Aura Minerals Announces Second Quarter of 2013 Financial and Operating Results

14.08.2013 | Marketwired

TORONTO, ONTARIO--(Marketwired - Aug 14, 2013) - **Aura Minerals Inc. ("Aura Minerals" or the "Company") (TSX:ORA)** announces financial and operating results for the second quarter of 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 condensed interim consolidated financial statements for the three and six months ended June 30, 2013, which are available on SEDAR at www.sedar.com and on the Company's website.

Highlights:

- Record gold ounce ("oz") production in the second quarter of 2013 which was 24% higher compared to the second quarter of 2012. Average cash cost per oz of gold produced[1] in the second quarter of 2013 was 19% lower compared to the second quarter of 2012;
- Net sales revenue in the second quarter of 2013 increased 12% over the second quarter of 2012;
- Copper production at Aranzazu for the second quarter of 2013 and 2012 was 3,205,000 pounds and 2,960,700 pounds, respectively, an increase of 8%. On-site average cash cost[1] per pound of payable copper produced, net of gold and silver credits was $3.63 for the second quarter of 2013 compared to $2.92 for the second quarter of 2012;
- Gross margin of $(14.5) million and $(8.3) million for the three months ended June 30, 2013 and 2012, respectively;
- Loss of $50.1 million or $0.22 per share for the second quarter of 2013 compared to a loss of $11.5 million or $0.05 per share for the second quarter of 2012. The loss for the second quarter of 2013 includes an impairment charge of $16.0 million on the Sao Francisco Mine and $40.2 million on the San Andres Mine resulting from the consensus gold price declining significantly to below the gold price assumptions used in the most recent annual impairment tests;
- Operating cash flow[1] of $11.1 million for the second quarter of 2013 compared to $3.2 million for the second quarter of 2012; and
- The Company has appointed Banco Itaú BBA S.A. and RBC Capital Markets to manage the process to maximize the value of the Serrote project including, but not limited to, a disposal of a majority interest in the project equity.

Jim Bannantine, the Company's President and Chief Executive Officer stated, "Aura again achieved record gold production for the second quarter in a row, surpassing the first quarter's result and we expect to meet our annual copper and gold guidance with continued efforts over the second half of the year. A combination of better-than-expected production and a focus on cost savings at our existing gold operations as well as Aranzazu producing to expectations with a substantially reduced arsenic content, has resulted in the Company continuing to generate cash flow from operations and yielded a trailing twelve month operating cash flow of $58.6 million.

Although the decline in the gold price has led to an accounting impairment of both San Andres and Sao Francisco, we believe that both projects will continue to contribute financially to the future cash flows of the Company. There exist additional opportunities to realize ounces at Sao Francisco and we expect to implement a small expansion capital programme and announce an updated NI 43-101 for San Andres in the later part of Q3 2013. This updated NI 43-101 is expected to result in increased reserves and resources and extend the life of the property along with the expansion increasing annual production.

Aranzazu's full expansion phase, including the installation of the partial roasting facility and expansion to 4,500 tonnes per day, is currently on hold pending the outcome of the financing and refinancing. Management believes that even in today's market substantial value can be created for our shareholders by accessing available financing to expand Aranzazu, and we are considering multiple corporate funding alternatives. Aura is currently in advanced negotiations with its lenders to finalize an extension to the forbearance and expects to obtain this imminently.

The Serrote development project continues to be under its capital budget and while negotiations for long-term project financing are progressing, we have appointed two well-placed investment advisors to manage the process of a sale of a majority interest in Serrote. We are also exploring options to maximize the value of the Brazilian Mines in addition to optimizing their near term cash flows."

Production and Cash Costs

The Company's production and cash costs for the three and six months ended June 30, 2013 and 2012 are summarized in the tables below:

	For the three months ended June 30, 2013			For the three months ended June 30, 2012		
	Oz Produced		Cash Costs[1]	Oz Produced		Cash Costs[1]
San Andres	15,374	$	1,146	18,131	$	918
Sao Francisco	26,771		1,053	15,826		1,752
Sao Vicente	10,280		1,153	8,404		1,581
Total / Average	52,425	$	1,100	42,361	$	1,361

	For the six months ended June 30, 2013			For the six months ended June 30, 2012		
	Oz Produced		Cash Costs[1]	Oz Produced		Cash Costs[1]
San Andres	31,088	$	1,131	31,517	$	1,008
Sao Francisco	52,423		1,190	31,175		2,083
Sao Vicente	19,328		1,273	17,256		1,567
Total / Average	102,839	$	1,188	79,948	$	1,548

Gold production at San Andres in the second quarter of 2013 decreased by 15% over the comparable period primarily due to significantly below average recoveries. The cause at the ADR plant has been identified and the solution is being implemented and is in progress. Average cash cost per oz of gold produced[1] in the second quarter of 2013 increased 25% over the second quarter of 2012.

