

Torex Gold Announces Strong Q2 2020 Financial Results and Updated Guidance

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TORONTO, Aug. 05, 2020 - Today, [Torex Gold Resources Inc.](#) (the "Company" or "Torex") (TSX: TXG) released the Company's financial results for the three and six months ended June 30, 2020 as well as its updated operational outlook for 2020.

Due to the COVID-19 decree issued by the Government of Mexico, production at El Limón Guajes (ELG) was temporarily suspended for the month of April and partially resumed in May with the processing of lower grade stockpiled material. Following the designation of mining as an essential activity in Mexico, full production resumed at the beginning of June.

Jody Kuzenko, President & CEO of Torex, stated:

"While this quarter was far from business as usual, we delivered solid operational performance and demonstrated the financial strength of our business even in these most challenging times. Despite the mandated suspension of our operations due to COVID-19, we produced 59,500 ounces of gold, delivered \$49.3 million in adjusted EBITDA and \$28.1 million in operating cash flow (prior to non-cash working capital). With operations back on track, \$176.9 million in the bank and a robust gold price at hand, we plan to direct our cash flow to further reducing debt during the second half of 2020.

"With the steady state production run rate reestablished in June, we are well positioned to deliver a solid second half of the year, and are off to a strong start with 42,630 ounces of gold produced in July, following 38,890 ounces produced in June. Our expectations are reflected in the revised production guidance of between 390,000 and 420,000 ounces of gold in 2020.

"During the quarter, we also kept pace on planned investment associated with our future. The modest increase in our capital expenditure forecast for the remainder of 2020 relative to original guidance reflects our decision to advance projects which we believe will add incremental value for shareholders. We are increasing exploration investment in ELG underground and building a third portal to access our underground deposits there, which we expect will cut the current haulage distance in half thereby reducing operating costs. Additionally, we have added a south portal to the Media Luna design in order to mitigate any schedule risk associated with the 7 km long access tunnel.

"I'm particularly proud that we continued to demonstrate our industry leadership in safety this quarter, with more than seven million hours now worked without a single lost time injury. Our strong culture of safety has served us well as we continue to keep our operations running safely by continuously enhancing our controls to prevent the spread of COVID-19 among our employees and local communities.

"With a solid balance sheet, strong momentum on production, gold prices reaching record highs and most importantly, an exceptional team delivering exceptional operational performance, we are poised to deliver very strong results in H2 2020, into 2021 and beyond."

This release should be read in conjunction with the Company's June 30, 2020 Financial Statements and MD&A on the Company's website or on SEDAR. A summary of Torex's operating and financial results can be found in Table 2.

Q2 2020 Highlights

- Safety: Zero lost time injuries in the quarter and more than 7 million hours worked since the last lost time injury more than a year ago.
- ESG (Environment, Social, Governance): On August 4th, the Company issued its 2019 Responsible Gold Mining Report, which is available on our website (www.torexgold.com).
- Gold production: Produced 59,508 ounces of gold including 38,892 ounces in June.
- Plant throughput and availability: Plant throughput averaged 7,560 tonnes per day¹ for the quarter, including 11,873 tonnes per day processed in June.
- Gold sold: 63,147 ounces of gold sold at an average realized gold price² of \$1,712 per ounce.
- Care and maintenance costs of \$11.1 million related to the COVID-19 suspension of operations have been excluded, \$8.0 million from production costs and \$3.1 million from depreciation.
- Total cash costs² and all-in sustaining costs²: Total cash costs of \$740 per ounce and all-in sustaining costs of \$1,015 per ounce, which exclude \$8.0 million of production costs related to the COVID-19 suspension of operations.
- Net income: Net income of \$3.8 million, or \$0.04 per share on a basic and diluted basis.
- Adjusted net earnings²: Adjusted net earnings of \$3.6 million, or \$0.04 per share on a basic and diluted basis. Adjusted net earnings for the quarter excludes \$11.1 million of care and maintenance costs related to the COVID-19 suspension of operations (\$7.8 million or \$0.09 per share on a tax adjusted basis).
- EBITDA² and Adjusted EBITDA²: Generated EBITDA of \$44.8 million and adjusted EBITDA of \$49.3 million. Adjusted EBITDA excludes \$8.0 million of production costs related to the COVID-19 suspension of operations.
- Cash flow from operations: Cash flow from operations totaled \$2.2 million (\$28.1 million prior to changes in non-cash working capital), including income taxes paid of \$14.8 million.
- Free cash flow²: Deficiency of \$28.5 million after taking into account changes in non-cash working capital.
- Cash balance: As at June 30, 2020 totaled \$176.9 million, all unrestricted.
- Debt: Repaid \$21.7 million of outstanding debt during the quarter. Drew \$90.0 million on the Revolving Facility during the quarter. Total debt stood at \$225.2 million as of June 30, 2020.
- Losses on derivative contracts: \$2.7 million in losses on derivative contracts this quarter, primarily due to a marked increase in gold price.

