Aura Minerals Announces Year End 2013 Financial and Operating Results

26.03.2014 | Marketwired

TORONTO, ONTARIO--(Marketwired - Mar 26, 2014) - **Aura Minerals Inc. ("Aura Minerals" or the "Company") (TSX:ORA) announces financial and operating results for 2013.**

This release does not constitute management's discussion and analysis ("MD&A") as contemplated by applicable securities laws and should be read in conjunction with the MD&A and the Company's audited consolidated financial statements for the three months and year ended December 31, 2013, which are available on SEDAR at www.sedar.com and on the Company's website. Unless otherwise noted, references herein to "$" are to thousands of United States dollar. References to "C$" are to the Canadian dollar. Tables are expressed in thousands of United States dollar, except where otherwise noted.

Highlights:

- Operating cash flow[1] of $66,847 for the year ended December 31, 2013 compared to $38,317 for the year ended December 31, 2012;
- Net sales revenue for 2013 increased by 8% over 2012. Gold sales and copper concentrate sales revenues increased by 7% and 11% over 2012, respectively;
- Gold ounce ("oz") production for 2013 was 19% higher than in the prior year and Aranzazu's copper production for the years ended December 31, 2013 and 2012 was 13,615,949 pounds and 10,980,100 pounds, respectively, an increase of 24%;
- Gross margin of $(5,693) for 2013 as compared to a gross margin of $(15,314) for 2012;
- Loss for the year ended December 31, 2013 (after a non-recurring loss on the disposal of non-core exploration properties of $8,760 and impairment charges of $56,191) of $74,193 or $0.32 per share compared to a loss of $54,942 or $0.24 per share for the year ended December 31, 2012;
- Subsequent to year end, the Company obtained a $22,500 gold loan from Auramet International LLC, the proceeds of which have been utilized to settle the Company's entire outstanding obligations pursuant to the Company's Amended Credit Facility.

[1] Please see the cautionary note at the end of this press release.

Jim Bannantine, the Company's President and Chief Executive Officer stated: "Aura continued to achieve strong operating cash flows in 2013 through improved production efficiencies at our existing operations. As a result of the improved production efficiencies and cost reductions at our gold mines the Company achieved record gold production and outperformed initial Company guidance despite a year where there was a substantial drop in the gold price. Our copper production from our Aranzazu project has also increased substantially year on year.

Mine development at Aranzazu has increased plant feed to realize economies of scale with higher plant throughput and we have been optimizing our revenues through the strict and controlled blending of ore feed arsenic. Initial engineering studies for the expansion have continued, and financing pending, we anticipate increasing our production to 4,500 tonnes per day, which is expected by 2016.

At the San Andres Mine, 2013's production has been improved by the addition of a new secondary crusher with increased availability and utilization, increasing throughput and a focus on de-bottlenecking the plant. In addition, the grades have been better than originally forecasted and we expect to see continued growth in production this year.

Sao Francisco had an excellent 2013, surpassing all of our expectations, and we expect to see another full year of strong production with continued decreases in cash costs, based upon a revised geological block model which has identified additional mineralization to our block model. Although Sao Vicente ceased its mining operations in November, we achieved better than expected feed material which enabled us to maximize the plant capacity throughout the year.

The Serrote development Project remains a valuable option for Aura to significantly increase the size of the Company, and we're investigating a number of options to realize that value, including potentially re-sequencing the project schedule, reducing capital expenditure, finding an equity partner and securing project-based financing.

In March 2014, we were able to agree on a $22.5 million gold loan facility which we used to refinance our current balance sheet. This has enabled us to continue to focus our efforts on a larger corporate financing package to enable us to proceed with the full Aranzazu expansion, for which we remain optimistic, based on discussions with potential lenders.

A focus on all costs at site and at corporate and strict cash conservation methods has resulted in our being able to operate profitably and grow, realizing the full potential of our assets which have capacity for significant organic growth."