Gold production at Sao Francisco in the second quarter of 2013 was 49% higher than the second quarter of 2012 due to higher plant throughput and grade and the recovery of additional gold from the staged leach on the heap. The second quarter of 2012 operations continued to reflect that quarter's recovery to normalized operations from the structural failure of the primary crusher feed bin in early February 2012, which resulted in Sao Francisco not having use of the primary crusher for 47 days during the first quarter of 2012. The structural issues were rectified and the repaired crusher was re-installed in late-March 2012 and resumed operation. Average cash cost per oz of gold produced[1] in the second quarter of 2013 was 40% lower than the second quarter of 2012. The higher average cash cost per oz of gold produced[1] in the second quarter of 2012 was primarily due to lower leached gold after the structural failure of the primary crusher during the first quarter of 2012 while Q2 2013's average cash cost was improved by the weakening of the Brazilian real.

Mining at Sao Francisco is expected to continue to the end of August 2014 as exploration drilling in Q1 and Q2 of 2013 has located additional mineralized material below the ramp in the northwest area of the pit. An updated reconciliation indicates that certain waste and low grade zones could potentially convert to additional plant feed. Indications are that the plant processing at SF could extend to Q4 2014 as a result.

During the second quarter of 2013, 22% more gold oz were produced at Sao Vicente as compared to the second quarter of 2012. The average cash cost per oz of gold produced[1] in the second quarter of 2013 was 27% lower than the average cash cost[1] in the second quarter of 2012.

There is sufficient feed material in stockpiles at Sao Vicente to keep the plant full at 120,000 tonnes per month until late 2013. The heap leach pads will continue to operate with cyanide addition in early 2014, while we continue to irrigate the heap.

At Aranzazu, copper concentrate production increased by 10% in the second quarter of 2013 as compared to the second quarter of 2012 and the copper recovery increased by 6%. Average cash cost per payable pound of copper produced[1] for the three months ended June 30, 2013 increased by 24% as compared to the three months ended June 30, 2012.

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

Brazilian Assets - Value Maximization

The Company has been investigating multiple options to maximize the disposal and closure value of the assets of the Sao Francisco and Sao Vicente mines, including selling the plant and equipment and utilizing key members of their operating teams in our other group locations. The Company is considering options to maximize the value of Serrote including, but not limited to, a disposal of a majority interest in the project equity and has appointed Banco Itaú BBA S.A. and RBC Capital Markets to manage this process.

Revenues and Cost of Goods Sold

Revenue for the three months ended June 30, 2013 and 2012 was $81,256,000 and $72,594,000, respectively. The Company's revenue for the second quarter 2013 is comprised of sales of gold from the Company's gold mines of $73,020,000 and copper concentrate sales from Aranzazu of $8,236,000 compared to $63,782,000 from the gold mines and $8,812,000 from Aranzazu for the second quarter of 2012.

Revenues for the three months ended June 30, 2013 increased 12% compared to the three months ended June 30, 2012. The increase in revenues resulted from a 14% increase in gold sales partially offset by a 7% decrease in copper concentrate sales.

The increase in gold sales is mainly attributable to a 27% increase in oz sold partially offset by a 10% decrease in the realized average gold price per oz.

The decrease in copper concentrate sales is attributable to a 21% decrease in realized revenue per DMT of copper concentrate partially offset by an 18% increase in DMT sold. Total revenues for the three months ended June 30, 2013 at Aranzazu related to the shipment of 6,301 DMT of copper concentrate compared to 5,338 DMT of copper concentrate for the prior comparable period. Total concentrate shipment revenues for the three months ended June 30, 2013 and 2012 were $1,307 per DMT and $1,651 per DMT, respectively. The lower concentrate shipment revenue per DMT is due to lower commodity prices on current shipments as well as price adjustments of $347 per DMT resulting therefrom and the full effect of the arsenic-related treatment and refining charges and penalties (such charges were implemented mid-way through Q2 2012) and improvements to off-take contracts only being in effect in the later part of Q2 2013.

At San Andres, for the three months ended June 30, 2013 and 2012, total cost of goods sold was $22,801,000 or $1,319 per oz compared to $16,143,000 or $1,163 per oz, respectively. For the three months ended June 30, 2013 and 2012, cash operating costs were $1,163 per oz and $982 per oz, respectively, while non-cash depletion and amortization charges were $156 per oz and $181 per oz, respectively.

