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Acacia aims to up 2016 production by at least 18 000 oz

21ST JANUARY 2016

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BY: [SAMANTHA HERBST](#)
CREAMER MEDIA DEPUTY EDITOR

JOHANNESBURG (miningweekly.com) – Tanzania-based gold miner Acacia Mining expects to increase production by at least 18 000 oz in 2016 to between 750 000 oz and 780 000 oz, at a significantly reduced all-in sustaining cost (AISC) of between \$950/oz and \$980/oz.

The company announced on Thursday that it had produced 731 912 oz in 2015 – 2% ahead of its 2014 results – aided by a strong performance in the fourth quarter (Q4), despite undertaking significant labour restructuring announced late last year, which included a 30% reduction in the company’s workforce. Due to the overall improved performance, the full-year AISC of \$1 112/oz was in line with 2014.

However, despite upping Q4 production by 11% year-on-year, Acacia conceded to not meeting its expectations for full-year delivery in 2015, which is why the miner aims to increase this year’s group production with a significantly reduced AISC and a production ratio of 45:55 for the first and second halves of the year.

The miner has also prioritised achieving free cash flow for the full year 2016, having successfully returned to free cash generation in Q4.

“We [will] continue to focus on reducing our cost base to ensure our assets are able to generate free cash flow in the current gold price environment,” said CEO **Brad Gordon**, adding that the company incorporated a lower gold price of \$1 100/oz into its reserve and planning assumptions.

To strengthen its ability to generate free cash flow within the weaker gold price environment, Acacia has taken action to reduce costs across the business, including a \$25-million-a-year saving from the labour restructuring, as well as a total of \$30-million saved through reduced capital expenditure, reduced corporate

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saved through reduced capital expenditure, reduced corporate administration costs and annualised savings through the renegotiation of contracts across the supply chain.

The board of directors and executive leadership team have also volunteered to take a 10% salary reduction.

Q4 Results

Acacia produced 200 723 oz in the three months ended December 31, an 11% year-on-year increase. Gordon noted that, while an AISC of \$1 004/oz and a return to free cash flow supported the positive result, the company's Q4 production increase was predominantly driven by improved grades and recoveries at North Mara and increased throughput and recoveries at Acacia's Bulyanhulu mine, which upped quarter-on-quarter production by 26% to 78 223 oz.

This included 11 349 oz from reprocessed tailings, 18% up on the corresponding quarter in 2014. Run-of-mine production was also ahead of Q4 2014, by 13%, driven by a 9% increase in throughput - as a result of an improvement in underground ore tonnes hoisted - and a 6% increase in recovery rate - owing to improvements in elution circuit performance, partially offset by 3% lower grades.

Meanwhile, North Mara's Q4 production was 9% higher year-on-year, at 77 304 oz, as head grade increased by 9% due to an increased proportion of higher-grade ore delivered from Gokona Underground, which more than offset the lower openpit grade from Nyabirama. Gokona Underground ramped up to full production rates during the quarter, with mined grade increasing to 8.7 g/t due to the increased proportion of stoping ore in relation to total underground ore production.

Acacia's remaining asset, Buzwagi mine, produced 45 195 oz of gold - a 2% year-on-year increase in Q4 driven by marginal improvements in throughput and recovery rates. Operations at Buzwagi will continue to focus on lower-grade splay materials as the company looks to open up access to higher-grade areas in the main orezone in 2016.

Acacia's gold ounces sold for the quarter were 198 617 oz, a 2% increase from the corresponding 2014 quarter. Gold ounces sold were 1% lower than gold produced as a result of the impact of the timing of concentrate production at Buzwagi. 🏠

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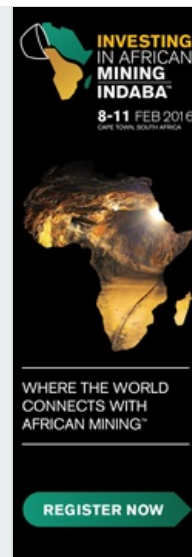
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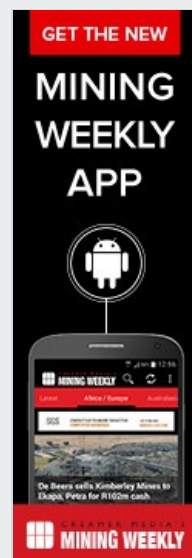
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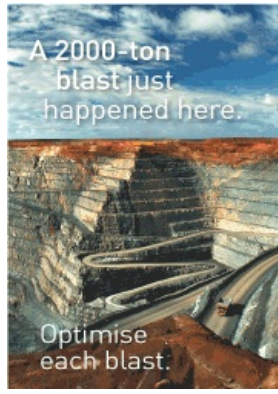
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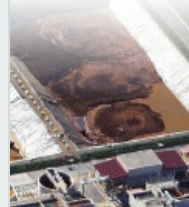
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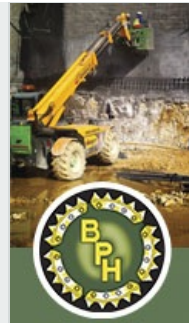
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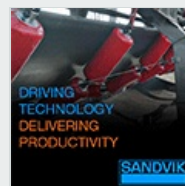
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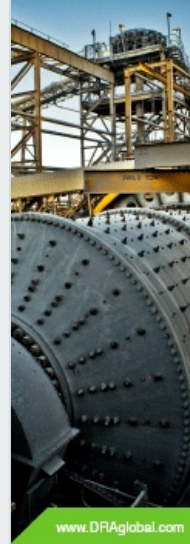
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