

# New Dawn Reports Results for the Quarter Ended September 30, 2013

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TORONTO, Nov. 14, 2013 - [New Dawn Mining Corp.](#) (TSX: ND) ("New Dawn" or the "Company"), a junior gold mining company focused on developing its gold mining assets and operations in Zimbabwe, announced that its financial results and corresponding Management's Discussion and Analysis ("MD&A") for the three months and twelve months ended September 30, 2013 have now been filed on SEDAR at [www.sedar.com](http://www.sedar.com) and are also available on the Company's web-site at [www.newdawnmining.com](http://www.newdawnmining.com). As the Company recently changed its fiscal year end for financial reporting purposes from September 30 to December 31, the current fiscal year will be for the fifteen months ending December 31, 2013.

Unless otherwise indicated, all amounts are presented in United States dollars.

## OVERVIEW

During the quarter ended September 30, 2013, the world gold price continued in the range of \$1,275 to \$1,400 per ounce, resulting in revenue per ounce of gold sold of \$1,313, as compared to \$1,399 and \$1,649 for the quarters ended June 30, 2013 and September 30, 2012, respectively. In addition to the lower average world gold price, the Company ceased operations at the Dalny Mine at the end of August 2013, thus negatively impacting gold sales in September 2013 and beyond. Together, these two factors resulted in revenue of \$12,164,071, reduced from \$13,619,738 and \$16,486,612 for the quarters ended June 30, 2013 and September 30, 2012, respectively. On an attributable basis, revenue for the quarter ended September 30, 2012 was \$11,393,572 compared to \$12,511,340 and \$15,073,167 for the quarters ended June 30, 2013 and September 30, 2012, respectively.

An aggressive program to cut costs at the mines and implement production efficiencies resulted in an improvement in cash costs to \$1,164 for the quarter ended September 30, 2013, as compared to \$1,382 and \$1,275 for the quarters ended June 30, 2013 and September 30, 2012, respectively. However, in the current low gold price environment, and in particular because of the operating losses incurred at the Dalny Mine, these improvements were not sufficient to generate a positive cash flow from mining operations for the quarter ended September 30, 2013.

In light of the previously disclosed issues that the Company is facing, the Company has determined that its existing operating and capital structure is not sustainable in the current gold price environment, and the Company is therefore proposing additional measures. As previously disclosed, and subject to approval at a meeting of shareholders scheduled for November 19, 2013, these measures include the consolidation of the Company's common shares on a 1 for 100,000 share basis and the redemption of the resulting fractional shares at C\$0.13 per pre-consolidation common share, followed by the Company's continuance and re-incorporation in the Cayman Islands. These actions are designed to eliminate the majority of the head office reporting, compliance and related costs, as well as to increase the efficiency and flexibility of the Company to deal with issues related to capitalisation and indigenisation.

In addition, the previously announced delisting of the Company's common shares from the Toronto Stock Exchange will become effective on the close of trading on November 20, 2013.

The Company's overall liquidity deteriorated during the quarter ended September 30, 2013 as a result of low gold prices and high operating costs, which although elevated have begun to decline based on the cost reduction initiatives implemented in July 2013 and the closure of the Dalny Mine on August 30, 2013. Of the working capital deficiency at September 30, 2013 of \$4,514,136, \$3,000,000 relates to two term loans that mature within twelve months. Subsequent to September 30, 2013, the Company negotiated a new loan to replace the maturing loan of \$1,000,000. The replacement loan is secured by certain mining claims, is for a one year term and has an interest rate of 15%. The second loan for \$2,000,000 matures in June 2014 and the Company will be looking to meet that obligation from the proceeds of a new loan with terms comparable to the currently outstanding obligation.