Production and Cash Costs

Gold oz production in the fourth quarter of 2013 was 3% lower as compared to the fourth quarter of 2012. For the year ended December 31, 2013, gold oz production was 19% higher than in the prior year. Gold production and cash costs[1] for the three and twelve months ended December 31, 2013 and 2012 were as follows:

	For the three months ended December 31, 2013			For the year ended December 31, 2013		
	Oz Produced		Cash Costs[1]	Oz Produced		Cash Costs[1]
San Andres	15,017	$	1,244	63,811	$	1,131
Sao Francisco	25,259		1,048	105,541		1,144
Sao Vicente	8,230		906	37,604		1,288
Total / Average	48,506	$	1,085	206,956	$	1,166

	For the three months ended December 31, 2012			For the year ended December 31, 2012		
	Oz Produced		Cash Costs[1]	Oz Produced		Cash Costs[1]
San Andres	11,936	$	1,242	59,751	$	1,015
Sao Francisco	29,368		1,218	80,357		1,528
Sao Vicente	8,952		1,092	33,155		1,537
Total / Average	50,256	$	1,201	173,263	$	1,353

Copper production at Aranzazu for the fourth quarter of 2013 and 2012 was 3,642,482 pounds and 2,223,100 pounds, respectively, an increase of 64%. On-site average cash cost[1] per pound of payable copper produced, net of gold and silver credits was $3.63 for the fourth quarter of 2013 compared to $5.42 for the fourth quarter of 2012, inclusive of net realizable value write downs of $0.76 and $1.25 for the fourth quarters of 2013 and 2012, respectively. Copper production at Aranzazu for the years ended December 31, 2013 and 2012 was13,615,949 pounds and 10,980,100 pounds, respectively, an increase of 24%. On-site average cash cost[1] per pound of payable copper produced net of gold and silver credits was $4.15 for the full year of 2013 compared to $3.63 for the full year of 2012 inclusive of net realizable value write-downs of $0.74 and $0.56 for the years 2013 and 2012, respectively.

Gold production at San Andres in the fourth quarter of 2013 increased by 26% over the comparable period primarily due to higher grades and recoveries. Average cash cost per oz of gold produced[1] at San Andres in the fourth quarter of 2013 was relatively flat when compared with the fourth quarter of 2012. The 15,000 metre drilling program for 2013 continued with priority on near term production targets with higher grades and a similar program is expected to continue into 2014.

Gold production at Sao Francisco in the fourth quarter of 2013 was 14% lower than the fourth quarter of 2012 due primarily to lower plant feed. Average cash cost per oz of gold produced[1] at Sao Francisco in the fourth quarter of 2013 was 14% lower than the fourth quarter of 2012. The lower average cash cost per oz of gold produced[1] in the fourth quarter of 2013 was primarily due to the higher grades encountered and increased recoveries from the leach while mining costs were lower due to less material moved and also benefitted from the weakening of the Brazilian real.

Mining at Sao Francisco is expected to continue to the end of 2014 as exploration drilling in 2013 and a revised geological block model has identified additional mineralized material in several areas of the pit. An updated reconciliation indicates that certain waste and low grade zones could convert to additional plant feed. Processing may be extended into 2015 as a result of the positive reconciliation and the additional mineralization identified.

During the fourth quarter of 2013, 8% less gold ounces were produced as Sao Vicente as compared to the fourth quarter of 2012. The average cost per oz of gold produced[1] in the fourth quarter of 2013 was 17% lower than the fourth quarter of 2012 due to the majority of ore being sourced from the stockpile, as well as improved grades and recoveries from the heaps. There was also sufficient feed material in the stockpiles to keep the plant operating at over 100,000 tonnes per month during Q4 2013.

Cyanide will continue to be added to the Sao Vicente heap leach pads in early 2014 and we will then irrigate the heap throughout 2014, initially to recover any residual gold ounces, but thereafter to neutralize the cyanide and pH of the heap.

At Aranzazu, copper concentrate production increased by 59% in the fourth quarter of 2013 as compared to the fourth quarter of 2012, due to the effect of a 37% increase in copper grade as a result of a planned shift to higher grade underground mining, offset by a 4% decrease in the copper recoveries. Aranzazu's mine development focused on near-term development in Q4 2013. This is expected to continue throughout 2014.

Average cash cost per payable pound of copper produced[1] at Aranzazu for the three months ended December 31, 2013 decreased by 28% as compared to the three months ended December 31, 2012. These average cash costs are inclusive of net realizable value write-downs of $0.76 and $1.25 for the fourth quarters of 2013 and 2012 respectively

The average arsenic level in the copper concentrate was 0.99% during the three months ended December 31, 2013. Aranzazu implemented a successful program of blending during 2013 to ensure that value could be maximized from the sales of concentrates. This resulted in significant improvements in the levels of arsenic encountered in the concentrate production.

