

Elgin Mining Reports First Quarter 2012 Results

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VANCOUVER, 05/14/12 - [Elgin Mining Inc.](#) ("Elgin Mining" or the "Company") (TSX: ELG)(TSX: ELG.WT) released today financial results for the first quarter of 2012. The Company's unaudited interim consolidated financial statements for the quarter ended March 31, 2012 and 2011 and notes thereto, along with its Management's Discussion and Analysis are available at www.sedar.com and www.elginmining.com. Unless otherwise noted, all financial information is expressed in U.S. dollars.

Highlights During and Subsequent to the First Quarter of 2012

- On May 1, 2012, the Company completed its business acquisition of Gold-Ore Resources Ltd. ("Gold-Ore"), as described in more detail under Acquisition of Gold-Ore.
- Effective May 4, 2012, the Company graduated onto the Toronto Stock Exchange ("TSX") from the TSX Venture Exchange. The Company's common shares and warrants trade under the stock symbols "ELG" and "ELG.WT", respectively.
- The Company continued surface drilling in the upper portions of the West Zone - South of Shaft ("WZSOS"), the southern extension of the West Zone of the past-producing Lupin gold mine ("Lupin"). Two sets of drill results from sixteen holes drilled in 2011 and early 2012 were released during the quarter. These results show that the mineralization on the shallow upper portion of the WZSOS extends to surface and could provide easily accessible mill feed upon the potential restart of active mining operations at Lupin.
- The Company commenced surface drilling on the L19 zone, a nearby eastern extension of the main Lupin deposit. Results from the first eleven holes drilled that were released in April 2012 demonstrated that the L19 zone is an attractive target located near underground access that has the potential to add significant gold ounces to the Lupin resource base.
- The Company released an independent NI 43-101 technical report entitled "Technical Report on the Lupin Mine Property, Kitikmeot Region, Nunavut for [Elgin Mining Inc.](#)" dated March 2, 2012 and filed on March 29, 2012. The report was prepared due to disclosure requirements with respect to the Gold-Ore transaction and includes a mineral resource estimate for the WZSOS area only. The Company intends to complete a mineral resource update and an NI 43-101 technical report later this year for the entire Lupin mineralized structure which will incorporate the results of drilling completed by the Company since 2011.

Financial Results for the First Quarter of 2012

- For the three months ended March 31, 2012, the Company generated a net loss attributable to common shareholders of \$4,772,334 or \$0.08 per share, primarily due to exploration and evaluation costs, general and administrative expenses, non-cash share-based payment expense, and transaction costs incurred in connection with the Gold-Ore acquisition. For the comparable first quarter in 2011, the Company generated net income attributable to common shareholders of \$515,326 or \$0.01 per share. Net income for the first quarter of 2011 was the result of an unrealized foreign exchange gain and finance income offset by general and administrative expenses and a loss from discontinued operations.
- At March 31, 2012, the Company had cash and cash equivalents of \$13,098,111 and restricted cash of \$29,724,805 compared with cash and cash equivalents of \$16,489,775 and restricted cash of \$29,270,806 at December 31, 2011.

Acquisition of Gold-Ore

Effective May 1, 2012, the Company acquired all of the issued and outstanding common shares of Gold-Ore by way of a plan of arrangement. In exchange for each Gold-Ore common share, the Company issued one common share and one-half of one common share purchase warrant at an exercise price of Cdn\$1.30 per common share exercisable until May 1, 2014. As a result of this transaction, a total of 85,842,309 common shares and 42,921,154 common share purchase warrants of the Company were issued.

Holders of 5,076,250 outstanding Gold-Ore stock options at the effective closing date of the arrangement received Company replacement stock options on a one-for-one basis, having the same terms and conditions as the Gold-Ore stock options replaced.

Gold-Ore is the owner of the Bjorkdal gold mine which has operated for over twenty years and in 2010 surpassed one million ounces in historical gold production. The gold mine is located in the prolific Skelleftea mining district in northern Sweden, providing the mine with the advantages of excellent infrastructure, a well-trained and knowledgeable local workforce, and supportive communities with a strong mining tradition.