As the result of more current information relating to the assumptions for the estimation of impairment on the Company's property, plant and equipment, the provision for impairment was increased by \$4,500,000 during the quarter ended September 30, 2013 and the deferred tax liability was reduced by \$1,066,880, with the net

effect on the statement of income (loss) being a non-cash net charge of \$3,443,120. At September 30, 2013, a review of the status of the exploration and evaluation assets determined that no adjustment to the impairment estimate of \$2,000,000 recorded during the quarter ended June 30, 2013 was required. For the twelve months ended September 30, 2013, the total impairment expense in respect of the Company's property, plant and equipment was \$29,250,000 and exploration and evaluation assets was \$2,000,000, for an aggregate impairment expense of \$31,250,000, net of taxes of \$5,143,880.

Reflecting current limitations on the availability of investment capital and the recent price of gold, the Company is continuing its near-term operating strategy of focusing on improving operating efficiencies and processes in a steady-state/low-growth production model based on currently installed plant and infrastructure. The Company expects this phase to continue until market conditions improve and the Company is able to access debt and/or equity capital in sufficient amounts to fund the expansion and development of its mining operations and exploration programs, which, in turn, are primarily conditioned on implementation of the Company's Plan of Indigenisation, as well as any impact from unforeseen and/or deleterious changes to the business environment in Zimbabwe. As part of this near-term operating strategy, the Company has also initiated a program to sell some of its mining assets that are not considered integral to its long-term strategy, and is continuing efforts to raise additional capital under acceptable terms and conditions through financing via debt and/or equity issuances.

Although the Company received approval of its Plan of Indigenisation from the Government of Zimbabwe in October 2013, the implementation of the plan will not alleviate the Company's liquidity issues or provide significant capital for any of the Company's mine development projects. Provided that there are no negative unforeseen or deleterious developments that materially impact the business environment in Zimbabwe and once implementation of the Company's Plan is complete, a step that is likely to take some time, the Company will be positioned to attempt to raise the additional investment capital it requires to move forward.

The Company's efforts to address and improve operating viability at its mine sites in Zimbabwe are subject to various factors outside of its control, including, for example, taxes and royalties, mining fees, labor rates, power costs, environmental regulations, the economic and business environment in Zimbabwe, and potential changes to the legislative and regulatory environment in Zimbabwe, any of which could impact the Company's mining operations, capital requirements and ability to operate in a commercially viable manner or at all.

With the Company under serious pressure to bring total operating costs in line with the current gold price regime, combined with its challenging working capital position and the difficult regulatory and economic environment in Zimbabwe, there is a significant risk that actions more severe than steps taken so far or currently envisaged may be required.

If the world price of gold continues to decline further and/or the Company's operational liquidity is further strained, the Company may be forced to consider shutting down some of its other mining operations in Zimbabwe, either temporarily or permanently, and/or the liquidation of the Company and its assets in formal or informal arrangement.

## SELECTED FINANCIAL INFORMATION

This selected financial information presented below should be read in conjunction with the Company's interim unaudited consolidated financial statements, including the notes thereto, and management's discussion and analysis, for the periods referenced.

### Quarterly Results (Unaudited)

The following table sets forth select unaudited condensed consolidated interim financial and other information for the Company for the quarters ended September 30, 2013, June 30, 2013 and September 30, 2012.

September 30, 2013 Quarter ended	June 30, 2013	September 30, 2012
Operations		
\$2,164,071	\$13,619,738	\$16,486,612
\$(4,550,000) in	\$(26,750,000)	\$-0-
\$(6,055,570) in	\$(22,800,000)	\$(523,683)
Operations		
\$(1.55) per share	\$(0.50) and dil	\$(0.01)

Weighted average common shares outstanding:		
Basic	43,612,383	43,612,383
Diluted	45,612,383	43,612,383
Other measures		
Ounces of gold:		
Produced	9,986	10,256
Attributable	9,737	9,995
Cash Costs per ounce	\$1,164 (1)	\$1,275
Adjusted EBITDA	\$12,511,340	\$15,073,167
Attributable (1)		
Revenue	\$12,511,340	\$15,073,167
Ounces of gold:		
Produced	9,168	9,370
Attributable	8,940	9,137

(1) Cash Costs per ounce, Adjusted EBITDA and Attributable measures are not recognized accounting measures under International Financial Reporting Standards ("IFRS") (see "Non-IFRS Measures" below).