[1] Please see the cautionary note at the end of this press release.

Serrote

The Serrote project early development phase is continuing and the Company is continuing to pursue options to maximize the value of Serrote including, but not limited to, a disposal of a majority interest in the project equity and the Company is also considering a revised development and operating plan that would require lower capital expenditures and an earlier execution schedule.

Brazilian Mines - Value Maximization

The Company continues to investigate multiple options to maximize the disposal and closure value of the assets of the Brazilian Mines, including selling the plant and equipment and utilizing key members of their operating teams at our other locations.

Revenues and Cost of Goods Sold

Revenues for the year ended December 31, 2013 increased 8% compared to the year ended December 31, 2012. The increase in revenues resulted from a 7% increase in gold sales and a 11% increase in copper concentrate sales.

The increase in gold sales is attributable to a 27% increase in gold sales volumes partially offset by a 15% decrease in the realized average gold price per ounce.

The increase in copper concentrate net sales is primarily attributable to a 24% increase in DMT sold offset by a 10% decrease in average price realized. Total revenues for the year ended December 31, 2013 at Aranzazu related to the shipment of 24,995 DMT of copper concentrate compared to 20,321 DMT of copper concentrate for the year ended December 31, 2012. Total concentrate shipment revenues for the year ended December 31, 2013 and 2012 were $1,642 per DMT and $1,819 per DMT, respectively. The lower concentrate shipment revenue per DMT is due to both lower commodity prices and the comparative effect of the arsenic-related treatment and refining charges and penalties (such charges were implemented mid-way through Q2 2012). The negotiated improvements to off-take contracts only took effect in the later part of 2013.

For the year ended December 31, 2013 and 2012, total cost of goods sold from San Andres was $82,084 or $1,255 per oz compared to $64,188 or $1,218 per oz, respectively. For the years ended December 31, 2013 and 2012, cash operating costs were $1,124 per oz and $1,019 per oz, respectively, while non-cash depletion and amortization charges were $131 per oz and $199 per oz, respectively. The cash operating costs for the year ended December 31, 2013 included a write-down of $880 or $13 per oz to bring production inventory to its net realizable value (2012: $nil or $nil per oz).

Total cost of goods sold from the Brazilian Mines for the year ended December 31, 2013 and 2012 was $192,592 or $1,342 per oz and $209,425 or $1,866 per oz, respectively. For the years ended December 31, 2013 and 2012, cash operating costs were $1,090 per oz and $1,512 per oz, respectively, while non-cash depletion and amortization charges were $252 per oz and $354 per oz, respectively. The cash operating costs for the year ended December 31, 2013 included a write-down of $23,401 or $163 per oz to bring production inventory to its net realizable value (2012: $33,883 or $302 per oz).

Total cost of goods sold from Aranzazu for the years ended December 31, 2013 and 2012 was $61,893 or $2,476 per DMT and $49,113 or $2,417 per DMT, respectively. For the years ended December 31, 2013 and 2012, cash operating costs were $2,082 per DMT and $2,069 per DMT, respectively, while non-cash depletion and amortization charges were $394 per DMT and $348 per DMT, respectively. The cash operating costs for the year ended December 31, 2013 included a write-down of $10,074 or $403 per DMT to bring production inventory to its net realizable value (2012: $6,173 or $304 per DMT).

Additional Highlights

For the year ended December 31, 2013 and 2012, general and administrative costs were $16,078 and $18,593, respectively. Salaries, wages and benefits and travel expenses decreased due to reorganizations at the Company's corporate offices. Share-based payment expense decreased 61% as a result of a lower value assigned to stock options granted during the period and prior period forfeitures. Professional and consulting fees decreased due to the Company limiting spending on special projects during the period. Other expenses for 2013 include $2,100 relating to a non-recurring provision for employee travel liabilities and also separate taxation penalties assessed on the late payment of instalments relating to prior periods at the Company's operations.

Exploration costs for the year ended December 31, 2013 and 2012 were $1,987 and $7,696 respectively. This decrease in exploration costs reflect the completion of Serrote's feasibility study and Aranzazu's PEA in 2012. The 2013 exploration program at San Andres is expected to result in the publication of a resource update during 2014.

For the year ended December 31, 2013, the Company recorded an impairment charge of $16,021 related to the long-lived assets of the Sao Francisco Mine and $40,172 related to the long-lived assets of the San Andres Mine and a loss on disposal relating to the non-core Brazilian exploration properties of $8,760.

