

# Elgin Mining Reports Second Period 2012 Results

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VANCOUVER, 08/13/12 - [Elgin Mining Inc.](#) ("Elgin Mining" or the "Company") (TSX: ELG) (TSX: ELG.WT) released today financial results for the second period of 2012 which is the first to include production results from the Bjorkdal gold mine acquired pursuant to a plan of arrangement completed May 1, 2012. The Company's unaudited condensed consolidated interim financial statements for the four and seven months ended June 30, 2012 and notes thereto ("Interim Financial Statements"), along with its Management's Discussion and Analysis ("MD&A") are available at [www.sedar.com](#) and [www.elginmining.com](#). Unless otherwise noted, all financial information expressed herein is in Canadian dollars.

## Second Period 2012 Highlights

- Gold production of 14,121 gold ounces for the four months ended June 30, 2012;
- Gold sales of 13,744 gold ounces for the four months ended June 30, 2012;
- Realized gold price of US\$1,571 per ounce for the four months ended June 30, 2012;
- Cash cost of US\$1,071 per gold ounce sold for the four months ended June 30, 2012;
- Net income of \$1.5 million for the four months ended June 30, 2012;
- Cash and cash equivalents balance of \$16.5 million at June 30, 2012;
- Commenced the first phase regional drill program at Lupin and also completed a detailed airborne geophysics survey including HTEM and Helitem at Lupin. Follow-up drilling on any newly identified targets is expected to commence in the third quarter of 2012; and
- Commenced drilling at Ulu that will provide in-fill drilling on the main Flood deposit and also test the down-dip and along-strike potential of this high grade vein deposit.

Patrick Downey, President and CEO of the Company, commented, "This is our first quarter after the recent combination of Elgin and Gold-Ore and our focus has been the integration of the Bjorkdal mine and expansion of our management team. In that regard, I am very pleased to welcome Jim Currie who has joined us as COO. Jim is a seasoned mining executive with a proven track record of building and operating successful mines. Our current and ongoing focus will be to continue to work with the Bjorkdal team towards optimizing the operations at the Bjorkdal gold mine and to aggressively advance the past-producing Lupin gold mine towards a production decision, and a restart of operations.

Drilling also commenced on certain regional targets at Lupin and with the completion of the detailed airborne geophysics program we expect to generate several new targets for drill testing. Over the coming months, we expect to bring on additional key hires to further advance the Company's stated objectives."

## Reverse Takeover

On May 1, 2012, Elgin Mining acquired all of the issued and outstanding shares of [Gold-Ore Resources Ltd.](#) ("Gold-Ore") under a plan of arrangement whereby each Gold-Ore shareholder received one Elgin Mining share and one-half of one share purchase warrant in exchange for each Gold-Ore share.

Notwithstanding that Elgin Mining is the legal acquirer, Gold-Ore has been determined to be the accounting acquirer in the arrangement transaction ("RTO"). Under the RTO, Gold-Ore is deemed to have acquired Elgin Mining on May 1, 2012. As a result, the financial and operating results contained in this news release, and in the Company's MD&A and related Interim Financial Statements for the periods ended June 30, 2012 are a continuation of Gold-Ore.

## Change in Year-end

Prior to the RTO, Gold-Ore had a November 30 year-end while Elgin Mining had a December 31 year-end. As Gold-Ore is also deemed the reporting issuer under the RTO in accordance with the applicable securities rules, a notice of change in year-end was filed for the current period to change the Company's year-end from November 30, 2012 to December 31, 2012 to better align the Company's year-end to the year-end of other publicly traded mining companies.

## Summarized Financial and Operating Results

Due to the change in year-end, the Company's results in this second period will not be directly comparable to the results of the corresponding period in the previous fiscal year.

	For the four months ended June 30 2012	For the three months ended May 31 2011	For the seven months ended June 30 2012	For the six months ended May 31 2011
Gold ounces sold	13,744	10,807	24,494	21,139
Gold ounces produced	14,121	11,131	24,947	21,169
Revenue	\$ 21,138,219	\$ 16,511,904	\$ 39,074,867	\$ 29,458,005
Production costs, excluding depreciation and depletion	\$ 14,221,326	\$ 9,770,475	\$ 24,966,566	\$ 18,713,387
Income from mining operations	\$ 4,936,627	\$ 4,885,123	\$ 10,298,532	\$ 7,038,444
Net income	\$ 1,539,478	\$ 3,022,791	\$ 2,069,203	\$ 4,040,197
Net earnings per share				
- Basic	\$ 0.01	\$ 0.04	\$ 0.02	\$ 0.05
- Diluted	\$ 0.01	\$ 0.03	\$ 0.02	\$ 0.05
Cash flow provided by operations	\$ 283,822	\$ 2,529,858	\$ 2,414,147	\$ 2,720,119
Cash and cash equivalents	\$ 16,546,990	\$ 6,516,839	\$ 16,546,990	\$ 6,516,839
Average realized gold price (USD per ounce)	\$ 1,571	\$ 1,628	\$ 1,651	\$ 1,421
Cash cost per gold ounce sold (USD per ounce)	\$ 1,071	\$ 942	\$ 1,054	\$ 932

