

# Sirocco Mining Inc. Releases 2012 Financials

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VANCOUVER, BRITISH COLUMBIA -- (Marketwire) -- 03/07/13 -- [Sirocco Mining Inc.](#) (TSX: SIM) ("Sirocco" or "the Company") is pleased to report financial and operating results for the year ended December 31, 2012. The consolidated financial statements together with Management's Discussion and Analysis will be available on the Company's website ([www.siroccomining.com](http://www.siroccomining.com)) and on SEDAR ([www.sedar.com](http://www.sedar.com)).

In 2012, the Company achieved strong financial results compared to 2011, with increased production supported by strong iodine prices.

## The Company's 2012 operating highlights were:

- Iodine production of 1,224 tonnes (2011: 1,122 tonnes)
- Average realized iodine prices of \$61 per kilogram (2011: \$40/kg)
- Gross profit of \$23.6 million (2011: \$7.1 million)
- Net income of \$6.7 million (2011: loss of \$24.3 million)
- Cash flow from operations of \$18.6 million (2011: \$4.5 million)
- Bank debt reduction of \$11.0 million (2011: increase of \$8.9 million)

Commenting on the results, Rick Clark, CEO, stated: "We are very encouraged with the progress made at Aguas Blancas in our first full year in management. With a combination of strong iodine pricing (up 52% year on year) and increasing production (up 9% year on year), we were able to deliver significant improvements in profitability with a 232% increase in gross profit and net income of \$6.7 million compared to a large loss in 2011. Significantly, cash flow from operations also increased almost fourfold year on year. With operational changes underway we look forward to continued increase in Iodine production in 2013."

The table below summarizes key financial and operating results of the Company for the last three years.

Year Ended	Dec-12	Dec-11	Dec-10
Tonnes mined ('000t)	4,146	4,488	3,804
Average grade of ore mined (ppm)	537	581	623
Iodine Produced (t)	1,224	1,122	1,256
Iodine Sold (t)	1,226	1,134	1,244
Cash operating cost (\$/kg) (Note)	37	31	21
Total revenues (\$000's)	74,836	45,076	33,989
Gross profit (\$000's)	23,552	7,057	4,184
Net Income (loss) (\$000's)	6,749	(24,312)	(2,380)
Income (loss) per share, diluted (\$)	0.03	(0.15)	(0.01)
Total assets (\$000's)	188,154	127,689	112,246
Long-term liabilities (\$000's)	8,274	10,861	5,048

*Note: this is a non-GAAP measure. It was calculated by dividing cost of sales, adjusted for related*

*depreciation and stock-based compensation, by quantities of iodine sold in the period.*

From the experience gained during 2012, management has determined that the ALP crushing and screening circuit cannot operate efficiently due to the highly variable proportion of hard, abrasive volcanic pebbles and chips in the feed. These volcanics reduce throughput and cause significant wear in the leach tanks. To solve this problem a SAG mill has been ordered and will be installed in Q1 2014 which will produce a clean pebble reject and grind the volcanic chips. The installation of the mill will enable the ALP to operate at its designed throughput of 400 tonnes of ore per hour, increasing total production rates to over 2,000 tonnes of iodine per annum. The total capital cost of the mill installation is estimated to be approximately \$15 million.

Until the SAG mill is commissioned, ALP throughput will be increased by feeding fines generated from mobile screens operating in the mining area. The fines will be trucked to the ALP, slurried and processed in the leach section of the ALP. The screened coarse product will be trucked directly to the heap leach pads. With these process changes the Company expects to achieve production of approximately 1,600 tonnes of iodine in 2013. The slurry plant is scheduled to be operational in Q2 2013.

Following the delivery of a positive pre-feasibility study in Q3 2012, a feasibility study is underway to examine the production of sodium nitrate using existing water supply and current brine concentrations. This study includes the construction and utilization of a pilot plant. The total cost of the study is estimated to be \$2.5 million and it is expected to be complete by year end.

Other capital projects in 2013 include expanding the mining fleet (\$10 million, financed by finance leases), and increasing the capacity of the chemical plant (\$2.0 million). In addition, sustaining capital in 2013 is budgeted at \$4.0 million to upgrade site infrastructure and increase maintenance capacity to support owner mining and expanded ALP production. In total, capital expenditures are forecast at \$34 million in 2013.

An updated resource and reserve statement for Aguas Blancas will be released before the end of Q1 2013.

Average iodine prices realized for the year were \$61 per kilogram and are expected to remain robust for 2013.

Sirocco stands at December 31, 2012 with a strong balance sheet that includes \$69 million in cash and working capital of \$87 million.

A conference call to discuss the financial and operating results will be held at 8am PST on Thursday March 7, 2013. Participants should dial in on 1 800 814 4860 or 416 644 3416 and follow the prompts. A replay of the call will be available until midnight on March 14, 2013 by dialing 416 640 1917 or 1 877 289 8525, passcode 4601642#.

## **Other Matters**

At a meeting of the Board of Directors of the Company (the "Board") held on March 6, 2013, the Board adopted an Advance Notice Policy (the "ANP"), which includes, among other things, a provision that requires advance notice be given to the Company in circumstances where nominations of persons for election to the Board are made by shareholders of the Company. In the case of an annual meeting of shareholders, notice to the Company must be made not less than 30 days nor more than 65 days prior to the date of the annual meeting. However, in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement. In the case of a special meeting of shareholders (which is not also an annual meeting) notice to the Company must be made not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made.

Additionally, the ANP sets forth the information that a shareholder must include in the notice of the Company, and establishes the form in which the shareholder must submit the notice for that notice to be in proper written form. The full text of the ANP is available on the Company's website and on SEDAR.

## **About the Company**

[Sirocco Mining Inc.](#) is a Canadian company which produces iodine from its Aguas Blancas mine in northern Chile. In addition, the Company has exploration interests in Brazil and West Africa and is actively assessing other opportunities in the resource sector.

## Cautionary Statements

This news release contains forward-looking statements concerning the Company's plans for its business and properties. These forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to political risks involving the Company's exploration and development of its properties, the inherent uncertainty of cost estimates and the potential for unexpected costs and expenses, commodity price fluctuations, the inability or failure to obtain adequate financing on a timely basis and other risks and uncertainties, including those described in the Company's periodic filings with the British Columbia Securities Commission. Such information contained herein represents management's best judgment as of the date hereof based on information currently available. The Company does not intend to update this information, except as required by law, and disclaims any legal liability to the contrary.

On behalf of the Board,

Rick Clark, CEO

## Contacts:

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