Finance costs for the year ended December 31, 2013 and 2012 were $5,817 and $4,917, respectively. The decrease in the overall accretion charge relates to changes to the estimate of the net smelter return royalty payable and changes in provisions for the mine closure cost and restoration. The service cost on the post-employment benefit was re-calculated at December 31, 2013 for the entire 2013 year, resulting in an adjustment to the expense for the 2013 year. An increase in the interest expense on debt and other interest and finance costs reflects the additional forbearance period transaction costs, interest rates and payment-in-kind interest charges.

Other gains for the year ended December 31, 2013 were $13,402, as compared to other losses for the year ended December 31, 2012 of $5,099. Income tax recovery for the year ended December 31, 2013 was $7,677 compared to an income tax expense of $3,385 for the year ended December 31, 2012 was $3,385.

For the year ended December 31, 2013, the Company recorded a loss of $74,193 which compares to a loss of $54,942 for the year ended December 31, 2012.

Outlook and Strategy

Aura Minerals' future profitability, operating cash flows and financial position will be closely related to the prevailing prices of gold and copper. Key factors influencing the price of gold and copper include the supply of and demand for these commodities, the relative strength of currencies (particularly the U.S. dollar) and macroeconomic factors such as current and future expectations for inflation and interest rates. Management believes that the short-to-medium term economic environment is likely to remain relatively supportive for both commodity prices but with continued volatility for both commodities. In order to decrease risks associated with commodity price volatility the Company will continue to evaluate entering into additional hedging programs.

Other key factors influencing profitability and operating cash flows are production levels (impacted by grades, ore quantities, labour, plant and equipment availabilities, and process recoveries) and production and processing costs (impacted by production levels, prices and usage of key consumables, labour, inflation, and exchange rates).

Aura Minerals' production and cash cost per oz[1] guidance for the 2014 year is as follows:

Gold Mines	Cash Cost per oz[1]	2014 Production
San Andres	$ 800 - $ 950	75,000 - 85,000 oz
Sao Francisco	$ 900 - $ 1,050	75,000 - 85,000 oz
Sao Vicente	$ 525 - $ 675	5,500 - 7,500 oz
Total	$ 850 - $ 1,000	155,500 - 177,500 oz

Aranzazu's production for 2014 is expected to be between 18,000,000 and 19,500,000 pounds of copper at a range of $2.60 to $3.15 average cash cost per payable pound[1] of copper.

In the first quarter of 2014 and to the date of this press release, the indicators have been that the pro-rata guidance will be achieved at each operating mine.

For 2014, total capital spending is expected to be $36,000. Of this amount, $20,000 relates to the development and expansion of Aranzazu, while $12,000 relates to San Andres plant upgrades, Phase V of the heap leach expansion and community expenditures. The remaining portion will be spent on various miscellaneous projects in the group, including the Serrote development project. The capital expenditure programs for the expansion of Aranzazu and the development of Serrote are dependent upon successful completion of financing.

[1] Please see the cautionary note at the end of this press release.

Conference Call

Aura Minerals' management will host a conference call and audio webcast for analysts and investors on Thursday, March 27, 2014 at 9:00 a.m. (Eastern Time) to review the 2013 results. Participants may access the call by dialing 416-340-8530 or the toll-free access at 1-888-340-9642. Participants are encouraged to call in 10 minutes prior to the scheduled start time to avoid delays.

The call is being webcast and can be accessed at Aura Minerals' website at www.auraminerals.com. Those who wish to listen to a recording of the conference call at a later time may do so by dialing 905-694-9451 or 1-800-408-3053 (Passcode 5178729#). The conference call replay will be available from 2:00 p.m. on March 27, 2014, until 11:59 p.m. (EST) on April 10, 2014.

Non-GAAP Measures

This news release includes certain non-GAAP performance measures, in particular, the average cash cost of gold per oz, average cash cost per payable pound of copper and operating cash flow which are non-GAAP performance measures. These non-GAAP measures do not have any standardized meaning within IFRS and therefore may not be comparable to similar measures presented by other companies. The Company believes that these measures provide investors with additional information which is useful in evaluating the Company's performance and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Average cash costs per oz of gold or per payable pound of copper are presented as they represent an industry standard method of comparing certain costs on a per unit basis. Total cash costs of gold produced include on-site mining, processing and administration costs, off-site refining and royalty charges, reduced by silver by-product credits, but exclude amortization, reclamation, and exploration costs, as well as capital expenditures. Total cash costs of gold produced are divided by oz produced to arrive at per oz cash costs. Similarly, total cash costs of copper produced include the above costs, and are net of gold and silver by-products, but include offsite treatment and refining charges. Total cash costs of copper produced are divided by payable pounds of copper produced to arrive at per payable pound cash costs.