(2) Represents the provision for impairment, excluding any tax effect, recorded at period end (see "Overview" above).

## REVIEW OF FINANCIAL RESULTS

### Summary

As previously described, revenue was adversely impacted by the closure of the Dalny Mine effective August 30, 2013, as well as the continuing decline in the price of gold during the quarter ended September 30, 2013, with the average revenue per ounce of gold sold decreasing by 6.1% to \$1,313 per ounce, as compared to \$1,399 per ounce for the preceding quarter ended June 30, 2013.

The implementation of cost containment initiatives in July 2013 reduced cash costs per ounce to \$1,164 for the quarter ended September 30, 2013, as compared to \$1,382 for the quarter ended June 30, 2013. The Dalny Mine, which produced 1,397 ounces of gold during July and August 2013 and was closed effective August 30, 2013, had the highest cash operating costs of all of the Company's mines, at \$1,507 per ounce, and was the only one of the Company's mines that had cash operating costs in excess of the average revenue per ounce of gold sold during the quarter ended September 30, 2013.

### Gold Production

Gold production for the quarter ended September 30, 2013 was 8,884 ounces (8,341 ounces attributable), as compared to gold production of 10,256 ounces (9,370 ounces attributable) for the quarter ended September 30, 2012, a decrease of 1,372 ounces or 13.4% (11.0% decrease on an attributable basis).

As compared to gold production for the previous quarter ended June 30, 2013 of 9,986 ounces (9,168 ounces attributable), gold production for the current quarter ended September 30, 2013 decreased by 1,102 ounces or 11.0% (9.0% decrease on an attributable basis).

### Gold Sales

Consolidated gold sales for the quarter ended September 30, 2013 were US\$12,164,071 (US\$11,393,572 attributable), as compared to US\$16,486,612 (US\$15,073,167 attributable) for the quarter ended September 30, 2012, a decrease of \$4,322,541 or 26.2% (24.4% decrease on an attributable basis). The average sales price per ounce of gold was US\$1,313 and US\$1,649 for the quarters ended September 30, 2013 and 2012, respectively, a decrease of \$336 or 20.4%.

As compared to consolidated gold sales for the previous quarter ended June 30, 2013 of US\$13,619,738 (US\$12,511,340 on an attributable basis), consolidated gold sales for the current quarter ended September 30, 2013 decreased by \$1,455,667 or 10.7% (8.9% decrease on an attributable basis). The average sales price per ounce of gold was US\$1,313 and US\$1,399 for the quarters ended September 30, 2013 and June 30, 2013, respectively, a decrease of \$86 or 6.1%.

The Company received 100% of proceeds from gold sales in US dollars.

### Provision for Impairment

As previously discussed, as a result of the decrease in the gold price and the change in the status of the Dalny Mine, the Company recorded an additional provision for impairment of \$4,500,000, with respect to its mining properties in Zimbabwe during the quarter ended September 30, 2013, which represented a non-cash charge to operations.

### Net Loss Allocable to Common Shareholders

Net loss allocable to common shareholders was \$(5,051,577) for the quarter ended September 30, 2013 (loss of \$0.11 per share, basic and diluted), reflecting in large part the provision for impairment net of taxes of \$3,443,120 recorded in the statement of net income (loss) for the quarter ended September 30, 2013, as compared to \$(523,683) (loss of \$0.01 per share, basic and diluted) for the quarter ended September 30, 2012, and as compared to \$(22,800,995) (loss of \$0.50 per share, basic and diluted) for the quarter ended June 30, 2013.

