

# Teranga Gold Delivers Solid Second Quarter Production and Costs; on Track to Achieve 2019 Guidance

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TORONTO, Aug. 01, 2019 - [Teranga Gold Corp.](#) ("Teranga" or the "Company") (TSX:TGZ; OTCQX:TGCDF) today reported financial, operating, and development results for the three and six months ended June 30, 2019.

"Operationally, Sabodala reported a solid second quarter. Wahgnion remains well on schedule and we have begun commissioning and expect production to ramp up in the fourth quarter," said Richard Young, President & Chief Executive Officer. "With Sabodala delivering significant cash flow and Wahgnion in commissioning, we are investing in the next stage of our organic growth pipeline. Last week, we announced a new 27,000-metre drilling and exploration program at Golden Hill intended to progress the project towards feasibility. Teranga is well positioned to continue to increase production and cash flow in the near-term and become West Africa's next mid-tier gold producer."

Paul Chawrun, Chief Operating Officer, added, "Plant commissioning is underway at Wahgnion. The crushing circuit is complete and wet ore feed into the grinding circuit is planned to start shortly. We have accelerated the annual mine plan to deliver more ore tonnes to the process plant given an earlier-than-planned production ramp up. The timing for bringing our second mine on line appears to be dovetailing with rising gold prices as we remain on track for consolidated production in 2019 of between 245,000 to 270,000 ounces of gold, which would be the highest level of production in Teranga's history."

## Second Quarter Operating & Financial Highlights

*Three months ended June 30, 2019 compared to three months ended June 30, 2018*

- Second quarter gold production was 63,436 ounces, 3% lower than last year's record second quarter.
- Cost of sales per ounce was \$1,016, an increase of 12% mainly due to higher mine operation expenses, depreciation and amortization expenses, and lower gold ounces sold.
- Total cash costs<sup>(1)</sup> of \$679 per ounce was 8% higher, mainly due to lower gold ounces sold and higher maintenance and personnel costs.
- All-in sustaining costs (excluding non-cash inventory movements and amortized advanced royalty costs) per ounce<sup>(1)</sup> were \$870, an increase of 3%, mainly due to lower gold ounces sold.
- Net loss attributable to shareholders was \$7.6 million (\$0.07 loss per share) for the second quarter compared to net profit attributable to shareholders of \$11.6 million (\$0.11 earnings per share). The decrease was mainly attributable to non-cash movements on gold sales derivative instruments of \$18.8 million between comparative periods.
- Adjusted net profit attributable to shareholders<sup>(1)</sup> was \$2.9 million (\$0.03 per share) for the second quarter compared to a net profit of \$6.2 million (\$0.06 per share). The decrease was mainly due to a decrease in gross profit of \$7.8 million and higher other tax expenses of \$3.4 million, which was partially offset by lower income tax expense, net of the impact of foreign exchange on deferred taxes.
- Cash flows related to operating activities were similar year-over-year at \$19.3 million.
- EBITDA<sup>(1)</sup> decreased to \$22.5 million from \$47.4 million mainly due to an unrealized non-cash movement of \$18.8 million in derivative losses due to the increase in gold prices and lower gross profit as a result of lower gold production and sales.

- Adjusted EBITDA<sup>(2)</sup> decreased to \$31.6 million from \$37.0 million mainly due to lower gross profit as a result of lower gold ounces sold.
- Cash and cash equivalents totalled \$41.4 million, a decrease of \$14.8 million from the first quarter 2019 balance of \$56.2 million. The decrease was mainly due to \$36.9 million in cash expenditures related to the development of the Wahgnion Gold Project, partially offset by net drawdowns of \$14.0 million and \$6.8 million from the secured development finance facility with Taurus Funds Management Pty Ltd. and equipment finance facility with Caterpillar Financial Services Corporation, respectively.
- The Company's hedge program was put in place in 2017 to provide greater cash flow certainty during the construction of Wahgnion. During the second quarter, the Company made a number of changes to its existing gold hedging program to benefit from the recent rise in gold prices. In late June 2019 and early July, the Company rolled over 51,000 ounces of forward gold sales contracts to defer settlements to the first half of 2020 at an average price of \$1,330 per ounce. Concurrently with these transactions, the Company entered into zero cost collars for the second half of 2019 covering 30,000 ounces of gold production (minimum price of \$1,380 per ounce and maximum price of \$1,448 per ounce) and 37,166 ounces of gold production (minimum price of \$1,380 per ounce and a maximum price of \$1,478 per ounce).
- Over the last two years, the Company's hedge program has realized a total of approximately \$9 million in additional income, while at current gold prices, realized losses on outstanding hedges would total approximately \$6 million.

