

Liberty Mines Reports Financial Results for First Quarter 2012

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TSX: LBE

TORONTO, May 14, 2012 /CNW/ - [Liberty Mines Inc.](#) (TSX: LBE) ("Liberty" or the "Company") today reported its financial results for the 3-month period ended March 31, 2012. All amounts are in Canadian currency.

"Our first quarter was marked by our most significant milestone since we began our turn-around strategy nine months ago," said Mr. Chris Stewart, President and CEO of Liberty Mines. "With the re-start of mining and milling operations now before us, we can focus our efforts on maximizing production of our nickel concentrate, and continuing to add to our resources and reserves through a strategic exploration program. These efforts will not only generate improved financial results in the short term through increased revenue and cash flow, they will also effectively position us for future long-term growth."

Q1 2012 Operational Highlights

- Commissioned the Company's mill and concentrator at Redstone and resumed production effectively March 31, with cash flow from operations expected to resume in the second quarter.
- Announced operational and strategic targets for 2012, including production of 4 million pounds of nickel, which will be supplied by the Company's McWatters mine.
- Received a \$5,000,000 loan from Jien International Investments Ltd., the Company's controlling shareholder. The loan provided working capital to address requirements stemming from resumption of mining activities.
- Executed the right to purchase half of the two percent Hart net smelter royalty (NSR) from Canadian Arrow Mines (CAM) for a lump sum payment of \$1 million. The purchase represents a strategic decision to minimize royalty payments as Liberty realizes the full potential from its property.
- Announced plans to proceed with the development of a feasibility study on the Company's Hart Project after encouraging preliminary results from internal assessments. The feasibility study is expected by late 2012.
- On March 30, 2012 Liberty Mines received the Angus D. Campbell safety award from the Porcupine Mines Safety Group. The award recognized Liberty Mines for having zero (0) lost time injuries in the year 2011.

Highlights Subsequent to Quarter End

- Resumed shipment of concentrate produced at the Company's Redstone Mill to the Xstrata smelter in Sudbury.
- Appointed David Birch as the Company's Chief Financial Officer effective June 1, 2012.

Selected financial highlights

<i>All amounts in thousands except share data</i>	March 31, 2012	March 31, 2011
Revenue	\$19	\$2,119
Cost of sales	\$4,815	\$5,183
Net (loss) income	\$(7,990)	\$(5,130)
Basic earnings (loss) per share	\$(0.04)	\$(0.03)
	March 31, 2012	December 31, 2011
Cash and Cash Equivalents	\$547	\$1,304
Total Assets	\$91,505	\$84,265
Total Liabilities	\$105,852	\$91,064

Review of Q1 Financial Performance

Revenue for Q1 2012 was \$19,240 down from \$2.1 million for Q1 2011. The year-over-year decline was due to a shut-down of mining and milling operations initiated by the Company in February, 2011. Mining and milling operations were effectively re-started on March 31, 2012. Given the timing of the start date, the company expects revenue and cash flow from operations to resume in Q2 2012. Revenue generated in Q1 2012 stemmed from the final settlement on precious metals shipped in 2011.

Net loss for Q1 2012 was \$8.0 million or \$0.04 per basic and fully diluted share. The loss included amortization expense of \$1.4 million, interest on long-term debt of \$2.2 million and dividends on preferred shares of \$0.3 million. In the same period of 2011, Liberty recorded a net loss of \$5.1 million or \$0.03 per basic and fully diluted share. Liberty's mining and milling operations were partially functional in Q1 of 2011.

At March 31, 2012, Liberty had cash and cash equivalents of \$546,600. This compares to \$1.3 million at year end 2011.

Liberty's financial statements for the period ended March 31, 2012 are available at www.libertymines.com.

Outlook

"The ongoing shipment of concentrate to Xstrata since re-starting operations, and the encouraging results of our drilling activities add to our recent momentum," Mr. Stewart also said. "We believe that this progress will be sustained through 2012 as we target production of 4.0 million pounds of nickel and the development of a feasibility study at our Hart Project by year end."

About Liberty Mines Inc.

[Liberty Mines Inc.](http://www.libertymines.com) is a mid-tier producer of nickel and is focused on the exploration, development and production of nickel, copper, cobalt and platinum group metals from its properties in Ontario, Canada. It owns and operates the only nickel concentrator in the Shaw Dome, a prospective nickel belt region near Timmins, Ontario. With a new management team in place, Liberty is focused on growth initiatives not only through a more aggressive exploration program on its current properties but also through potential acquisition or partnership opportunities beyond its core Timmins area projects.

CAUTIONARY STATEMENT

No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein. This News Release includes certain "forward looking statements". All statements other than statements of historical fact included in this release, without limitation, statements regarding future plans and objectives of Liberty Mines Inc. are forward looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in these statements. Important factors that could cause actual results to differ materially from Liberty's expectations are: exploration risks; commodity prices; regulatory approvals; receipt of mining permits and leases; and assumed startup and operating costs detailed herein and from time to time in the filings made by Liberty with securities regulators. Forward-looking statements speak only as of the date on which they are made. The Company undertakes no obligation to publicly update any such statement or reflect new information or the occurrence of future events or circumstances, except where required by securities regulations. Accordingly, readers should not place undue reliance on forward-looking statements.

SOURCE [Liberty Mines Inc.](http://www.libertymines.com)

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