Operating results before the impairment charge for the quarter ended September 30, 2013 were adversely impacted by the decrease in revenue resulting from the low gold prices and high operating costs, which although elevated have begun to decline based on the cost reduction initiatives implemented in July 2013 and the closure of the Dalny Mine on August 30, 2013.

### Adjusted EBITDA

Adjusted EBITDA for the quarter ended September 30, 2013 was \$(646,057), as compared to \$(2,528,378) for the quarter ended June 30, 2013, and as compared to \$695,942 for the quarter ended September 30, 2012.

Adjusted EBITDA for the quarter ended September 30, 2013 was adversely impacted by the declining gold price and elevated operating costs at the Dalny Mine, but was not affected by the provision for impairment recorded during the quarter, which was a non-cash charge excluded from the calculation of Adjusted EBITDA.

### Cash Costs per Ounce

Cash costs per ounce decreased by \$218 or 15.8% to \$1,164 for the quarter ended September 30, 2013, as compared to \$1,382 per ounce for the preceding quarter ended June 30, 2013.

Production and cash costs by mine for the quarter ended September 30, 2013 are presented below. The Golden Quarry Mine and the Camperdown Mine are presented as one operating unit, as the Camperdown Mine production is processed at the nearby Golden Quarry Mine. Operations at the Dalny Mine ceased and the mine was placed on care and maintenance on August 30, 2013.

	Turk and Angelus Mine	Old Nic Mine	Golden Quarry Mine/ Camperdown Mine Complex	Dalny Mine	Total
Total quantity of gold produced (ounces)	4,591	751	2,145	1,397	8,884
Total cash costs	\$4,750,861	\$926,053	\$2,558,980	\$2,105,022	\$10,340,916
Cash costs per ounce	\$1,035	\$1,233	\$1,193	\$1,507	\$1,164

The Company's short-term focus is to reduce mine operating costs and increase operating efficiencies under a steady-state/low-growth production model with the existing plant and infrastructure.

## OPERATING IN ZIMBABWE

### Contributions to the Zimbabwe Economy

During the three months ended September 30, 2013 and 2012, and the year ended September 30, 2012, the Company's Zimbabwe operations made payments to the Zimbabwean Government and its agencies as follows:

	Three months ended September 30,		Year ended
	2013	2012	September 30,
			2012
Gross revenue	\$ 12,164,071	\$ 16,486,612	\$ 61,947,433
Taxes and levies			
Corporate taxes	\$ -	\$ -	\$ 187,315
Royalties	858,024	1,162,436	3,898,969
Duty	246,450	260,597	1,009,523
Licenses and levies	118,684	76,923	267,638
Rural electrification levy	80,828	134,731	487,507
Payroll remittances			
Deductions from employees	508,023	929,097	3,116,704
Employer contributions	375,085	426,815	1,444,958
Total, taxes and levies	\$ 2,187,094	\$ 2,990,599	\$ 10,412,614
Percentage of reported gross revenue	18.0%	18.1%	16.8%
Government controlled entities			
Electricity (ZESA)	\$ 2,127,359	\$ 2,977,679	\$ 9,071,452

In addition, the Company continues to source the bulk of its equipment and consumable supplies and services from Zimbabwe-based suppliers during the quarter ended September 30, 2013.

### Indigenisation and Pending Matters in Zimbabwe

The Government of Zimbabwe is in the process of implementing an indigenisation policy wherein all domestic businesses are required to be 51% beneficially owned and controlled by indigenous Zimbabweans. New Dawn's Zimbabwe operating subsidiaries, Casmyr Mining Zimbabwe (Private) Limited, Falcon Gold Zimbabwe Limited ("Falgold") and Olympus Gold Mines Limited, are all currently non-indigenous under the indigenisation legislation and the related regulations.

