



# Teranga Gold Update to Wahgnion Gold Operation Mine Plan Increases Average Annual Production by 25%

August 06, 2020 06:30 ET | Source: [Teranga Gold Corporation](#)



*Revised production schedule reflects higher plant throughput capability;*



*raising 2020 guidance*



*(All amounts are in U.S. dollars unless otherwise stated)*



TORONTO, Aug. 06, 2020 (GLOBE NEWSWIRE) -- Teranga Gold Corporation ("Teranga" or the "Company") (TSX: TGZ) (OTCQX: TGCDF) is pleased to report an updated life of mine ("LOM") plan and new 2020 guidance for its Wahgnion Gold Operation ("Wahgnion"), located in southwest Burkina Faso, West Africa.



Since achieving commercial production on November 1, 2019, Wahgnion's processing plant has performed approximately 25% above nameplate capacity for throughput and gold recovery, resulting in higher than planned production. As such, Teranga has updated the LOM plan to accommodate the higher plant throughput capability, increasing Wahgnion's average annual production by 25% and reducing the mine life to 10 years. With a goal of extending the mine life to 15 years, Teranga has commenced a multi-year drilling and exploration campaign around three of the existing deposit

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reasonable costs and at current gold prices, we expect to generate significantly more net cash flow from Wahgnion in the coming years, compared to the original feasibility study.”

Mr. Young added: “The Wahgnion update further demonstrates our team’s exploration, development and operating expertise, which we will leverage at the newly integrated Sabodala-Massawa complex and across our pipeline of early to advanced stage exploration properties in West Africa.”

### Updated Wahgnion LOM Highlights

	Annual 5-year Average (2021-2025)	Annual Life of Mine Average (2020-2030)
Gold production	149,000 oz	138,000 oz
Mill grade	1.67 g/t	1.59 g/t
Plant throughput	3.0Mtpa	2.9Mtpa
All-in sustaining costs (AISC) per ounce <sup>(1)(2)</sup>	\$920	\$1,007
Net cash flow <sup>(2)*</sup>	\$83M	\$64M

\* Net cash flow after minority interest

Year-to-date, total gold recovered in the plant is reconciling well to reserve models following a minor negative reconciliation to reserves in 2019 due to the impact of historic artisanal activities and start-up conditions during plant commissioning. As of December 31, 2019, Wahgnion had a proven and probable reserve base of 1.55 million ounces (30.32 Mt at 1.59 g/t Au at \$1,250 gold) and measured and indicated resources of 2.37 million ounces (49.62 Mt at 1.49 g/t Au at \$1,500 gold).

“We are extremely pleased with the results of the Wahgnion life of mine plan update, with the confirmation of sustainable higher plant throughput rates and the corresponding increase in production,” said Paul Chawrun, Chief Operating Officer. “We are also confident in Wahgnion’s potential to increase resources and ultimately reserves in the coming years. Our reserve development drill program will focus on Neebela, Fourkoura and Stinger

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Signature of the Chief Operating Officer, Wahgnion Gold Operation Mine Plan



Gold Price	\$/oz	\$1,500/oz	\$1,600/oz	\$1,700/oz	\$1,800/oz
After-tax NPV <sub>0%</sub>	\$ millions	\$583	<b>\$695</b>	\$808	\$920
After-tax NPV <sub>5%</sub>	\$ millions	\$476	<b>\$566</b>	\$656	\$746
After-tax after minority interest NPV <sub>0%</sub>	\$ millions	\$561	<b>\$662</b>	\$762	\$863
After-tax after minority interest NPV <sub>5%</sub>	\$ millions	\$461	<b>\$543</b>	\$625	\$707

### Updated Wahgnion LOM Mine Plan

The mine plan for Wahgnion focuses on open-pit mining of four initial gold deposits within the mine lease, which includes the Nogbele, Fourkoura, Stinger and Samavogo deposits (see Figure 1 in Appendix).

The Wahgnion processing plant is adjacent to the Nogbele deposit, which contains approximately 50% of total mineral reserves. The Fourkoura, Stinger, and Samavogo deposits are each located within 25 kilometres of the plant.

