

# Aurcana Reports Q2 2013 Financial Results and Provides Update

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VANCOUVER, BRITISH COLUMBIA--(Marketwired - Aug 29, 2013) - **Aurcana Corporation (TSX VENTURE:AUN)(OTCQX:AUNFD) ("Aurcana" or the "Company")** today is pleased to report its unaudited financial results for the second quarter ended June 30, 2013.

The Q2 2013 Earnings Webcast and Conference Call has been scheduled for **10:00 am PST** (1:00 pm EST) on **Friday, August 30, 2013**. See the bottom of this press release for details.

Mr. Lenic Rodriguez, Aurcana's President & CEO, said: "We are pleased to report that Aurcana increased its second quarter silver equivalent production from La Negra by 38% over the first quarter of 2013, and the mill at La Negra exceeded its new capacity of 3,000 tonnes per day ("tpd"). With technical improvements at Shafter now underway and increased efficiencies at La Negra, the company remains strategically positioned for continued growth."

A video message from Mr. Lenic Rodriguez, talking about Aurcana's Q2 2013 results, can be watched at the following link:

<http://www.ceoclips.com/qcc/Video-Interview-With-Lenic-Rodriguez-President-and-CEO-of-Aurcana-Q2-2013.html>

## Highlights of La Negra's Second Quarter ended June 30, 2013:

- a 38% increase in silver equivalent ounces produced to 818,060 ounces during Q2 2013 over the first quarter of 2013 and a 19% increase over the same period in 2012;
- a 73% increase in ore mined for a total of 249,036 mined tonnes during Q2 2013 compared to 143,718 tonnes in Q2 2012;
- a 33% increase in ore milled for a total of 235,388 milled tonnes during Q2 2013 compared to 176,591 tonnes in Q2 2012;
- a 41% increase in the mill processing rate over the previous quarter, to 3,057 tpd in Q2 2013 compared to 2,169 tpd in Q1 2013;
- the total cash cost per silver ounce net of by-products for Q2 2013 was \$7.79, up \$0.85 from \$6.94 in Q2 2012;
- the cash cost per milled tonne for Q2 2013 was down 6% to \$30.84, from \$32.97 in Q2 2012;
- total revenues for Q2 2013 were \$11.3 million, down \$2.4 million from \$13.7 million in Q2 2012 mainly due to lower silver and base metals prices, lower silver grades and higher inventories at quarter's end; and
- net income in Q2 2013 was \$0.3 million, down from \$1.4 million in Q2 2012.

The summary of the selected financial information should be read in conjunction with the unaudited financial statements and the related management's discussion and analysis for the three and six month periods ended June 30, 2013, together referred to as the "Financial Statements" filed on [www.sedar.com](http://www.sedar.com) and available on [www.aurcana.com](http://www.aurcana.com). All figures are in US dollars unless otherwise noted.

## Update on Red Kite Financing

The Company announces that it is working with Red Kite Mine Finance on the settlement of definitive loan documentation for a three year loan facility of \$50 million and an Off-take Agreement for the silver produced at the Shafter mine. The transaction is now expected to be completed in September 2013.

## Second Quarter Production and Operational Highlights

## La Negra Mine

- Mine development continued in 2013 to support the mine expansion with production in part realized from development headings, albeit at a lower silver grade. La Negra now has developed the equivalent of two years of additional production. Planning is now focused on increasing silver grades by developing and mining higher grade mineralized zones.
- Planning includes the purchase of a raise boring machine to construct several ore passes connecting the upper reaches of the mine that have higher silver grades with the main ore haulage on the 2000 metre level. The raise boring machine is expected to be commissioned in Q1, 2014.
- A mineral reserve estimate by Mine Development Associates ("MDA") has been initiated with completion expected in early 2014. The mineral reserve estimate and an updated resource estimate will include updated assumptions regarding metal prices with a focus on higher margin production. The report will also include new drilling completed at La Negra since the last technical report was completed in 2012.
- The company ended Q2 2013 with higher inventories of copper-silver concentrates reducing revenues. The mine and plant expansions combined with higher production from the copper rich lower levels of La Negra, resulted in the production of more copper concentrate than anticipated, exceeding the capacity of the existing filter press. A new larger capacity filter press has been ordered with delivery anticipated by the end of Q3 2013.
- In order to reduce costs and improve efficiencies at La Negra, the Company reduced surface exploration, postponed investments in non-critical areas and focused additional efforts in mining areas having higher silver grades.

