 in operating cash flows during the year ended December 31, 2019, after accounting for corporate administration costs. Revenue less cash operating expenses and royalties from the Point Rousse Project was \$10,465,775, based on gold sales of 16,362 ounces at an average gold price of C\$1,804 per ounce sold and operating cash costs of C\$1,165 per ounce sold. Corporate administration costs in 2019 were \$4,457,000, which included one-time severance costs.

During 2019, the Company continued to invest in its key growth projects in Newfoundland and Nova Scotia. The Company spent \$10,943,829 on exploration and evaluation assets (adjusted for amounts included in trade payables and accruals at December 31, 2019), primarily on the continued advancement of the Goldboro Project (\$9,136,476). The Company also invested \$2,181,896 into the property, mill and equipment at the Point Rousse Project, with capital investment focused on development activity on pushbacks of the Pine Cove pit.

Financing activities during the year ended December 31, 2019 included the net proceeds of \$4,508,680 from a non-brokered private placement completed in July 2019, the \$5 million term loan with RBC (and corresponding monthly repayments), and the repayment of other capital lease obligations and government loans.

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, 2019, 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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