Gold Road – Reduced 2020 guidance and increased AISC due to a production issue

Gold Road Resources (ASX: GOR)

Issued a Gruyere production update, advising that they suffered a mechanical failure at their ball mill, resulting in 7 days lost production. Gruyere is a 50:50 JV with Goldfields, who manage the facility. In addition, mill tweaks earlier had caused extra downtime.

As a result Gold Rod have advised shareholders that they expect reduction in the 2020 production guidance, and an increase in AISC by around A$100 to A$1250 – A$1350.

Gold Road production update – Guidance down, AISC up due to mill issues.

Gold Road Resources (ASX: GOR)

Issued a Gruyere production update, advising that they suffered a mechanical failure at their ball mill at it's Gruyere mine, resulting in 7 days lost production. Gruyere is a 50:50 JV with Goldfields, who manage the facility. In addition, mill tweaks earlier had caused unplanned downtime.

The ball mill bearing motor failed upon restarting the mill after a scheduled maintenance shutdown, requiring a specialist team to attend site, and install a replacement part.

As a result Gold Rod have advised shareholders that they expect reduction in the 2020 production guidance, and an increase in AISC by around A$100 to A$1250 – A$1350.

This is a poor time to have to announce such an incident, coming so close to a record production announcement, and now a heavily falling gold price, and the stock market falling. The market reaction will have to be gauged after the closing bell.

To read the full news release, please click [here]

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Company details – Gold Road

Resources

Gold Road is a mid-tier Australian gold producer with a Tier 1 mine and exploration projects in the underexplored and highly prospective Yamarna Greenstone Belt in Western Australia's north-eastern Goldfields.

Gold Road owns 50% of the world-class Gruyere gold mine, which was developed in Joint Venture with Gold Fields Ltd and produced first gold in June 2019. Gruyere is forecast to produce on average 300,000 ounces (100% basis) annually for at least 11 years, making it one of Australia's largest and lowest-cost gold mining operations. The Gruyere JV has Mineral Resources of 6.6 million ounces, including an Ore Reserve of 3.7 million ounces.

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Disclosure

Disclosure: I am long GOR

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