¹ Based on 91 calendar days for the three months ended June 30, 2020.

² Refer to Non-IFRS Financial Performance Measures; within the MD&A for further information and a detailed reconciliation.

Guidance Update

With the resumption of full operations at ELG in June 2020, the Company has revised its operational outlook for 2020. The lower guided output and higher costs primarily reflect the impact the COVID-19 related suspension had on operations in Q2. As with everywhere else in the world, uncertainty still exists over the extent and duration of the impacts that COVID-19 could have on operations, and as such, may impact our ability to achieve the revised outlook outlined in Table 1. There are no changes to the safety and environmental objectives.

Table 1: Revised 2020 Operational Outlook

	Original Outlook	Revised Outlook
Gold production	420,000 to 480,000 ounces	390,000 to 420,000 ounces
Total cash costs per ounce of gold sold	\$640 to \$670	\$695 to \$740
All-in sustaining costs per ounce of gold sold	\$900 to \$960	\$965 to \$1,025
<i>Capitalized waste stripping</i>	<i>\$51 million</i>	<i>\$46 million</i>
<i>Other sustaining investment</i>	<i>\$34 million</i>	<i>\$37 million</i>
Sustaining capital expenditures	\$85 million	\$83 million
Non-sustaining capital expenditures	\$82 million	\$92 million

The increase in guidance on non-sustaining capital expenditures includes a \$7.0 million increase in investment in the Media Luna project for the South Portal; and additional equipment, to ensure that the project stays on schedule; and \$3.5 million to develop Portal 3; in order to mine the Sub-Sill Extension area and the El Lim Deep Extension in an efficient and cost-effective manner.

Enhanced Balance Sheet Liquidity

During the quarter, we drew down \$90.0 million on our revolving credit facility to enhance balance sheet liquidity. With strong cash flow projected for the remainder of the year, we expect to be in a net cash position

before year-end, having exited June 2020 with net debt of \$53.5 million from \$26.3 million at the end of Q1.

COVID-19 Update

The enhanced COVID-19 control measures put in place in March remain in place today, and screening measures continue to be effective. To date, there have been four confirmed cases of COVID-19 within our workforce. Three of those individuals displayed symptoms and tested positive at home while away from site and are now fully recovered. The fourth individual tested positive at site and was quarantined as outlined in our COVID-19 protocols.

Continued support has been provided for COVID-19 management in neighbouring communities, including the implementation of infection prevention education campaigns for adults and children, the delivery of medical equipment for local health centres, and the donation of hand sanitizer and medical masks.

Conference Call and Webcast Details

The Company will host a conference call today at 9:00 AM (ET) where senior management will discuss the second quarter operating and financial results. Please call the below numbers approximately 10 minutes prior to the start of the call:

- Toronto local or international: 1-416-915-3239
- Toll-Free (North America): 1-800-319-4610
- Toll-Free (France): 0800-900-351
- Toll-Free (Switzerland): 0800-802-457
- Toll-Free (United Kingdom): 0808-101-2791

A live audio webcast of the conference call will be available on the Company's website at www.torexgold.com. The webcast will be archived on the Company's website.

About Torex Gold Resources Inc.

Torex is an intermediate gold producer based in Canada, engaged in the mining, developing and exploring of its 100% owned Morelos Gold Property, an area of 29,000 hectares in the highly prospective Guerrero Gold Belt located 180 kilometres southwest of Mexico City. The Company's principal assets are the El Limón Guajes mining complex (ELG Mine Complex), comprising the El Limón, Guajes and El Limón Sur open pits, the El Limón Guajes underground mine including zones referred to as Sub-Sill and ELD, and the processing plant and related infrastructure, which commenced commercial production 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 Technical Report). The property remains 75% unexplored.

