

Lydian Announces Second Quarter 2018 Results

15.08.2018 | [GlobeNewswire](#)

TORONTO, Aug. 14, 2018 - [Lydian International Ltd.](#) (TSX:LYD) (“Lydian” or the “Company”) announced today its results for the three and six months ended June 30, 2018. All dollar amounts referenced in this news release are, unless otherwise indicated, in United States dollars.

Lydian made good progress in May and early June 2018 on major construction and operational readiness activities at its 100%-owned Amulsar Gold Project in Armenia, despite sporadic illegal blockades. Engineering was completed in all areas, and construction reached approximately 80% completion.

Since late June, illegal blockades have been in place at Amulsar and continue to prevent the Company and its contractors from entering the Amulsar site. Armenian Prime Minister Pashinyan’s appeal instructing the protestors to discontinue the road blockades has shown limited results. Lydian and several stakeholders have continued to petition local and national government officials to enforce the law by removing the blockades and allowing the Company to resume construction activities. To date, the government has not acted on these additional requests.

To mitigate costs during the ongoing blockades, all construction contractors have been idled and termination notices have been provided to 30% of the Company’s workforce. Additional cost reductions are being considered. Prior to the start of the current blockades, management targeted gold production to commence in Q4 2018, with ramp-up continuing into 2019. The illegal blockades will affect this schedule and the required capital to complete construction of the Amulsar Gold Project.

João Carrêlo, President and Chief Executive Officer of Lydian, stated, “We are pleased to have achieved overall construction progress of 80% during the quarter. Prior to the ongoing blockades, construction was advancing and tracking to first gold in Q4 2018. It is unfortunate that the government has chosen not to enforce the law and remove the illegal blockades, but we will continue to make every effort to resolve this situation as quickly as possible. Until a resolution is achieved, Lydian will continue to implement cost reduction initiatives, which will impact more than 1,300 employees and contractors, as well as the local communities and suppliers.

“As part of our commitment to responsible and transparent mining, we fully support independent and professional environmental compliance audits of Armenia’s mining sector. Pursuant to Lydian’s request, the audits commenced in July with the Amulsar Gold Project. The site audit of Amulsar is now complete, and we expect to receive the official findings in September.”

Second Quarter 2018 Highlights and Recent Developments

Financing – During Q2 2018 and to the date of this report, additional debt draws of \$33.1 million were received. Management continued its focus to complete a restructuring of its funding instruments. Through these revisions, management is currently seeking a net cash flow benefit in excess of \$40 million. This will reduce Lydian’s overall remaining funding requirement, but additional sources of funding will be required through issuance of equity.

Engineering – Engineering is 100% complete, with design work for the truck shop and wash bay being completed during Q2 2018.

Mine Operations – Pre-production mining activities continued during Q2 2018, with construction of the main mine haul road to the primary crusher, development of the run-of-mine pad at the primary crusher, and

development of mining benches in the Tigranes pit.

Materials Handling System – The primary and secondary crushers have all been placed on their foundations, as has the apron feeder and vibrating grizzly at the primary crusher facility. Installation of the mechanicals in the screen house is complete with the exception of final adjustments and torquing of fasteners. The overland conveyor drive house mechanicals have been installed, as have all the concrete sleepers and over 95% of the overland conveyor galleries. The coarse ore stockpile/reclaim system is structurally complete, and the contract has been awarded for the fine ore stockpile/truck load-out facility.

Heap Leach Facility – Liner installation commenced for the process and storm ponds during the quarter. Earthworks on the heap leach pad are almost complete and will be lined following the process ponds.

Gold Processing Facilities – The ADR Plant mechanicals have been completed and work started on installing piping, electrical, and instrumentation. The foundations for the reagent storage facility adjacent to the ADR Plant are nearly complete. The refinery building is over 90% finished.

Infrastructure – The main substation and 35kV distribution system are complete and ready to be energized once all the e-houses are placed and pre-commissioned. The 110kV line has been upgraded by the utility company and all preparations are in place to connect to the main substation. The contract for the construction and installation of the process and potable water system has been awarded. The gas line has been completed to the battery limits of the ADR plant and mine shop. Mine shop foundations have been completed and the building is being erected. The truck wash bay foundations are nearing completion.

Operational Readiness – Recruitment and training of mine and process operators continued. The mine department utilized shovel and truck simulators prior to in-field training on equipment. The quality and aptitude of the applicants was better than expected. The curriculum for process operator training has been established.

Sustainability – In April 2018, the Company reached 2,000,000 man hours without a lost time injury. The independent environment and social consultant completed its audit in June covering areas of ARD, cyanide systems, environmental monitoring, site-wide water, surface and ground water management, dust management, and other environmental management systems. Management plans have been adjusted accordingly.

Following the initiative by the new administration to undertake a comprehensive environmental audit of Armenia's mining sector, Lydian proposed it be the first company to be audited. The Environmental and Mining Inspection Agency commenced its site audit of the Amulsar Project in July 2018. The audit was completed in early August 2018. The official findings of the audit have yet to be disseminated.