After a two and a half year period during which the Company was involved in ongoing discussions with representatives of the Government of Zimbabwe, including the National Indigenisation and Economic Empowerment Board ("NIEEB"), with respect to the Company's proposed Plan of Indigenisation, the Minister of Youth Development, Indigenisation and Economic Empowerment notified the Company by letter received on October 9, 2013 that the Company's previously filed Plan of Indigenisation was approved.

New Dawn's Plan of Indigenisation consists of two key components. The first component provides for the transfer of equity interests in each of the Company's operating subsidiaries in Zimbabwe, comprising 5% to the Employee Share Ownership Schemes ("ESOS") and a non-dilutable 10% to Community Share Ownership Trusts ("CSOT"). The second component contemplates independent indigenous investor groups in Zimbabwe acquiring equity interests in New Dawn, which would include the participation of the National Indigenisation and Economic Empowerment Fund ("NIEEF"), a sovereign investment fund controlled by the Government of Zimbabwe.

The equity interests in the Company's Zimbabwe operating subsidiaries to be transferred to the CSOT and ESOS for no cash consideration are expected to provide a direct and broad-based participation in New Dawn's Zimbabwe mining operations for indigenous Zimbabweans. As the Company is not anticipating that its Zimbabwe subsidiaries will be declaring dividends within the next few years, the Company has included a quarterly payment to the CSOT groups, calculated in the form of a 0.5% royalty on gold production, in its now approved Plan of Indigenisation. When dividends are declared in the future, any royalty payments paid within the preceding four quarters will be offset against the dividend entitlement. To take account of the 15% dilution of New Dawn's interests in its Zimbabwe subsidiaries and to meet the additional effective 36% equity ownership of those subsidiaries by indigenous Zimbabweans through investment in New Dawn, the equity interest of New Dawn that will ultimately be acquired by independent indigenous investor groups (approximately 32%) and NIEEF (approximately 10%) will, together, comprise approximately 42%.

The Company has signed non-binding term sheets with certain independent indigenous investor groups, and

subscription agreements, based on these term sheets, are expected to be prepared and executed in the future. The term sheets are broadly similar and provide for each investor group to acquire special shares with voting rights that will be convertible into the Company's common shares for amounts to be determined and at specified periods during a five year time frame. It is anticipated that there will be periodic increases in the conversion price during the period when conversion to common shares is available. If the special shares are not converted within the five year period, they will expire and cease to have any rights whatsoever. The subscription price and the conversion price for the special shares have yet to be finalised. Assuming the special shares are converted to common shares, these independent investor groups will, together, hold approximately 32% of the currently issued common shares of the Company. It is expected that upon execution of the subscription agreements, the Company's Board of Directors will be reconfigured to reflect representation by such indigenous groups. However, completion of this process with the four independent indigenous investors is expected to take some time.

Under the Company's Plan of Indigenisation, the Company expects to issue, for no cash consideration, a warrant instrument to NIEEF that will be convertible into the Company's common shares for a fixed amount, yet to be determined, during the term of the warrant, which period is yet to be agreed. If the instrument is converted into common shares, NIEEF will hold approximately 10% of the currently issued common shares of the Company.

In order to enable the transfer of these equity interests as currently envisaged, each Zimbabwe subsidiary should, ideally, be wholly-owned by New Dawn. As New Dawn currently holds 84.7%, of the equity of Falgold, the Company had been in the process of attempting to acquire the balance of the shares of Falgold from the non-controlling interests pursuant to a Scheme of Arrangement. However, the terms of the Scheme of Arrangement, which both the minority interests of Falgold and the High Court in Zimbabwe had approved in September and October 2013, respectively, can no longer be implemented due to the delay in implementation and the impending changes to the Company's listing status. Other options are being explored to achieve the elimination of the minority interests for fair consideration, together with an alternate model for the allocation of equity interests to the CSOT and ESOS that does not rely on the elimination of the Falgold minority interests.