## Bjorkdal Gold Mine - Skelleftea, Sweden

Operating Data	Four months ended June 30 2012	Three months ended May 31, 2011
Open Pit (tonnes)	193,238	136,764
Open Pit (gpt)	0.87	1.03
Underground (tonnes)	215,004	167,846
Underground (gpt)	1.45	1.49
Stockpile (tonnes)	24,188	1,671
Stockpile (gpt)	0.86	0.67
Tonnes milled	432,430	306,281
Plant throughput (tonnes per day)	3,545	3,329
Average plant head grade (gpt)	1.16	1.28
Average plant recovery rate	87.6%	88.6%
Gold (ounces)		
- Produced	14,121	11,131
- Sold	13,744	10,807
Average realized gold price (USD per ounce)	\$ 1,571	\$ 1,628
Cash cost per gold ounce sold (USD per ounce)	\$ 1,071	\$ 942
Cash operating margin per ounce sold (USD per ounce)	\$ 500	\$ 686

Gold production was higher due to the extra 30 days in the current period in comparison to the 2011 second quarter. Excluding the effect of the extra days, gold production would have been 4% less than the 2011 second quarter due to a 9% drop in the head grade to the plant arising from lower grades mined in both the open pit and underground, and from processing a lower proportion of higher-grade underground ore which were offset by a 6% increase in the plant's daily throughput rate.

To address the decline in grades, the Company is investing additional resources in its grade control program in the open pit by hiring two additional pit geologists and by conducting grade control drilling to improve mine planning. For the underground unit, the Company will be testing the benefits of cable bolting in active operations in the third quarter of 2012. In addition, the Company will also study other ways to enhance the economic return of the underground operations by examining its processes for grade control, mining practices and mine planning.

Cash cost per ounce sold in the current period was 14%, or US\$129 per ounce, higher than the 2011 second quarter due to a 9% lower plant head grade, higher underground mining cost per tonne, and general cost escalation in labour and contractor rates. Underground mining cost per tonne has been negatively impacted by higher shotcrete and pumping costs due to additional ground support and greater pump repair costs, respectively. However, management has addressed these cost areas with the result that underground mining cost per tonne have trended down from the last two quarters. The Company also benefitted from a 9.1% weakening of the Swedish krona against the US dollar during the current period, and by the processing of more stockpile material.

During the period, the Company also published a new reserve and resource estimate for the Bjorkdal mine showing a significant increase in reserves from both the underground and open pit, and in addition, released significant new drill results at the Bjorkdal mine outlining a new extension to the ore zone.

### **Lupin Gold Mine - Nunavut, Canada**

During the second period, the Company continued with its 2012 drill program by completing the surface drilling on the shallow upper portion on the West Zone South of Shaft and by commencing a regional drill program. The Company currently has two drills testing multiple targets within the mine's surface leases and expects to drill 13,000 metres over the course of this summer/fall drilling season. In addition, the Company has also recently completed a significant airborne geophysics program including HTEM and HeliTEM in order to focus on key targets and to identify potentially unknown targets within the Lupin exploration holdings.

### **Ulu Gold Project - Nunavut, Canada**

During the second period, the Company completed a ground geophysics survey of the property, mapping

and sampling of potential targets, and the preparation of the camp for the current summer drilling campaign. Two drills were mobilized to site in July with 7,000 metres of drilling planned with the goals of expanding and upgrading the resource base on the current high grade Flood Zone and in testing the extent and quality of mineralization of other known nearby gold occurrences.

The regional exploration program at Lupin along with the planned exploration at Ulu will help the Company meet its obligation to incur \$9 million of flow-through expenditures for the 2012 calendar year.

### **Elgin Mining Inc.**

Elgin Mining is a Canadian based company focused on production at the Bjorkdal Gold Mine in Sweden, which surpassed its first millionth ounce of gold production in 2010, 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 37% interest in [Auracle Resources Ltd.](#), which is exploring the Mexican Hat property in Arizona, and an exclusive right and option to earn a 60% interest in Lincoln Mining Corporation's Oro Cruz (California) and La Bufo (Mexico) gold projects and 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. The Company has a strong balance sheet, generates cash flow from gold sales, and remains un-hedged.

### **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.*

### **Contacts:**

#### [Elgin Mining Inc.](#)

Patrick Downey, President and Chief Executive Officer  
(604) 682-3366  
(604) 682-3363 (FAX)  
[info@elginmining.com](mailto:info@elginmining.com)  
[www.elginmining.com](http://www.elginmining.com)

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