### Growth Highlights

- At Wahgnion, construction has continued to progress well during the quarter and first gold pour remains on schedule and ahead of the National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") technical report initially released on October 31, 2018<sup>(3)</sup>. The majority of the project is constructed and the initial stages of commissioning and operating handover processes have begun.
- At Golden Hill, the Company's most advanced exploration project in Burkina Faso, an initial early-stage mineral resource estimate for the project's most advanced prospects was announced on February 21, 2019. The Company has initiated a 27,000-metre drill program designed to increase the resource base and commenced initial studies and test work related to producing a technical report to support the application for a mine license in 2020.

### Operating & Financial Highlights

		Three months ended June 30,			Six months ended June 30,		
Operating Data		2019	2018	Change	2019	2018	Change
Gold Produced	(oz)	63,436	65,381	(2)	135,382	129,412	5
Gold Sold	(oz)	64,322	66,256	(2)	134,939	131,490	3
Average realized gold price <sup>(1)</sup>	(\$ per oz)	1,302	1,301	0%	1,305	1,313	(1)
Cost of sales per ounce	(\$ per oz sold)	1,016	906	12%	959	909	6%
Total cash costs <sup>(1)</sup>	(\$ per oz sold)	679	629	8%	651	644	1%
All-in sustaining costs (excluding non-cash inventory movements and amortized advanced royalty costs) <sup>(1)</sup>	(\$ per oz sold)	870	847	3%	837	867	(3)

		Three months ended June 30,			Six months ended June 30,		
Financial Data		2019	2018	Change	2019	2018	Change
Revenue	(\$000s)	83,554	86,050	(3 %)	175,681	172,292	2 %
Cost of sales	(\$000s)	(65,326)	(59,997)	9 %	(129,380)	(119,467)	8 %
Gross profit	(\$000s)	18,228	26,053	(30 %)	46,301	52,825	(12 %)
Net (loss)/profit attributable to shareholders of Teranga	(\$000s)	(7,581)	11,586	N/A	(10,300)	14,567	N/A
Per share	(\$)	(0.07)	0.11	N/A	(0.10)	0.14	N/A

Adjusted net profit attributable to shareholders of Teranga <sup>(1)</sup>	(\$000s)	2,885	6,214	(54 %)	5,115	16,117	(68 %)
Per share <sup>(1)</sup>	(\$)	0.03	0.06	(50 %)	0.05	0.15	(67 %)
EBITDA <sup>(1)</sup>	(\$000s)	22,471	47,435	(53 %)	61,550	74,359	(17 %)
Adjusted EBITDA <sup>(1),(2)</sup>	(\$000s)	31,609	36,953	(14 %)	71,655	69,164	4 %
Operating cash flow before changes in working capital excluding inventories	(\$000s)	19,304	26,105	(26 %)	45,586	50,971	(11 %)
Operating cash flow	(\$000s)	19,266	19,181	0 %	68,855	32,900	109 %
Sustaining capital expenditures (excluding deferred stripping)	(\$000s)	5,878	4,150	42 %	11,228	7,307	54 %
Capitalized deferred stripping sustaining	(\$000s)	6,314	8,157	(23 %)	19,770	18,254	8 %
Growth capital expenditures	(\$000s)	36,906	22,830	62 %	85,118	44,849	90 %