At the Brazilian Mines, total cost of goods sold for the three months ended June 30, 2013 and 2012 were $53,832,000 or $1,573 per oz and $51,922,000 or $1,940 per oz, respectively. Cash operating costs for the three months ended June 30, 2013 and 2012 were $1,204 per oz and $1,589 per oz, respectively, while non-cash depletion and amortization charges were $370 per oz and $351 per oz, respectively. The cash operating costs for the three months ended June 30, 2013 included a write-down of $12,349,000 or $361 per oz to bring production inventory to its net realizable value (2012: $4,329,000 or $162 per ounce). The depreciation portion of the inventory write-down during the three months ended June 30, 2013 totalled $8,453,000 or $247 per oz (2012: $620,000 or $23 per oz).

At Aranzazu, total cost of goods sold for the three months ended June 30, 2013 and 2012 were $19,112,000 or $3,033 per DMT and $12,808,000 or $2,399 per DMT, respectively. Cash operating costs for the three months ended June 30, 2013 and 2012 were $2,525 per DMT and $1,926 per DMT, respectively, while non-cash depletion and amortization charges were $508 per DMT and $473 per DMT, respectively. The cash operating costs for the three months ended June 30, 2013 included a write-down of $4,699,000 or $746 per DMT to bring production inventory to its net realizable value (2012: $1,302,000 or $244 per DMT of concentrate). The depreciation portion of the inventory write-down during the three months ended June 30, 2013 totalled $3,130,000 or $497 per DMT (2012: $708,000 or $133 per DMT).

Additional Highlights

Other expense items for the second quarter of 2013 include general and administrative expenses of $4,325,000 (2012: $3,892,000) and exploration expenses of $687,000 (2012: $1,298,000). Salaries, wages and benefits increased 41% due to an increase in the annual short-term incentive plan payments and employee relocation costs. Share-based payment expense decreased 47% as a result of no stock options being granted in the second quarter of 2013. The decrease in exploration costs for Serrote and Aranzazu reflect the completion of the feasibility study and PEA, respectively.

For the three months ended June 30, 2013, the Company recorded an impairment charge of $16,021,000 related to the long-lived assets of the Sao Francisco Mine and $40,172,000 related to the long-lived assets of the San Andres Mine.

Additionally, for the second quarter of 2013, the Company recorded finance costs of $1,948,000 (2012: $1,056,000), interest and other income of $54,000 (2012: $27,000), and other gains of $10,654,000 (2012: $1,564,000). Loss before income taxes for the second quarter of 2013 was $66,934,000 (2012: $11,507,000).

Income tax recovery for the three months ended June 30, 2013 was $16,856,000 and consisted of $484,000 in current income tax expense related to San Andres, and $17,342,000 in deferred tax recovery, which primarily related to the impairment charge recorded at San Andres. Income tax recovery for the three months ended June 30, 2012 was $1,427,000 and consisted of $1,489,000 in current income tax expense related to San Andres, and $2,916,000 in deferred tax recovery, which primarily relates to deferred tax assets recognized for Aranzazu during the period.

For the three months ended June 30, 2013 the Company recorded a loss of $50,078,000, which compares to a loss of $11,507,000 for the three months ended June 30, 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 gold and copper prices but with continued volatility for both commodities. In order to decrease risks associated with gold price volatility the Company will 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 guidance for the 2013 year has not changed from previous guidance and is as follows:

Gold Mines	Cash Cost per oz	2013 Production
San Andres	$1,000 - $1,150	60,000 - 65,000 oz
Sao Francisco	$1,100 - $1,250	78,000 - 88,000 oz

Sao Vicente	$ 950 - $1,100	28,000 - 32,000 oz
Total	$1,050 - $1,200	166,000 - 185,000 oz

Aranzazu's production for 2013 is expected to be between 13,000,000 and 15,000,000 pounds of copper at a range of $2.90 to $3.40 average cash cost per payable pound of copper, which has remained unchanged since our guidance in the first quarter of 2013.

For the remainder of 2013, total capital spending is expected to be $13 million. This amount relates to growth and sustaining capital for existing mines - including $5 million on the development of Aranzazu and $8 million on completing Phase V of the heap leach expansion, installation of a second secondary crusher and community expenditures at San Andres. These capital expenditures are expected to be funded by a combination of internal cash flows and external financing and may be delayed if financing is not obtained. The Company has also delayed previously planned development expenditures at Serrote until project financing is completed.

Conference Call

Aura Minerals' management will host a conference call and audio webcast for analysts and investors on Thursday, August 15, 2013 at 9:00 a.m. (Eastern Time) to review the second quarter 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 6892960#). The conference call replay will be available from 2:00 p.m. on August 15, 2013, until 11:59 p.m. (EST) on August 29, 2013.

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 MD&A has been reviewed and approved by Bruce Butcher, P. Eng., Vice President, Technical Services.

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.

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