The mine is a combined open pit and underground operation with a surface mill that produces four gold concentrates that are sold to nearby smelters. The mine has excellent exploration upside with the main ore body open in several directions and at depth.

Outlook

With the completion of the Gold-Ore acquisition, the Company is now a stronger international gold company operating in politically safe jurisdictions with a solid portfolio of gold assets in the exploration, development and producing stages. The Company's short-term strategy is to optimize the operations of the Bjorkdal mine to help fund the capital requirements for the expedited restart of the past-producing Lupin mine.

Bjorkdal Gold Mine

Management intends to focus its efforts on improving the gold production, cash costs and cash flow production from the Bjorkdal mine by examining the mining methods and procedures for potential operational improvements which may include:

- a review of underground mining methods in order to reduce dilution, including the use of cable bolting on underground ore stopes and better sizing of equipment for narrow vein mining;
- a continuation of owner-operated equipment for the underground operations to reduce contractor costs and improve efficiency;
- additional definition drilling and sampling in the open pits to improve grade control; and
- a trade-off study of the cost-benefit of moving towards an owner-operated fleet for the open pit operations.

Lupin

The Company intends to aggressively advance Lupin towards a restart of production in the first half of 2014. In working towards this goal, the Company:

- has mobilized a second drill rig in order to drill on-lease and regional drill targets that were identified through a review of the data compiled by Lupin's previous owners;
- has completed the first stage of detailed airborne geophysics surveys to further assist in the identification of attractive regional exploration targets near the Lupin mine;
- will develop or rehabilitate underground access into the upper and mid zones of the WZSOS in order to perform closer-spaced drilling for mine planning purposes as part of the planned restart of operations; and
- will engage qualified and experienced engineering groups to conduct engineering studies in the second half of 2012 to advise on the work program, schedule, and budget needed to rehabilitate the existing underground mine shaft and workings, mill and surface infrastructure for a planned restart of operations within the first half of 2014.

Ulu Gold Deposit ("Ulu")

For Ulu, the Company intends to commence a regional exploration program at the Ulu gold deposit and to complete limited in-fill and step-out drilling on the Flood zone to better define this deposit.

Patrick Downey, President and CEO, commented, "We are pleased by the overwhelming support shown by the shareholder groups of both Elgin Mining and Gold-Ore in approving the combination of the two companies. We believe the cash flow generation by the Bjorkdal mine will accelerate the development of Lupin by providing a meaningful source of funding for the mine restart. We are focused on optimizing the Bjorkdal mine's operations and driving forward diligently to meet our stated goal of restarting gold production at Lupin by the first half of 2014."

Qualified Person

Ms. Vivian Park, P.Geo., the Manager, Exploration of the Company and a Qualified Person as defined by NI 43-101, has reviewed and approved of the written technical disclosure contained in this news release.

Elgin Mining Inc.

Elgin Mining is a Canadian based company focused on production at the Bjorkdal Gold Mine in Sweden, which has produced 1,060,000 ounces in the last 24 years, and the exploration and development of the Lupin gold mine and Ulu gold project, both located in Nunavut, Canada. In addition, Elgin Mining's portfolio includes a 35% interest in Auracle Resources, which is exploring the Mexican Hat property in Arizona, and

an exclusive right and option to earn a 60% interest in Lincoln Mining's Oro Cruz (California) and La Bufa (Mexico) gold projects. Elgin Mining also selectively reviews opportunities to add advanced stage development projects to its portfolio. The Company has a strong balance sheet, generates significant cash flow from gold sales, and remains un-hedged.

For further information, please visit the Company's web site at www.elginmining.com.

Forward-Looking Statements

Certain information set forth in this press release contains "forward-looking statements", and "forward-looking information" under applicable securities laws. Except for statements of historical fact, certain information contained herein constitutes forward-looking statements which include management's assessment of Elgin Mining's future plans and operations and are based on Elgin Mining's current internal expectations, estimates, projections, assumptions and beliefs, which may prove to be incorrect. Some of the forward-looking statements may be identified by words such as "expects", "anticipates", "believes", "projects", "plans", and similar expressions. These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause Elgin Mining's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. 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. Elgin Mining undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.

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