New Dawn operates in Zimbabwe through three subsidiaries, and these subsidiaries currently operate four mines in different communities throughout Zimbabwe. Accordingly, because of this configuration, it is not currently legally feasible for a community around a specific mine site to be issued shares in a subsidiary. In order to resolve this issue, the Company has made application to governmental authorities in Zimbabwe to address certain tax, securities and regulatory matters so that it can reorganize its mining assets in Zimbabwe to facilitate implementation of its Plan of Indigenisation. This reorganisation would result in the mines in separate specific geographic areas being owned by separate subsidiaries, thereby allowing the 10% shareholding in each such subsidiary to be allocated to its local CSOT. As approval of the Company's Plan of Indigenisation and tax clearance in Zimbabwe for the reorganisation has been received, the remaining regulatory requirement is approval by the Reserve Bank of Zimbabwe. However, this reorganization must be co-ordinated with the elimination of the Falgold minority interests or otherwise be restructured if such elimination is not achieved.

Due to various legal, securities, tax and regulatory issues, the Company expects that the implementation of its approved Plan of Indigenisation may take some time to complete and may be done in stages.

## **NON-IFRS MEASURES**

The Company has reported certain performance measures that are not recognized accounting measures under IFRS, specifically, Adjusted EBITDA, Cash Costs per Ounce, and Attributable measures. These non-IFRS performance measures do not have any standardized meaning and, therefore, are not necessarily comparable to similar measures presented by other companies. However, the Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors may find this information useful in their evaluation of the Company's performance. Accordingly, these non-IFRS measures are intended to provide additional information, but they should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Information on these performance measures and their calculation is included in the Company's Management's Discussion and Analysis for the quarter ended September 30, 2013.

## **ABOUT NEW DAWN**

[New Dawn](#) is a junior gold mining company that is focused on developing its gold mining assets and operations in Zimbabwe. New Dawn owns 100% of the Turk and Angelus, Old Nic and Camperdown Mines.

In addition, through its Falcon Gold Zimbabwe Limited subsidiary, New Dawn currently owns 84.7% of the Dalny, Golden Quarry and Venice Mines, and a portfolio of prospective exploration acreage in Zimbabwe. With the exception of the Venice Mine and Dalny Mine, all of these mines are currently operational, and are geographically divided into three major gold camps.

The Toronto Stock Exchange has not reviewed and does not accept responsibility for the adequacy or the accuracy of this news release.

Additional information on New Dawn and the matters discussed herein can be obtained on the Company's web-site at [www.newdawnmining.com](http://www.newdawnmining.com) or in the Company's filings on SEDAR at [www.sedar.com](http://www.sedar.com).

*Special Note Regarding Forward-Looking Statements: Certain statements included or incorporated by reference in this news release, including information as to the future financial or operating performance of the Company, its subsidiaries and its projects, constitute forward-looking statements. The words "believe," "expect," "anticipate," "contemplate," "target," "plan," "intends," "continue," "budget," "estimate," "may," "schedule" and similar expressions identify forward-looking statements. Forward-looking statements include, among other things, statements regarding targets, estimates and assumptions in respect of gold production and prices, operating costs, results and capital expenditures, mineral reserves and mineral resources and anticipated grades and recovery rates. 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, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. Such factors include, among others, risks relating to reserve and resource estimates, gold prices, exploration, development and operating risks, political and foreign risk, uninsurable risks, competition, limited mining operations, production risks, environmental regulation and liability, government regulation, currency fluctuations, recent losses and write-downs and dependence on key employees. See "Risk Factors" in the Company's Management's Discussion and Analysis - 2012. Due to risks and uncertainties, including the risks and uncertainties identified above, actual events may differ materially from current expectations. Investors are cautioned that forward-looking statements are not guarantees of future performance and, accordingly, investors are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein. Forward-looking statements are made as of the date of this press release and the Company disclaims any intent or obligation to update publicly such forward-looking statements, whether as a result of new information, future events or results or otherwise.*

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