## 2019 News Flow & Upcoming Milestones

- Commence Production at Wahgnion, Teranga's Second Gold Mine
  - Complete project on time and within budget
  - Produce 30,000 to 40,000 ounces of gold<sup>(4)</sup>
  - Achieve positive free cash flow<sup>(1)</sup>
- Continue Strong Operational Performance at Sabodala
  - Achieve 2019 outlook for production of 215,000 to 230,000 ounces<sup>(5)</sup>
  - Deliver strong free cash flows<sup>(1)</sup> to support growth initiatives
  - Advance resettlement and livelihood restoration program related to Niakafiri deposit towards completion in H1 2020
- Progress Teranga's Golden Hill Project towards Feasibility Stage
  - Undertake 27,000-metre drilling and exploration program
  - Advance engineering, environmental and social work to support the preliminary economic assessment required for a mine license application in 2020
- Advance Côte d'Ivoire Exploration
  - Validate and increase the Afema historical resource
  - Continue advancing Miminvest exploration properties

## Sabodala Mineral Reserves and Resources Update

Proven and Probable Mineral Reserves and Mineral Resources were updated for Sabodala, effective December 31, 2018. Proven and Probable Mineral Reserves are comprised of 55.7 million tonnes at an average grade of 1.35 grams per tonne for 2.41 million ounces of gold. Further details can be found in the amended and restated annual information form for the year ended December 31, 2018 available on the Company's website at [www.terangagold.com](http://www.terangagold.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

## Corporate Update

Teranga is pleased to announce that Gwennael Guillen joined the Company earlier this year and has been appointed as Vice President, Corporate Social Responsibility. Prior to joining Teranga, Ms. Guillen was with IAMGOLD for 11 years, where she most recently served as Senior Director of Health, Safety and Sustainability for West Africa.

## Amended and Restated Annual Information Form and Updated Technical Report on Wahgnion

As a result of a review by the Ontario Securities Commission (the "OSC"), the Company has filed an amended and restated annual information form for the year ended December 31, 2018 (the "Amended AIF") and an amended and restated technical report for its Wahgnion Gold property entitled, "Updated Technical Report on the Wahgnion Gold Operations, Burkina Faso" (the "Amended Wahgnion Report").

The Amended AIF addresses comments raised by the OSC to reflect mineral reserve and resource

estimates for the Company's Sabodala gold project at an effective date of December 31, 2018 and changes related thereto. The original AIF disclosed mineral reserves and resources as of June 30, 2017, the date of the Company's 43-101 Technical Report. No further drilling had been done since the date of the Technical Report, as such, the updated reserves and resources as of December 31, 2018 reflect a reduction related to depletion partially offset by positive grade reconciliation over the 18-month period, as previously disclosed.

The Amended Wahgnion Report addresses comments raised by the OSC to include a discounted cash flow model, since the previously filed report disclosed an undiscounted cash flow model. While the anticipated life of mine cash flows remain unchanged on an undiscounted basis, the Amended Wahgnion Report has been supplemented with additional disclosures regarding discounted cash flows, based on both a 5% and 7.5% discount rate, on the basis of the same life of mine operational assumptions, as well as an IRR for the project. There are no other differences between the original report filed October 31, 2018 and the Amended Wahgnion Report, including with respect to the mineral reserve and mineral resource estimates or the recommendations and conclusions provided in the original report.

The Amended Wahgnion Report, with an initial filing date of October 31, 2018 and amended and restated as of July 31, 2019, was prepared in compliance with National Instrument 43-101 – Standards for Disclosure of Mineral Projects ("NI 43-101"). The Amended Wahgnion Report was prepared by Stephen Ling, P.Eng., the Company's Senior Manager, Mine Technical Services and a "qualified person" as such term is defined in NI 43-101. Stephen Ling has also reviewed and approved the scientific and technical information in this press release. The Amended AIF and the Amended Wahgnion Report are available under Teranga's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.terangagold.com](http://www.terangagold.com).

