

Luna Gold Announces Results for the Third Quarter of 2013

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VANCOUVER, BRITISH COLUMBIA--(Marketwired - Nov 12, 2013) - [Luna Gold Corp. \(TSX:LGC\)\(LMA:LGC\)\(OTCQX:LGCUF\)](#) ("Luna," or the "Company") today announced its operational and financial results for the three-month period ended September 30, 2013 ("third quarter").

THIRD QUARTER AND YEAR TO DATE 2013 HIGHLIGHTS

Operational and Financial Results (all financial amounts in US dollars)

- Gold production of 20,997 ounces in the third quarter at a total cash cost of production of \$751 per ounce, an all-in sustaining cost of production of \$825 per ounce and an all-in cost of \$958 per ounce;
- Net income of \$0.2 million and earnings per share of \$0.0 and net income of \$8.4 million and earnings per share of \$0.08 for the third quarter and year-to-date 2013, respectively;
- Gross profit of \$7.1 million and \$23.5 million for third quarter and year-to-date 2013, respectively;
- Cash balance at end of third quarter 2013 of \$18.1 million and gold inventory of 3,655 ounces; and
- Operating cash inflow before working capital movements of \$4.7 million (\$0.04 per share) and \$ 18.2 million (\$0.17 per share) for third quarter and year-to-date 2013, respectively.

	Q3 2013	YTD 2013
Gold production (ounces)	20,997	57,053
Gold sales and gold delivered to Sandstorm (ounces)	19,812	55,648
Total cash cost of production (USD per ounce)	\$ 751	\$ 755
All-in sustaining cost of production (USD per ounce)	\$ 825	\$ 900
All-in cost (USD per ounce)	\$ 958	\$ 1,071
Net income (USD millions)	\$ 0.2	\$ 8.4
Earnings per share - basic and fully diluted (USD)	\$ 0.00	\$ 0.08
Operating cash inflow before working capital movements per share (USD)	\$ 0.04	\$ 0.17
Operating cash flow before working capital movements (USD millions)	\$ 4.7	\$ 18.2
Operating cash flow after working capital movements (USD millions)	\$ 12.2	\$ 15.2
Cash flow from financing activities (USD millions)	\$ 9.7	\$ 18.0
Net cash payments on Phase I Expansion (USD millions)	\$ 7.3	\$ 25.1
Cash payments on sustaining capital (USD millions)	\$ 1.1	\$ 8.4
Cash payments for mineral property development and other investments (USD millions)	\$ 0.0	\$ 0.5
Cash balance at September 30, 2013 (USD millions)	\$ 18.1	\$ 18.1
Working capital balance at September 30, 2013 (USD millions)	\$ 24.4	\$ 24.4

Company Developments

- The Company closed a subordinated debt facility (the "Sandstorm Debt Facility") with [Sandstorm Gold Ltd.](#) ("Sandstorm") and drew \$10.0 million for the purpose of providing additional working capital during the Aurizona process plant expansion ("Phase I Expansion");
- Approximately 47.2 million warrants to purchase approximately 9.4 million common shares expired resulting in no warrants outstanding at quarter end;

- The Company implemented cost reduction initiatives, reduction of exploration programs to care and maintenance and elimination of all non-essential expenditures. As a result, the Company's all-in cost decreased to \$958 per ounce for Q3 and \$1,071 per ounce for the year to date;
- Gold production for the 2013 full year remains on target, but is expected to be on the lower end of the target range of 80,000 to 90,000 ounces. The Company is expecting the full year cash costs per ounce to be in the range of \$725 to \$745 per ounce (previous guidance was \$670 to \$690 per ounce). The fourth quarter 2013 cash cost per ounce is expected to range between \$665 to \$715 per ounce;
- Phase I Expansion is progressing and remains on budget as at September 30, 2013. The overall engineering, including detailed site engineering, reached 90% complete, procurement awarded reached 78% complete (29 of 37 procurement packages awarded) and construction reached 22% complete. As a result of the Company managing cash flows in a period of gold price volatility, completion of Phase I Expansion is targeted for the first half of 2014;
- Phase II pre-feasibility study to evaluate Aurizona gold production targets of 200,000 to 300,000 ounces per annum, led by Micon International Ltd. with DRA Americas Inc. and several other consultants, progressed on budget in the mine design, process design, hydrological, geotechnical, tailings, geochemical and infrastructure areas. Results of this study are expected to be released in the second half of 2014; and
- Titus Haggan, Vice President Exploration, has left the Company as a result of the Company reducing all exploration programs to care and maintenance.

For complete details on the third quarter 2013 results, please refer to the Financial Statements, and Management Discussion and Analysis on SEDAR, www.sedar.com or on the [Financial Statements](#) page of the Company's website. Third quarter and year-to-date results have been incorporated into the Company's latest [Investor Presentation](#).

STRATEGIC OUTLOOK

Gold production for the 2013 full year remains on target, but is expected to be on the lower end of the target range of 80,000 to 90,000 ounces. This is due to the slower than planned commencement of work by the new waste mining contractor in Q3 2013, which has delayed access to the saprolite ore. To compensate for the unavailable saprolite, the Company is processing and blending harder, higher grade laterite ore, which is slower to process. The cost to process this material is higher than the cost of processing of saprolite due to the hardness of the laterite and metallurgical properties. Therefore, the Company is now expecting the full year cash costs per ounce to be in the range of \$725 to \$745 per ounce (previous guidance was \$670 to \$690 per ounce). The fourth quarter 2013 cash cost per ounce is expected to range between \$665 and \$715 per ounce.

