

# **Elgin Mining Reports Record Second Quarter 2013 Production, Updated Mineral Resource and Reserve Estimates for Björkdal Gold Mine and Provides Operational and Corporate Updates**

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VANCOUVER, BRITISH COLUMBIA--(Marketwired - Jul 15, 2013) - [Elgin Mining Inc.](#) ("**Elgin Mining**" or the "**Company**") (TSX:ELG)(TSX:ELG.WT) is pleased to announce record production results for the second quarter of 2013 and updated mineral resource and reserve estimates for its Björkdal gold mine in Sweden. The Company also provides ongoing operational and corporate details.

## Second Quarter 2013 Production

During the second quarter the Company reported record quarterly production of 12,343 ounces of gold as detailed in the following table:

	Q2-2013	Q1-2013	1H-2013	Q2 versus Q1 % Change
Tonnes milled	322,886	295,155	618,041	9
Tonnes per day	3,548	3,280	3,415	8
Au grade (g/t)	1.37	1.18	1.28	16
Recovery %	86.6	89.4	87.8	-3
Gold production (ozs)	12,343	10,034	22,377	23

Increased production was due to a combination of higher open pit and underground head grades, and a higher proportion of underground ore feed to the mill. During the quarter, several more pieces of the underground fleet were delivered and hiring of the mining crews has proceeded as planned as part of the ongoing transition to owner operated mining.

## Ongoing Operational Plans

With the recent and ongoing volatility in the gold price, the Company has taken several steps to ensure it remains on sound financial footing. One of the main focal points is, and will continue to be, ensuring that the Björkdal mine can operate with positive cash flow. To that end, the Company is in the process of developing a flexible mine plan combining the most optimum feed of open pit, underground and stockpile ore. During the early days of the operation, the mine stockpiled low-grade material with an average gold grade of between 0.6 g/t and 0.7 g/t. There are approximately 1.5 million tonnes of this material stockpiled on surface which can be mined and processed with a healthy profit margin at current gold prices. With the mine now having its own dedicated underground mining fleet, the mining and development rate can be optimized in terms of tonnes, grade and capital development in order to minimize cash cost/tonne to the mill and maintain sustaining capex at the optimum level for lower gold prices.

The new mine plan will be finalized over the next 2-3 months and will be designed to ensure that if there is a strong recovery in the current gold price the underground feed rate can be ramped back to current levels.

The Company will also continue with its efforts to optimize mining methods in terms of mine dilution and provide improved margins per tonne.

Furthermore, all capital cost expenditures at the mine will be reduced to those deemed absolutely necessary with others deferred.

## Updated Resource and Reserve Estimates for Björkdal Mine

The mineral resource and reserve estimation has been prepared by Elgin Mining, under the direction of James A. Currie, P.Eng., Chief Operating Officer of Elgin Mining, George Friesen, P.Eng., Technical Manager of Elgin Mining and Gordon Clarke, P.Geol., Vice President, Exploration of Elgin Mining. Messrs. Currie, Friesen, and Clarke are Qualified Persons for the purposes of National Instrument 43-101 ("NI-43-101") and have reviewed and approved the contents of this news release, as applicable.

Wardell Armstrong International Ltd. ("WAI"), an independent contractor from the United Kingdom, prepared an updated block model and calculated an updated resource classification for the Björkdal Mine, incorporating drill data from 2,245 holes up to April 23, 2013 and underground chip samples up to December 12, 2012. The block model used Datamine software and Ordinary Kriging. The resource classification is in

accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves [JORC Code (2004)]. The WAI block model was reviewed and approved by Messrs. Currie, Friesen, and Clarke and used in the estimation of the open pit resource and reserve estimates by Mr. Currie and the underground reserve estimates by Mr. Friesen.

#### Highlights:

- Overall mineral reserves have increased to 324,313 ounces gold, net of mine depletion which represents an increase of 2% as compared to the mineral reserve estimate completed in March 2012 (see Gold-Ore Resources Ltd. News Releases dated March 5 and 27, 2012);
- Underground reserves have increased to 139,089 ounces gold, net of mine depletion which is an increase of 24%.
- Overall Measured and Indicated Resources have also increased from 975,000 ounces to 1,010,000 ounces gold.

#### Mineral Resource Estimates

Tonnages and Grades									
Resource Type	Cut-off	Measured		Indicated		Measured + Indicated		Inferred	
	Au (g/t)	Tonnage (000's t)	Au (g/t)	Tonnage (000's t)	Au (g/t)	Tonnage (000's t)	Au (g/t)	Tonnage (000's t)	Au (g/t)
Open Pit	0.32	51.8	1.65	6,469	1.10	6,521	1.11	2,216.4	0.70
Underground	0.60	162	2.42	10,976	2.17	11,139	2.17	9,003	1.10
Totals		213.8	2.23	17,445	1.77	17,660	1.78	11,219.4	1.00

  

Ounces									
Resource Type	Cut-off	Measured (ozs)		Indicated (ozs)		Measured + Indicated (ozs)		Inferred (ozs)	
Open Pit	0.32	2,746		229,611		232,357		111,000	
Underground	0.60	12,624		765,319		777,944		640,000	
Totals		15,370		994,930		1,010,301		751,000	