#### Consolidated Financial Statements

A copy of Teranga's consolidated financial statements and management's discussion & analysis for the three and six months ended June 30, 2019 are available on the Company's website at [www.terangagold.com](http://www.terangagold.com), on SEDAR at [www.sedar.com](http://www.sedar.com), and on the OTC Markets' website at [www.otcmarkets.com/terangagold](http://www.otcmarkets.com/terangagold).

#### Q2 2019 Conference Call & Webcast

Teranga will host a conference call/audio webcast today at 8:30 a.m. ET, during which management will review the highlights for the three and six months ended June 30, 2019. Those wishing to listen can access the live conference call and webcast as follows:

Date & Time: Thursday, August 1, 2019 at 8:30 a.m. ET

Telephone: Toll-free +1-877-291-4570  
Local or International +1-647-788-4919

Please allow 10 minutes to be connected to the conference call.

Webcast: Available on Teranga's website at [www.terangagold.com/Q22019](http://www.terangagold.com/Q22019).

Replay: The conference call replay will be accessible for two weeks after the call by dialling +1-416-621-4642 or toll-free at +1-800-585-8367 and entering the conference ID 1472756.

Note: The slide presentation will be available for download at [www.terangagold.com](http://www.terangagold.com) for simultaneous viewing during the call.

#### Endnotes

- (1) This is a non-IFRS financial measure and does not have a standard meaning under IFRS. Please refer to the sections titled, "Non-IFRS Financial Measures" and "Reconciliation of Non-IFRS Financial Measures" in the Company's Management's Discussion and Analysis for the three and six months ended June 30, 2019.

- Beginning second quarter 2019, the Company adopted “adjusted earnings before interest, taxes, depreciation and amortization” (“adjusted EBITDA”) as a new non-IFRS financial measure. Management believes that adjusted EBITDA is a valuable indicator of our ability to generate liquidity by producing operating cash flow to: fund working capital needs, service debt obligations and fund capital expenditures, after adjusting for factors not reflective of the underlying performance of the Company. Adjusted EBITDA is intended to provide additional information to investors and analysts and does not have any standardized definition under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The Company calculates adjusted EBITDA as net (loss)/profit adjusted to exclude income tax and related expenses, finance costs (including accretion expense), interest income, depreciation and amortization, unrealized and realized foreign exchange gains and losses, gains and losses on derivative instruments, non-cash fair value changes, impairment provisions and reversals thereof, and other unusual or non-recurring items.

Adjusted EBITDA is calculated as follows:

(US\$000s)	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Net (loss)/profit for the period for the period	(6,753	) 11,401	(9,016	) 15,397
Add: finance costs	4,533	4,293	8,931	7,938
Less: finance income	(46	) (5	) (70	) (10
Add: income tax (recovery)/expense	(239	) 13,412	14,598	15,944
Add: other tax expenses	3,434	-	5,632	-
Add: depreciation and amortization	21,542	18,334	41,475	35,090
Earnings before interest, taxes, depreciation and amortization	22,471	47,435	61,550	74,359
Adjustments for:				
Add: Losses/(gains) on derivative instruments	7,346	(10,942	) 8,254	(7,881
Add: Net foreign exchange losses	636	449	1,356	2,675
Add: Change in fair value of share warrant liabilities	620	11	269	11
Add: Change in fair value of gold offtake payment liability	536	-	226	-
Adjusted earnings before interest, taxes, depreciation and amortization	31,609	36,953	71,655	69,164

- The Wahgnion NI 43-101 technical report was amended and restated following comments from the OSC as part of its review of the Company’s application to file a preliminary shelf prospectus. The amendments related only to an updated cash flow model using various discount rates. For further details, please refer to the Amended and Restated Wahgnion Gold Project technical report dated July 31, 2019, filed on the Company’s website at [www.terangagold.com](http://www.terangagold.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

- This production target is based on proven and probable ore reserves only for Teranga’s Wahgnion Gold Operations as at May 31, 2018. For more information regarding the Wahgnion’s Mineral Reserves and Resources and related notes, please refer to the NI 43-101 compliant technical report for the Wahgnion Gold Operations dated October 31, 2018 available on the Company’s website at [www.terangagold.com](http://www.terangagold.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