For further information, please contact:

[Torex Gold Resources Inc.](http://www.torexgold.com)

Dany Kollesko
President, CEO, Corporate Development & Investor Relations
Direct: (647) 206-9982
Email: dany.kollesko@torexgold.com

CAUTIONARY NOTES

This news release contains forward-looking statements and forward-looking information within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, the Company's operations are back on track; the Company's plan to direct its growing cash position to reducing debt during the second half of 2020; with the normal production run rate reestablished in June, the Company is well positioned to deliver a solid second half of the year; the Company's revised production guidance for 2020 of between 390,000 and 420,000 ounces of gold sold; the modest increase in the Company's capital expenditure forecast for the remainder of 2020 relative to original guidance reflects the Company's decision to advance projects which it believes will add incremental value for shareholders; plans to increase exploration investment in ELG underground and building a third portal to access its underground deposits there, which is expected cut the current haulage distance in half thereby reducing operating costs; the addition of a south portal to the Media Luna design in order to mitigate any schedule risk associated with the 7 km long access

tunnel; plans to continuously enhancing controls to prevent the spread of COVID-19 among the Company's employees and local communities; expectation of operations continuing to run safely due the strong safety culture, including the continued enhancements control the spread of COVID-19; with a solid balance sheet, strong momentum on production, gold prices reaching record highs and most importantly, an exceptional team delivering exceptional operational performance, the Company is poised to deliver very strong results in H2 2020 and into 2021 and beyond; the COVID-19 disruption to the ELG operations will materially affect the Company's performance for 2020; the Company revised its operational outlook for 2020 as outlined in the news release; the planned increase investment in the Media Luna project for the 'South Portal' and additional equipment, to ensure that the project stays on schedule; the plan to invest \$3.5 million to develop 'Portal 3' in order to mine the Sub-Sill Extension area and the El Lim?n Deep Extension in an efficient and cost-effective manner; with strong cash flow projected for the remainder of the year, the Company expects to be in a net cash position before year-end; and the expected effectiveness of the enhanced COVID-19 control measures. 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'; 'goal'; 'estimates'; 'forecasts'; 'intends'; 'anticipates'; or 'does not anticipate'; 'believes'; or 'potential'; or variations of such words and phrases or statements 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 risks associated with the impacts of COVID-19 on the mining, development and exploration operations; and the Company's ability to achieve the revised 2020 operational outlook; predictability of the grade; fluctuation in gold and other metal prices; currency exchange rate fluctuations; capital and operational cost estimates; satisfying financial covenants under the Company's debt facility; illegal blockades; dependence on good relationships with employees and contractors and labour unions; the ability to secure necessary permits and licenses; foreign operations and political and country risk; risks associated with skarn deposits; hedging contracts; interest rate risk; as well as those risk factors included herein and elsewhere in the Company's public disclosure. Notwithstanding the Company's efforts, there can be no guarantee that the Company does not have employees who have the COVID-19 infection or that the Company's measures to protect employees and surrounding communities from COVID-19 during this period will be effective. Forward-looking information are based on the assumptions discussed in the Company's annual information form 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.

Table 2: Operating and Financial Results Summary

		Three Months Ended		
		Jun 30, 2020	Mar 31, 2020	Dec 31, 2019
<i>In millions of U.S. dollars, unless otherwise noted</i>				
Operating Data				
<i>Mining</i>				
Ore tonnes mined	kt	697	1,837	1,573
Waste tonnes mined	kt	4,435	11,726	10,799
Total tonnes mined	kt	5,132	13,563	12,368
Strip ratio ²	waste:ore	6.7	6.8	7.3
Average gold grade of ore mined ⁴	gpt	3.07	2.52	3.06
Ore in stockpile ⁵	mt	3.1	3.1	2.4
<i>Processing</i>				
Total tonnes processed	kt	688	1,134	1,116

