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Petropavlovsk Cuts Gold Output Estimate

By The Moscow Times

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Petropavlovsk, Russia's third-largest gold producer, has cut its 2010 estimate for output of the metal on delayed equipment deliveries and "harsh" weather.

The company will produce 510,000 ounces to 530,000 ounces, London-based Petropavlovsk said in a statement last week.

The figures are less than analysts estimated in October, after the company announced the delays. Collins Stewart forecast output of 590,000 ounces, UBS predicted 630,000 ounces, and Numis Securities 614,000 ounces.

"Long-suffering and supportive investors may berate management over the handling of this year's forecasts," John Meyer, an analyst at Fairfax IS in London, wrote in a note. "It could take some time before some shareholders revisit Petropavlovsk following this latest set of figures."

Petropavlovsk said Oct. 7 that it was “striving” to meet full-year guidance, after saying in August that it may miss its 670,000-ounce to 760,000-ounce annual target by as much as 5 percent. Equipment delays and cold weather cut output in the first nine months by 12 percent to 304,600 ounces from a year earlier.

The company “probably will be more cautious” with its full-year production forecast in 2011, chairman Peter Hambro said in a telephone interview. Petropavlovsk, which said in March that it would seek to produce 720,000 ounces next year, now plans to update the output guidance on Jan. 27. Hambro said he was “afraid” that the cut in the 2010 forecast may have damaged the company’s reputation.

Petropavlovsk produced 138,300 ounces in the third quarter.

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