- This production target is based on proven and probable reserves only from Teranga’s Sabodala Project as of December 31, 2018. For more information regarding Teranga Gold’s Mineral Reserves and Resources and related notes, please refer to the Company’s Amended AIF, which is available on the Company’s website at [www.terangagold.com](http://www.terangagold.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

#### Forward-Looking Statements

This press release contains certain statements that constitute forward-looking information within the meaning of applicable securities laws (“forward-looking statements”), which reflects management’s expectations regarding Teranga’s future growth opportunities, results of operations, performance (both operational and financial) and business prospects (including the timing and development of new deposits and the

success of exploration activities) and other opportunities. Wherever possible, words such as "plans", "expects", "does not expect", "scheduled", "trends", "indications", "potential", "estimates", "predicts", "anticipate", "to establish", "does not anticipate", "believe", "intend", "ability to" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might", "will", or are "likely" to be taken, occur or be achieved, have been used to identify such forward looking information. Specific forward-looking statements in this press release include, but are not limited to, forecasting gold production of between 215,000 and 230,000 ounces of gold at Sabodala and between 30,000 and 40,000 ounces at Wahgnion in 2019, and the timeline for commissioning of the process plant at Wahgnion. Although the forward-looking information contained in this press release reflect management's current beliefs based upon information currently available to management and based upon what management believes to be reasonable assumptions, Teranga cannot be certain that actual results will be consistent with such forward-looking information. Such forward-looking statements are based upon assumptions, opinions and analysis made by management in light of its experience, current conditions and its expectations of future developments that management believe to be reasonable and relevant but that may prove to be incorrect. These assumptions include, among other things, the closing and timing of financing, the ability to obtain any requisite governmental approvals, the accuracy of mineral reserve and mineral resource estimates, gold price, exchange rates, fuel and energy costs, future economic conditions, anticipated future estimates of free cash flow, and courses of action. Teranga cautions you not to place undue reliance upon any such forward-looking statements.

The risks and uncertainties that may affect forward-looking statements include, among others: the inherent risks involved in exploration and development of mineral properties, including government approvals and permitting, changes in economic conditions, changes in the worldwide price of gold and other key inputs, changes in mine plans and other factors, such as project execution delays, many of which are beyond the control of Teranga, as well as other risks and uncertainties which are more fully described in Teranga's amended and restated Annual Information Form dated July 31, 2019, and in other filings of Teranga with securities and regulatory authorities which are available on SEDAR at [www.sedar.com](http://www.sedar.com). Teranga does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change. Nothing in this document should be construed as either an offer to sell or a solicitation to buy or sell Teranga securities. All references to Teranga include its subsidiaries unless the context requires otherwise.

## About Teranga

Teranga is a multi-jurisdictional West African gold company focused on production and development as well as the exploration of approximately 6,400 km<sup>2</sup> of land located on prospective gold belts. Since its initial public offering in 2010, Teranga has produced more than 1.8 million ounces of gold at its Sabodala operation in Senegal. Focused on diversification and growth, the Company is preparing for the first gold pour at its second gold mine, Wahgnion, which is located in Burkina Faso, as well as carrying out exploration programs in three West African countries: Burkina Faso, Côte d'Ivoire and Senegal. The Company had more than 4.0 million ounces of mineral gold reserves as of December 31, 2018. Teranga applies a rigorous capital allocation framework for its investment decisions and is focused on funding future organic growth plans responsibly.

Steadfast in its commitment to set the benchmark for responsible mining, Teranga operates in accordance with the highest international standards and aims to act as a catalyst for sustainable economic, environmental, and community development as it strives to create value for all of its stakeholders. Teranga participates in the United Nations Global Compact initiative and is a leading member of the multi-stakeholder group responsible for the submission of the first Senegalese Extractive Industries Transparency Initiative revenue report.

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