Separately, a fact-finding working group was established by Prime Ministerial decree with 24 nominated members and augmented by 18 representatives of civil society to review impacts attributed to mining activities and performance with respect to international best practices. The working group formally commenced its work in August 2018. As mandated by the decree, the working group is to complete its findings in September 2018.

Appointments – Mr. Russell Ball was appointed as director of Lydian on June 28, 2018. Mr. Ball is a former Executive Vice President and Chief Financial Officer of [Goldcorp Inc.](#) and [Newmont Mining Corp.](#) Mr. Ball has over 20 years' experience in the mining industry and currently serves as a director on the Boards of Trevali Corporation, [Columbus Gold Corp.](#), and [Allegiant Gold Ltd.](#)

Howard Stevenson resigned as President and Chief Executive Officer of Lydian effective May 1, 2018. Mr. João Carrêlo was appointed as President and Chief Executive Officer of Lydian effective May 1, 2018. Mr. Carrêlo is a senior mining executive with over 34 years of international experience in the mining and resources sectors. He currently serves as a non-executive director on the boards of [TMAC Resources Inc.](#) and [Lucky Minerals Inc.](#) His experience includes the management of underground and open pit projects and operations, with exposure to precious metals, base metals, coal and industrial minerals in Latin America, Europe, India, and Africa.

To view construction photos and videos, please visit www.lydianinternational.co.uk.

About Lydian International Limited

Lydian is a gold developer focusing on construction at its 100%-owned Amulsar Gold Project, located in south-central Armenia. Amulsar will be a large-scale, low-cost operation with production targeted to average approximately 225,000 ounces annually over an initial 10-year mine life. Open pit mining and conventional heap leach processing contribute to excellent scale and economic potential. Estimated mineral resources contain 3.5 million measured and indicated gold ounces and 1.3 million inferred gold ounces as outlined in the Q1 2017 Technical Report. Existing mineral resources beyond current reserves and open extensions provide opportunities to improve average annual production and extend the mine life. Lydian is committed to good international industry practices in all aspects of its operations including production, sustainability, and corporate social responsibility. For more information and to directly contact us, please visit www.lydianinternational.co.uk.

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Caution regarding forward-looking information

There can be no assurances as to the timing, magnitude or impact of future protests or blockades affecting Amulsar, if any, or the success of the Company's ongoing attempts to mitigate such risks. The Company does not intend to comment further upon protests, blockades or similar disruptions unless required by law, it deems further disclosure is appropriate, or where appropriate in the context of its normal course disclosure on construction, operational and financial matters. The Company makes reference to the risk factors outlined in section 4.2 of its most recent Annual Information Form, dated March 28, 2018, including risk factor disclosure under the headings "Single Property Focus", "Community and Social", and "Foreign Operations".

Certain information contained in this news release is "forward looking". All statements in this news release, other than statements of historical fact, that address events, results, outcomes or developments that the Company expects to occur are "forward-looking statements". Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the use of forward-looking terminology such as "plans", "expects", "is expected", "intends", "anticipates" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "will", "would", "should", "occur" or the negative or other variations of such terms. Forward-looking statements in this news release include, among others, statements with respect to: the illegal blockades at the Amulsar site and potential cost reductions as a result; the Company's assessment of alternatives for dealing with the blockades, the Company's ability to carry out comprehensive revisions to its senior credit, stream, and offtake agreements, potential future employee reductions, the realization of mineral resource estimates and the timing of development of the Amulsar Gold Project, including the expected start date of gold production; restructuring of funding instruments and potential funding through the issuance of equity; the expected and estimated cost of operations and capital costs at the Amulsar Gold Project; the current Amulsar Gold Project construction schedule, the commitment to and implementation of good international industry practices; the expected gold production from, and life of mine of, the Amulsar Gold Project; the formation of the Armenian Government; the impact of management in relation to the Company's strategic growth objectives; the magnitude or impact of historical and future (if any) protests or blockades affecting Amulsar and the success of the Company's ongoing attempts to mitigate such risks; the response of the Armenian government to future (if any) protests or blockades affecting Amulsar; the impact of protests, blockades or similar disruptions on the Company's construction, operations and financial performance; and the expected mining methods at the Amulsar Gold Project. Statements concerning mineral resource estimates may also be deemed to constitute forward-looking information to the extent that they involve estimates of the mineralization that will be encountered when the property is developed.

Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. Such risks, uncertainties and factors include, without limitation: changes in gold and silver prices; adverse general economic, political, market or business conditions; unwillingness of the Company's creditor's to amend the senior credit, stream, and offtake agreements; failure to achieve the objectives of the future exploration and drilling programs; regulatory changes; as well as "Risk Factors" included in the disclosure documents filed on and available at www.sedar.com. Forward-looking statements are not guarantees of future performance, and actual results and future events could materially differ from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. All of the forward-looking statements contained in this news release are qualified by these cautionary statements. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, events or otherwise, except in accordance with applicable securities laws.

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