

Dar es Salaam, Tanzania, January 16 (Infosplusgabon) - Gold production by Tanzania's industry leader and LSE-listed Acacia Mining for the fourth quarter in 2017 was slightly ahead of expectations at 148,477 ounces, but 30% lower quarter-on-quarter as a result of its flagship Bulyanhulu mine scaled-down operations.

"We are pleased to report fourth quarter production of 148,477 ounces driven by strong operational performance at Buzwagi, whilst we successfully transitioned Bulyanhulu into a reduced operational state," Interim CEO of Acacia, Peter Geleta, said on Monday releasing the Fourth Quarter Production Report for the three months ended 31 December 2017

The miner's decision to reduce operations was driven by "unsustainable cash outflows at the mine as a result of the copper and gold concentrate [government] ban and the operating environment".

Acacia remains caught up in a dispute with the Tanzania government, which banned the export of unprocessed minerals in March 2017 and enacted new laws to raise state ownership of the nation's minerals.

The reduced operational activity at Bulyanhulu, which started in September, resulted in no production activities for the quarter, except for production from reprocessing tailings that

resumed in December and which delivered 2,856 ounces. This was 96% below financial year 2016's fourth quarter.

"Disciplined cost management, combined with the operational performance, led to Q4 2017 all-in sustaining costs of US\$779 per ounce, which helped to significantly reduce the cash outflow in the quarter despite the cost of transitioning Bulyanhulu to reduced operations," said Mr. Geleta.

"At the end of the quarter, as previously announced, we also agreed to sell a non-core royalty for US\$45 million which will increase the strength of our balance sheet. Our focus remains on delivering optimal performance in the current operating environment and delivering value for all of our stakeholders.

"We are also continuing to support efforts towards achieving a negotiated resolution with the Tanzanian Government. We look forward to providing guidance for the year in our preliminary results in February [2018]," he explained.

Full-year sales of 592,861 ounces were 27% lower than in 2016, driven by the impact of the export ban.

According to the report, Acacia's Buzwagi operation, gold production of 73,603 ounces for the period was 76% higher than the same period in the previous financial year, driven by an increase in grade as a result of ore tonnes solely being mined from the main ore zone as the mine accessed the final stages of the openpit before it moved to become a stockpile processing operation.

The company reported that at North Mara, 72,018 ounces in gold production for the quarter was in line with planned output, but 21% lower than the previous year's quarter, mainly as a result of lower head grade, driven by the underground mine grade of 7.7 g/t being 30% lower than the prior-year period.

"Cash balance was US\$81 million at 31 December 2017 (net cash position of US\$10 million), a decrease of US\$15 million during the quarter as a result of the cost of transitioning Bulyanhulu to reduced operations," the report said.

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