Note: Totals may differ due to rounding

#### Mineral Reserve Estimates

##### Open Pit Reserves

Reserves <sup>(1)</sup>	Tonnes (1000's)	Grade (g/t)	Ounces (Au)
Proven	49.6	1.48	2,366
Probable	5,454.4	1.04	182,858
Totals**	5,504	1.05	185,224

<sup>(1)</sup> Cut off - 0.34 g/t; Gold Price \$1500/Oz USD; Adjusted for January, February and March 2013 production; Strip Ratio 4.5; 25% dilution

Note: Totals may vary due to rounding

##### Underground Reserves

Reserves <sup>(1)</sup>	Tonnes (1000's)	Grade (g/t)	Ounces (Au)
Proven	36.2	2.02	2,357
Probable	2,054.7	2.07	136,732
Totals**	2,090.9	2.07	139,089

<sup>(1)</sup> Cutoff grade 1.15 g/t; 2.5 m selectivity; Adjusted for January, February and March 2013 production; Gold Price \$1500/Oz USD; 80% mining recovery; 30% mining dilution

\*\*Totals may vary due to rounding

In order to minimize the effects of the coarse nugget gold at the Björkdal mine, the Company has elected to submit 100% of diamond drilling core for analysis, rather than retaining half of the core for archive. This provides a much larger sample for gold analysis and theoretically a more representative result. The core is

logged and photographed, and for the zones sampled, the entire core is shipped to ALS Chemex laboratory in Piteå, Sweden and 500 grams are analyzed for gold using an accelerated cyanide leach process. A rigorous quality assurance and quality control program for both diamond drill and reverse circulation drill samples is employed that involves the insertion of blanks and certified standards.

A technical report supporting the disclosure of the updated mineral resource and reserve estimates will be prepared as a NI 43-101 compliant Technical Report and filed under Elgin Mining's profile on SEDAR at [www.sedar.com](http://www.sedar.com) within 45 days of this news release.

### **Corporate Update**

The Company has recently made further cuts to its corporate staff and reduced spending on all other projects, in order to reduce overhead and preserve the Company treasury in light of the lower gold price environment and weak capital markets. Corporate G&A costs have now been reduced to a level that the Company believes is sustainable in the current environment.

### **Director Resignation**

The Company also announces that Mr. Robert Buchan has decided to step down as a director to the Company to focus on other business commitments. Mr. Buchan has been instrumental in the development and growth of the Company and we thank him for his most valued contribution over the past five years.

### **Elgin Mining Inc.**

Elgin Mining is a Canadian based company focused on production at the Björkdal Gold Mine in Sweden. In addition, Elgin Mining's portfolio includes the advanced stage Lupin gold mine and the Ulu gold project in Nunavut, Canada, a 29.5% interest in [Auracle Resources Ltd.](http://AuracleResourcesLtd.com), which is exploring the Mexican Hat property in Arizona, and an option to earn a 60% interest in North Arrow Minerals Inc.'s Contwoyto gold project located adjacent to the Lupin gold mine in Nunavut, Canada. Elgin Mining also selectively reviews opportunities to add advanced stage development projects to its portfolio.

For further information, please visit the Company's web site at [www.elginmining.com](http://www.elginmining.com).

### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION:**

This news release contains "forward-looking information" within the meaning of Canadian securities legislation and "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. Except for statements of historical fact relating to the Company, information contained herein constitutes forward-looking statements, including any information as to the Company's strategy, plans or future financial or operating performance. Forward-looking statements are characterized by words such as "plan," "expect," "budget," "target," "project," "intend," "believe," "anticipate," "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made, and are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in the forward-looking statements.

These factors include risks relating to variations in the mineral content within the material identified as mineral reserves and mineral resources from that predicted, changes in development or mining plans due to changes in logistical, technical or other factors, the impact of general business and economic conditions, global liquidity and credit availability on the timing of cash flows and the values of assets and liabilities based on projected future conditions, fluctuating metal prices and currency exchange rates, possible variations in ore grade or recovery rates, changes in accounting policies, changes in the Company's corporate resources, changes in project parameters as plans continue to be refined, changes in project development and production time frames, the possibility of project cost overruns or unanticipated costs and expenses, higher prices for fuel, steel, power, labour and other consumables contributing to higher costs and general risks of the mining industry, failure of plant, equipment or processes to operate as anticipated, unexpected changes

in mine life, unanticipated results of future studies, seasonality and unanticipated weather changes, costs and timing of the development of new deposits, success of exploration activities, successful completion of proposed acquisitions, permitting time lines, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and timing and possible outcome of pending litigation and labour disputes as well as those risk factors discussed or referred to in the Company's Annual Information Form dated March 22, 2013, a copy of which is filed on SEDAR at [www.sedar.com](http://www.sedar.com). Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended.

There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates, assumptions or opinions should change, except as required by applicable law. The reader is cautioned not to place undue reliance on forward-looking statements. The forward-looking information contained herein is presented for the purpose of assisting investors in understanding the exploration and development plans and objectives and may not be appropriate for other purposes.

## Contact

[Elgin Mining Inc.](#)

Patrick Downey

President and Chief Executive Officer

(604) 682-3366

(604) 682-3363

[info@elginmining.com](mailto:info@elginmining.com)

[www.elginmining.com](http://www.elginmining.com)

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