Mining Plan	Unit	Total	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Total Ore	Mt	29.7	2.8	2.9	2.9	3.1	3.1	2.9	3.0	2.6	2.7	2.8
Total Ore Grade	g/t	1.60	1.74	1.86	1.35	1.76	1.76	1.66	1.32	1.45	1.49	1.50
Total Waste	Mt	247.7	19.4	17.4	17.2	24.0	28.6	28.1	29.2	26.4	29.6	24.1
Total Movement	Mt	277.4	22.2	20.3	20.1	27.1	31.7	31.0	32.2	29.0	32.4	26.8
Total Tonnes: Oxide	%	43	68	47	36	64	60	32	41	30	42	20
Total Tonnes: Transition	%	13	14	22	12	13	11	11	25	12	12	3
Total Tonnes: Fresh	%	44	18	31	52	23	29	56	34	58	46	77
Nogbele Movement	Mt	131.4	22.2	12.0	5.2	11.4	10.2	10.7	25.6	17.7	7.8	8.6
Fourkoura												

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2019	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50
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## Operating Costs<sup>(2)</sup>

Operating costs include all direct costs for the production of gold doré. The estimates are based on annual rates determined in the mining schedule with ore delivery from the Wahgnion pits.

Unit mining costs have increased by approximately 20 cents per tonne, compared to the National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“NI 43-101”) amended technical report on Wahgnion dated July 31, 2019 (“the Report”). Cost increases are due to the change in the composition of the mobile equipment fleet to accommodate more challenging than expected ground conditions in the oxide zones of the pits, as well as extending contractors to increase the mining rate to accommodate the higher mill throughput. Unit processing costs are marginally lower than those set out in the Report, while general and administrative costs are higher than those in the Report by \$1.30 per tonne milled, largely due to additional security costs. Overall, total gold production and recovery rates are in line with the Report. Total capital, including development and sustaining capital, has increased by approximately \$30 million due to additional mobile equipment required to move approximately 25% more material annually.

	Unit	LOM Average Cost
Open Pit Mining	\$/tonne mined	2.40
Processing	\$/tonne milled	11.40
General and Admin	\$/tonne milled	5.40

General and administrative costs consist of site office costs, insurance, financial costs (banking charges, legal fees, etc.), refining and transportation costs and personnel costs.

## Notes for LOM Production Schedule

(1) Based on the mineral reserves estimates as at December 31, 2019.

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conventional measures prepared in accordance with IFRS, provide investors an improved ability to evaluate the underlying performance of the Company. The non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers. Total cash costs figures are calculated in accordance with a standard developed by The Gold Institute, which was a worldwide association of suppliers of gold and gold products and included leading North American gold producers. The Gold Institute ceased operations in 2002, but the standard is considered the accepted standard of reporting cash cost of production in North America. Adoption of the standard is voluntary and the cost measures presented may not be comparable to other similarly titled measure of other companies. Total cash cost per ounce sold is a common financial performance measure in the gold mining industry but has no standard meaning under IFRS. The Company reports total cash costs on a sales basis. We believe that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The measure, along with sales, is considered to be a key indicator of a Company's ability to generate operating profits and cash flow from its mining operations.

Beginning in the second quarter 2013, we adopted an AISC measure consistent with the guidance issued by the World Gold Council ("WGC") on June 27, 2013, of which Teranga became a member on November 27, 2018. The Company believes that the use of AISC is helpful to analysts, investors and other stakeholders of the Company in assessing its operating performance, its ability to generate net cash flow from current operations

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AISC excludes income tax payments, interest costs, costs related to business acquisitions and items needed to normalize profits. Consequently, this measure is not representative of all of the Company's cash expenditures. In addition, the calculation of AISC does not include depreciation expense as it does not reflect the impact of expenditures incurred in prior periods. Therefore, it is not indicative of the Company's overall profitability. Life of mine total cash costs and AISC used in this press release are before cash/non-cash inventory movements, and exclude any allocation of corporate overheads. Other companies may calculate this measure differently.

For more information regarding these measures, please refer to Teranga's Management's Discussion and Analysis for the three months ended March 31, 2020 accessible on the Company's website at [www.terangagold.com](http://www.terangagold.com).

(2) Life of mine assumptions include:

- Gold price: \$1,600 per ounce
- Heavy fuel oil (HFO): \$0.72 per litre
- Light fuel oil (LFO): \$1.04 per litre
- Euro to USD Exchange Rate: 1.10:1

### 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

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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 net cash flow, and courses of action. Teranga cautions you not to place undue reliance upon any such forward-looking statements.

### About Teranga

Teranga Gold is transitioning into a mid-tier gold producer operating long-life, low-cost mines and advancing prospective exploration properties across West Africa, one of the world's fastest growing gold jurisdictions. The top-tier gold complex created by integrating the recently acquired high-grade Massawa Project with the Company's Sabodala mine, the successful commissioning of Wahgnion, Teranga's second gold mine, and a strong pipeline of early to advanced-stage exploration assets support the continued growth of Teranga's reserves, production and cash flow. Through its continued success and commitment to responsible mining, Teranga creates sustainable value for all stakeholders and acts as a catalyst for social, economic, and environmental development.