Average plant throughput ⁸	tpd	7,560	12,464	12,130
Average gold recovery	%	89	89	89
Average gold grade of ore processed	gpt	3.18	3.35	3.87
<i>Production and sales</i>				
Gold produced	oz	59,508	108,537	125,150
Gold sold	oz	63,147	108,064	126,900
<i>Financial Data</i>				
Revenue	\$	109.1	172.0	190.0
Cost of sales	\$	91.4	144.1	149.0
Earnings from mine operations	\$	17.7	27.9	41.0
Net income (loss)	\$	3.8	(47.0)	35.1
Per share - Basic	\$/share	0.04	(0.55)	0.41
Per share - Diluted	\$/share	0.04	(0.57)	0.41
Adjusted net earnings ¹	\$	3.6	19.9	34.0
Per share - Basic ¹	\$/share	0.04	0.23	0.40
Per share - Diluted ¹	\$/share	0.04	0.23	0.40
EBITDA ¹	\$	44.8	39.4	102.2
Adjusted EBITDA ¹	\$	49.3	67.4	105.1
Cost of sales ⁷	\$/oz	1,447	1,333	1,174
Total cash costs ¹	\$/oz	740	794	617
All-in sustaining costs ¹	\$/oz	1,015	975	767
Average realized gold price ¹	\$/oz	1,712	1,571	1,481
Cash from operating activities	\$	2.2	29.5	97.9
Cash from operating activities before changes in non-cash working capital ⁶	\$	28.1	21.8	101.4
Free cash flow (deficiency) ¹	\$	(28.5)	2.1	71.6
Net debt ¹	\$	53.5	26.3	21.7
Cash and cash equivalents	\$	176.9	135.7	161.8
Restricted cash	\$	-	-	-
Working capital (deficiency) ³	\$	191.9	105.1	96.5
Total debt	\$	225.2	155.2	174.9
Total assets	\$	1,204.1	1,154.7	1,229.0
Total liabilities	\$	419.2	373.7	394.8

- Adjusted net earnings, total cash costs, all-in sustaining costs, average realized gold price, EBITDA, adjusted EBITDA, free cash flow (deficiency) and net debt are financial performance measures with no standard meaning under International Financial Reporting Standards (IFRS). Refer to Non-IFRS Financial Performance Measures within the Q2 2020 MD&A for further information and a detailed reconciliation.
- Ore mined from the ELG Underground of 31 kt and 132 kt is included in ore tonnes mined and excluded from the strip ratio in the three and six months ended June 30, 2020. For the three months ended March 31, 2020, December 31, 2019, September 30, 2019, and June 30, 2019, ore mined from the ELG Underground was 101 kt, 98 kt, 102 kt and 117 kt, respectively.
- Current liabilities at June 30, 2019 included a scheduled repayment of \$75.0 million in June 2020 under the 2017 revolving facility. As a result of the subsequent refinancing, the \$75.0 million due under the 2017 revolving facility was deferred.
- Included within average gold grade of ore mined is the mined long term, low grade inventory. Excluding the long term, low grade inventory, the average gold grade of ore mined is 3.32 gpt and 2.86 gpt for the three and six months ended June 30, 2020. For the three months ended March 31, 2020, December 31, 2019, September 30, 2019, and June 30, 2019, excluding the long term, low grade inventory, the average gold grade of ore mined is 2.62 gpt, 3.23 gpt, 3.37 gpt and 3.33 gpt, respectively.
- Included within ore in stockpile is 1.0 mt of long term, low grade inventory, with a carrying value of nil at June 30, 2020. As at March 31, 2020, December 31, 2019, September 30, 2019, and June 30, 2019, the long term, low grade inventory was 0.9 mt, 0.8 mt, 0.6 mt and 0.5 mt, respectively, with nil carrying value. As at June 30, 2020 the long term, low grade inventory has an average grade of 0.87 gpt.
- Cash generated from operating activities before changes in non-cash working capital was amended to exclude current income tax expense in order to align with changes in presentation of the Company's Statement of Cash Flows.

7. Cost of sales for the three and six months ended June 30, 2020 includes \$11.1 million of care and maintenance costs related to the COVID-19 suspension.
8. Based on calendar days in the period of 91 and 182 days for the three and six months ended June 30, 2020.
9. Sum of quarters may not add to the year to date amounts due to rounding.

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