In response to declining gold prices during the year, the Company's cash flow management objectives were re-focused to ensure preservation of the Company's financial resources. The Company's priority remains to successfully complete the Phase I Expansion. At these lower gold prices, cash conservation measures resulted in slowing down the Phase I Expansion project and lower waste stripping activities for 2013, which will continue in 2014. The Company is targeting to complete the Phase I Expansion during the first half of 2014 rather than the previously targeted Q4 2013. As such, the Company's current estimates for the 2014 year indicate a slower than expected ramp up to achieve the targeted 10,000 tonnes per day saprolite run rate. Upon the Phase I Expansion being completed, operating cash availability is expected to allow increased waste removal and resultant increase in saprolite ore availability. The Company continues to focus on reducing its costs and increasing its operating margin, and commissioning Phase I in an efficient and effective ramp up.

THIRD QUARTER AND YEAR-TO-DATE SEPTEMBER 30, 2013 OPERATIONS RESULTS

Gold production during the three and nine month periods ended September 30, 2013 was 8% higher than the comparable periods of 2012. The increase was the result of improvements in gold recovery and higher grade laterite ore processed, which was partially offset by lower volumes of ore processed through the mill.

The ore grade mined in the three and nine months ended September 30, 2013 was higher than the

comparable periods of 2012 due to the Company's focus to mine higher grade ore areas of the Piaba pit. This was a direct result of the planned increase in waste stripping activities in Q1 2013 to access higher grade ore to maintain gold production targets at the plant during the drought conditions.

Ore throughput in Q3 2013 was lower than the comparable quarter of 2012 primarily because the laterite is harder than saprolite and has a higher work index resulting in lower tonnage throughput. Year-to-date ore throughput was lower than the comparable period of 2012 as a result of the processing of harder laterite in the third quarter, a planned plant maintenance shutdown that was longer than anticipated to repair welds on the SAG shell in the second quarter and drought conditions in the first quarter, causing a shortage of water available for processing, resulting in lower plant availability. Accordingly, a plan to process higher grade material was developed to increase gold production levels while limiting the amount of waste mining being removed to access saprolite ore. The gold recovery during the three and nine months ended September 30, 2013 was higher than the comparative periods in 2012 due to improved process control practices, a better understanding of ore blends, improved reagent control and the improved profiling of activated carbon usage. In addition, there was an increase in efficiency with the elution circuit and increased availability of the acid washing circuit.

COMMENTARY

"Luna continues to focus on maximizing margins and cash flow" stated John Blake, Luna's President and CEO. "Our response to the current low gold price environment is to continue focusing on cash management and operational efficiencies in order to maximize cash generation to complete the Aurizona Phase I Expansion on budget. By utilizing cash generated from production and drawing down the Sandstorm debt facility, Luna is fully funded to deliver Aurizona's Phase I Expansion on budget in the first half 2014. I remain confident this focus will continue to deliver value to our shareholders."

CONFERENCE CALL DETAILS

The Company will also host a conference call at 11:00 a.m. Eastern Time on Tuesday, November 12, 2013, where Management will both review the financial results and discuss the progress of Luna's business.

Conference Call Dial-In Details

Toll Free (North America): +1 866 226 1799
Toronto Local and International: +1 416 340 2220
Webcast: www.gowebcasting.com/4934

A replay of the call will be available on Luna's website, www.lunagold.com.

About Luna Gold Corp.

Luna is a gold production company engaged in the operation, expansion, and exploration of gold projects in Brazil.

On behalf of the Board of Directors

[Luna Gold Corp.](http://www.lunagold.com)

John Blake, President and CEO

Forward-Looking Statements

This release contains certain "forward-looking statements" and certain "forward-looking information" as defined under applicable Canadian and U.S. securities laws. Forward-looking statements can generally be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate",

"anticipate", "believe", "continue", "plans" or similar terminology. Forward-looking statements include, but are not limited to, statements with respect to future gold production and/or the results of analysis on gold production. Forward-looking statements are based on forecasts of future results, estimates of amounts not yet determinable and assumptions that while believed by management to be reasonable, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Forward-looking statements are subject to various risks and uncertainties concerning the specific factors identified in [Luna Gold Corp.](#)'s periodic filings with Canadian Securities Regulators. These factors include the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drill results and other exploration data, the potential for delays in exploration or development activities, the geology, grade and continuity of mineral deposits, the possibility that future exploration, development or mining results will not be consistent with the Company's expectations, accidents, equipment breakdowns, title matters, labor disputes or other unanticipated difficulties with or interruptions in production and operations, fluctuating metal prices, unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future, the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses, commodity price fluctuations, currency fluctuations, regulatory restrictions, including environmental regulatory restrictions and liability, competition, loss of key employees, and other related risks and uncertainties. The Company undertakes no obligation to update forward-looking information except as required by applicable law. Such forward-looking information represents management's best judgment based on information currently available. No forward-looking statement can be guaranteed and actual future results may vary materially. Accordingly, readers are advised not to place undue reliance on forward-looking statements or information.

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