## Shafter Mine

- The Shafter mine is making additional capital improvements in order to ensure that the process plant will achieve its target capacity of 1,500 tpd.
- The estimated total capital cost required to achieve target capacity of 1,500 tpd at Shafter is approximately \$18.5 million, of which a total of approximately \$5.5 million has been expended by the end of Q2 2013. It is anticipated that the balance of \$13 million will be funded by way of the Red Kite financing, currently being finalized. Management expects completion of all construction and upgrade work during 2014, subject to the successful completion of the financing.
- Silver output in 2013 at the Shafter mine was constrained by bottlenecks in the processing plant pending the delivery, installation and commissioning of key pieces of equipment. All proceeds generated from silver sales during Q2 2013 were credited to capital costs.
- On August 15, 2013 a second new tailings filter press was delivered to Shafter. This replaced the second of three used low-capacity tailings filter presses that were contributing to operational delays and reduced recovery rates. Together with the new filter press installed in May 2013, Shafter should reach a capacity of 1,200 tpd. A third filter press will be ordered with expected delivery by year's end. This press will bring the Shafter circuit up to the design capacity of 1,500 tpd.
- New larger precipitate filter presses and furnaces, together with a larger drying oven and retorts have been ordered and are expected to be commissioned in October 2013. This equipment is expected to result in a significant improvement in the silver recovery and the quality of doré bars produced on site.
- A higher degree of automation and better process controls are to be installed in the process facility. This activity began in May 2013 and will continue until projected completion in 2014.
- SGS Metcon conducted metallurgical testing investigating the benefits of a flotation circuit at the Shafter mill. The results indicated that a flotation circuit will help achieve recoveries of up to 80% of the high grade silver contained in sulphide minerals at Shafter that otherwise would not be recoverable in the leach circuit. This cost is included in Shafter's total capital requirements.
- The first group of locally trained miners has graduated and began working at Shafter in late July 2013 alongside experienced miners. This mining course will be offered several times a year and is being coordinated with the superintendent of the local Presidio school system.
- Aurcana has engaged Mine Development Associates ("MDA") to generate an updated mineral reserve estimate for the Shafter Mine. Completion is expected during Q4, 2013.

The Company expects that the Shafter plant will run at a rate of approximately 600 tpd during Q3 2013 and achieve its design target of 1,500 tpd during 2014, subject to the successful completion of the Red Kite financing.

## Conference call details

Conference date: Friday, August 30, 2013

Conference time: 10:00 am PST / 1:00 pm EST

Participant dial-in number(s): Can: 416-340-8018 / US & Canada: 866-223-7781 / Int: 800-6578-9898

Participant pass code: Not required

The recorded webcast will be posted to Aurcana's website.

### **Financial Statements and MD&A**

To read complete Financial Statement and MD&A please visit: [www.aurcana.com](http://www.aurcana.com), or [www.sedar.com](http://www.sedar.com)

### **About Aurcana Corporation**

[Aurcana Corp.](http://www.aurcana.com) is a primary silver producing company with two mines: La Negra Mine in Mexico and Shafter Mine in Texas, US. The Company is in a position to grow organically from its existing mines in its pursuit to become an emerging senior silver producer. Aurcana continues to focus on its future growth.

### **Corporate**

The Company's shares are also traded in the United States on OTCQX under the symbol "AUNFD". Investors can find current financial disclosure and Real-Time Level 2 quotes for the Company on [www.otcqx.com](http://www.otcqx.com) and [www.otcmartets.com](http://www.otcmartets.com).

Lenic Rodriguez, President & CEO

### **AURCANA CORPORATION**

Mr. Nils von Fersen, P.Geo., a qualified person (as defined in National Instrument 43-101) and the Company's Vice-President, Exploration and Dr. Sadek El-Alfy, a qualified person and the Company's Vice-President, Operations have reviewed and approved the scientific and technical information contained in this release.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

### **NR-13-27**

*This news release contains certain forward-looking statements, including statements regarding the closing of the debt financing with Red Kite, forecast silver production, silver grades, recoveries, potential mineralization, exploration results, future plans and objectives of the Company and the business and anticipated financial performance of the Company. These statements are forward-looking statements that involve various risks and uncertainties. These forward-looking statements include, but are not limited to, statements with respect to mining and processing of mined ore, achieving projected recovery rates, anticipated production rates and mine life, operating efficiencies, costs and expenditures, changes in mineral resources and conversion of mineral resources to proven and probable reserves, and other information that is based on forecasts of future operational or financial results, estimates of amounts not yet determinable and assumptions of management.*

*Exploration results that include geophysics, sampling and drill results on wide spacings may not be indicative of the occurrence of a mineral deposit. Such results do not provide assurance that further work will establish sufficient grade, continuity, metallurgical characteristics and economic potential to be classified as a category of mineral resource. A mineral resource which is classified as "inferred" or "indicated" has a great amount of uncertainty as to its existence and economic and legal feasibility. It cannot be assumed that any or part of an "indicated mineral resource" or "inferred mineral resource" will ever be upgraded to a higher category of resource. Investors are cautioned not to assume that all or any part of mineral deposits in these categories*

*will ever be converted into proven and probable reserves.*

*Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or does not expect", "is expected", anticipates" or "does not anticipate" "plans", "estimates" or "intends" or stating that certain actions, events or results " may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be "forward-looking statements". Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to materially differ from those reflected in the forward-looking statements.*

*Actual results may differ materially from results contemplated by the forward-looking statements. Important factors that could differ materially from the Company's expectations include, among others, the Company and Red Kite's ability to finalize loan documentation relating to the financing, risks related to international operations, unsuccessful exploration results, the ability of suppliers to provide equipment, the availability of skilled labour, conclusions of economic evaluations and changes in project parameters as plans continue to be refined as well as changes in metal prices, changes in the availability of funding for mineral exploration and development, unanticipated changes in key management personnel and general economic conditions. When relying on forward-looking statements to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and should not place undue reliance on such forward-looking statements. The Company does not undertake to update any forward-looking statements, oral or written, made by itself or on its behalf, except as required pursuant to applicable securities laws. Accordingly, readers should not place undue reliance on forward-looking statements.*

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