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Gold Price	\$/oz	1,600	<b>1,600</b>	1,600	1,600	1,600	1,600	1,600	1,600	1,600
<b>Revenue</b>	<b>USDM</b>	<b>2,306</b>	<b>241</b>	<b>223</b>	<b>252</b>	<b>274</b>	<b>183</b>	<b>259</b>	<b>262</b>	<b>22</b>
Total Cash Cost <sup>(3)</sup>	USDM	1,297	<b>124</b>	126	122	117	115	121	130	13
Capex	USDM	143	<b>14</b>	14	19	5	17	15	17	15
Regional Admin	USDM	11	<b>1</b>	1	1	1	1	1	1	1
All-in Sustaining Costs (AISC)	USDM	1,451	<b>138</b>	140	143	123	132	137	148	15
All-in Sustaining Costs (AISC) <sup>(3)</sup>	\$/oz	1,007	<b>920</b>	1,007	908	717	1,154	846	906	1,007
Development Capex	USDM	29	<b>2</b>	3	18	5	3	2	2	0
<b>Cash Flow Before Taxes, Mine Closure and Other</b>	<b>USDM</b>	<b>825</b>	<b>100</b>	<b>80</b>	<b>91</b>	<b>146</b>	<b>49</b>	<b>120</b>	<b>112</b>	<b>7</b>
Taxes, Mine Closure, and Other <sup>(4)</sup>	USDM	130	<b>15</b>	13	13	10	13	7	22	2
<b>Net Cash Flow</b>	<b>USDM</b>	<b>695</b>	<b>85</b>	<b>67</b>	<b>78</b>	<b>137</b>	<b>36</b>	<b>113</b>	<b>90</b>	<b>5</b>
Minority Interest	USDM	34	<b>2</b>	3	-	-	-	-	1	9
<b>Cash Flow After Minority Interest</b>	<b>USDM</b>	<b>662</b>	<b>83</b>	<b>64</b>	<b>78</b>	<b>137</b>	<b>36</b>	<b>113</b>	<b>90</b>	<b>4</b>

**Table B – Life of Mine Operating Costs<sup>(2)</sup>**

	Unit	LOM 2020+	5-Year Average 2021-2025	LOM Average	2020	2021	2022	2023	2024	2025
Open Pit Mining	USD/t mined	2.4	<b>2.3</b>	2.4	2.5	2.5	2.7	2.1	2.1	2.1

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<b>Operating Costs</b>										
Capitalized Deferred Stripping <sup>(1)</sup>	USDM	(2)	-	(0)	(2)	-	-	-	-	-
Royalties <sup>(2)</sup>	USDM	137	14	13	15	16	11	15	16	13
<b>Total Cash Costs<sup>(3)</sup></b>	<b>USDM</b>	<b>1,297</b>	<b>124</b>	<b>126</b>	<b>122</b>	<b>117</b>	<b>115</b>	<b>121</b>	<b>130</b>	<b>130</b>
<b>Total Cash Costs<sup>(3)</sup></b>	<b>USD/oz</b>	<b>900</b>	<b>824</b>	<b>900</b>	<b>778</b>	<b>685</b>	<b>1,000</b>	<b>749</b>	<b>796</b>	<b>960</b>
Sustaining Capex	USDM	142	14	14	17	5	17	15	17	15
Capitalized Deferred Stripping <sup>(1)</sup>	USDM	2	-	0	2	-	-	-	-	-
Regional Admin	USDM	11	1	1	1	1	1	1	1	1
<b>All-In Sustaining Costs (AISC)</b>	<b>USDM</b>	<b>1,451</b>	<b>138</b>	<b>140</b>	<b>143</b>	<b>123</b>	<b>132</b>	<b>137</b>	<b>148</b>	<b>150</b>
<b>AISC</b>	<b>USD/oz</b>	<b>1,007</b>	<b>920</b>	<b>1,007</b>	<b>908</b>	<b>717</b>	<b>1,154</b>	<b>846</b>	<b>906</b>	<b>1,000</b>
Development Capex	USDM	29	2	3	18	5	3	2	2	0

Notes to Tables A and B above:

(1) Excludes any capitalized deferred stripping adjustments beyond 2020.

(2) Royalties include royalties on total production payable to both the Government of Burkina Faso and a privately held Company.

(3) Total cash costs per ounce and all-in sustaining costs per ounce are non-IFRS financial measures and do not have a standard meaning under IFRS. Total cash costs per ounce and all-in sustaining costs per ounce are before cash/non-cash inventory movements, and excludes allocation of corporate overheads. Please refer to non-IFRS Performance Measures.

(4) Taxes, mine closure and other includes income taxes paid to the Government of Burkina Faso, government social fund, working capital, closure cost payments, and plant residual value. Sustainability costs and exploration costs are not included.

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