Operating cash flow is the term the Company uses to describe the cash that is generated from operations excluding depletion and amortization, stock based compensation, impairment charges and the effect of changes in working capital.

About Aura Minerals Inc.

Aura Minerals is a Canadian mid-tier gold and copper production company focused on the development and operation of gold and base metal projects in the Americas. The Company's producing assets include the copper-gold-silver Aranzazu mine in Mexico, the San Andres gold mine in Honduras and the Sao Francisco and Sao Vicente gold mines in Brazil. The Company's core development asset is the copper-gold-iron Serrote project in Brazil. Recent achievements on the Serrote project include: completion of basic engineering; significant progress on land acquisitions and community resettlement, with approximately 70% of the project area now acquired; and engineering-only award of long lead equipment. Detailed negotiations for debt and equity financing of the project are continuing.

National Instrument 43-101 Compliance

Unless otherwise indicated, Aura Minerals has prepared the technical information in this press release ("Technical Information") based on information contained in the technical reports and news releases (collectively the "Disclosure Documents") available under the Company's profile on SEDAR at www.sedar.com. Each Disclosure Document was prepared by or under the supervision of a qualified person (a "Qualified Person") as defined in National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* ("NI 43-101"). Readers are encouraged to review the full text of the Disclosure Documents which qualifies the Technical Information. Readers are advised that mineral resources that are not mineral reserves do not have demonstrated economic viability. The Disclosure Documents are each intended to be read as a whole, and sections should not be read or relied upon out of context. The Technical Information is subject to the assumptions and qualifications contained in the Disclosure Documents. The disclosure of Technical Information in this Press Release has been reviewed and approved by Bruce Butcher, P. Eng., Vice President, Technical Services, a Qualified Person pursuant to National Instrument 43-101.

Cautionary Note

This news release contains certain "forward-looking information" and "forward-looking statements", as defined in applicable securities laws (collectively, "forward-looking statements"). All statements other than statements of historical fact are forward-looking statements. Forward-looking statements relate to future events or future performance and reflect the Company's current estimates, predictions, expectations or beliefs regarding future events and include, without limitation, statements with respect to: the amount of mineral reserves and mineral resources; the amount of future production over any period; the amount of waste tonnes mined; the amount of mining and haulage costs; cash costs; operating costs; strip ratios and mining rates; expected grades and ounces of metals and minerals; expected processing recoveries; expected time frames; prices of metals and minerals; mine life; and gold hedge programs. Often, but not always, forward-looking statements may be identified by the use of words such as "expects", "anticipates", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives" or variations thereof or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Forward-looking statements in this news release and related MD&A are based upon, without limitation, the following estimates and assumptions: the presence of and continuity of metals at the Company's Mines at modeled grades; the capacities of various machinery and equipment; the availability of personnel, machinery and equipment at estimated prices; exchange rates; metals and minerals sales prices; appropriate discount rates; tax rates and royalty rates applicable to the mining operations; cash costs; anticipated mining losses and dilution; metals recovery rates, reasonable contingency requirements; and receipt of regulatory approvals on acceptable terms.

Known and unknown risks, uncertainties and other factors, many of which are beyond the Company's ability to predict or control could cause actual results to differ materially from those contained in the forward-looking statements. Specific reference is made to the most recent Annual Information Form on file with certain Canadian provincial securities regulatory authorities for a discussion of some of the factors underlying forward-looking statements, which include, without limitation, gold and copper or certain other commodity price volatility, changes in debt and equity markets, the uncertainties involved in interpreting geological data, increases in costs, environmental compliance and changes in environmental legislation and regulation, interest rate and exchange rate fluctuations, general economic conditions and other risks involved in the mineral exploration and development industry. Readers are cautioned that the foregoing list of factors is not exhaustive of the factors that may affect the forward-looking statements.

All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements.

Contact

[Aura Minerals Inc.](#)
Joshua Perelman
(416) 649-1033
(416) 649-1044
info@auraminerals.com
[www.auraminerals.com](#)