Scorpio Mining Reports Fourth Quarter and Year-End Financial Results for 2013 and Updated Reserves and Resources at Nuestra Señora

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TORONTO, March 18, 2014 /CNW/ - Scorpio Mining Corporation (TSX: SPM) ("Scorpio Mining" or the "Company") today reported its financial and operating results for the fourth quarter ("Q4") and year ended December 31, 2013. This press release should be read in conjunction with the Company's audited Financial Statements, Management's Discussion and Analysis ("MD&A") and Annual Information Form ("AIF") for the year ended December 31, 2013, as available on the Company's website at www.scorpiomining.com and on SEDAR at www.sedar.com. All monetary figures are expressed in Canadian dollars unless otherwise specified.

HIGHLIGHTS FOR THE THREE MONTHS AND YEAR ENDED DECEMBER, 2013

	Three Months Ended			Year Ended	
	December 31, 2013	September 30, 2013	December 31, 2012	2013	2012
Mine operating earnings (loss) ($000's)	$ (868)	$ 803	$ 3,884	$ 186	$ 15,202
Net (loss) earnings ($000's)	$ (1,873)	$ (5,381)	$ 1,429	$ (9,187)	$ 7,090
(Loss) earnings per share (basic)	$ (0.01)	$ (0.03)	$ 0.01	$ (0.05)	$ 0.04
Adjusted EBITDA ($000's) (1)	$ 570	$ 2,012	$ 5,319	$ 4,261	$ 15,543
Adjusted EBITDA per share (basic)(1)	$ 0.00	$ 0.01	$ 0.03	$ 0.02	$ 0.08
Cash flows from operating activities before changes in working capital ($000's)(1)	$ 636	$ 2,050	$ 5,347	$ 4,419	$ 15,615
Underground ore production (tonnes)	145,872	123,807	130,006	522,227	517,788
Plant throughput (tonnes)	134,437	136,610	129,115	534,043	521,557
Surface stockpile (tonnes)	41,826	19,580	36,679	41,826	36,679
Head Grades:					
Silver grade (g/t)	75	67	91	70	90
Zinc grade (%)	1.51	2.09	1.60	1.65	1.85
Copper grade(%)	0.23	0.16	0.27	0.23	0.28
Lead grade (%)	0.71	0.95	0.72	0.82	0.87
Recovered metals in concentrates:					
Silver ounces	262,380	240,499	296,243	969,025	1,184,964
Zinc pounds (000's)	3,406	4,738	3,321	14,536	16,463
Copper pounds (000's)	333	201	347	1,312	1,608
Lead pounds (000's)	1,444	2,036	1,330	6,762	6,550
Silver equivalent ounces (2)	492,832	523,780	521,295	1,959,113	2,282,512
Total cash cost per payable silver ounce (US$) (1)	$ 14.25	$ 11.16	$ 10.56	$ 13.76	$ 11.93
Payable metals in concentrates:					
Silver ounces	206,207	207,316	247,877	815,043	999,462
Zinc pounds (000's)	3,133	3,698	2,879	12,208	14,105
Copper pounds (000's)	323	194	338	1,224	1,543
Lead pounds (000's)	1,277	1,919	1,168	6,167	5,965

Silver equivalent ounces [2]	418,686	446,245	448,931	1,682,606	1,977,108
Revenue from payable metals ($000's)	$ 9,675	$ 10,823	$ 12,546	$ 39,146	$ 54,966
Revenue distribution:					
Silver	46%	46%	61%	48%	58%
Zinc	29%	30%	21%	27%	22%
Copper	11%	6%	9%	10%	10%
Lead	14%	18%	9%	15%	10%

[1] This is a non-IFRS performance measure; see Non-IFRS Performance Measures section in the MD&A.

[2] Silver equivalent ounces were calculated using the following metal prices: silver US$24/oz.; zinc US$0.90/lb.; copper US$3.50/lb.; and lead US$0.90/lb.

RECONCILIATION OF RESERVES AND RESOURCES - NUESTRA SEÑORA

The Company completed an internal reconciliation of its Mineral Reserves and Resources as at December 31, 2013, against the amounts declared as at December 31, 2012 in the report titled "Technical Report and Preliminary Economic Assessment, Nuestra Señora, San Rafael and El Cajón Deposits" prepared by Mine Development Associates ("MDA Technical Report"). The reconciliation was prepared by the Company's technical services team under the supervision of the Company's V.P. Exploration, James Stonehouse who is a Qualified Person in accordance with NI 43-101.

The following table presents the remaining reserves and resources in the Nuestra Señora Mine, accounting for mining operations and definition drilling work through 2013.

Reconciliation of Nuestra Señora Reserves and Resources at EOY 2013

	Reserves - Proven and Probable								
	K Tonnes	g Ag /t	Zn%	Pb%	Cu%	K Ozs Ag	K Lbs Zn	K Lbs Pb	K Lbs Cu
Balance, December 31, 2012[1][2]	533	98.2	1.74	0.88	0.25	1,683	20,411	10,378	2,997
2013 depletion	167	91.6	1.88	0.97	0.13	494	7,590	3,932	526
Balance, December 31, 2013	366	101.2	1.46	0.73	0.28	1,189	12,821	6,446	2,471
	Resources - Measured and Indicated								
	K Tonnes	g Ag /t	Zn%	Pb%	Cu%	K Ozs Ag	K Lbs Zn	K Lbs Pb	K Lbs Cu
Balance, December 31, 2012[1][2]	2,420	94.92	1.74	0.90	0.27	7,385	92,967	48,142	14,186
2013 depletion	175	92.68	2.26	0.99	0.22	520	8,710	3,805	834
Balance, December 31, 2013	2,245	95.09	1.56	0.82	0.25	6,865	84,257	44,337	13,352
	Resources - Inferred								
	K Tonnes	g Ag /t	Zn%	Pb%	Cu%	K Ozs Ag	K Lbs Zn	K Lbs Pb	K Lbs Cu
Balance, December 31, 2012[1]	2,025	88.98	1.44	0.71	0.26	5,793	64,287	31,697	11,607
2013 depletion	50	120.74	2.18	1.10	0.41	193	2,389	2,939	20
Balance, December 31, 2013	1,975	88.18	1.30	0.61	0.24	5,600	61,898	28,758	11,587

[1]Based on MDA Technical Report

[2]Reserves included in M&I Resources

During 2013, only 31% of the reserves were thus depleted, representing 31% of the overall plant feed tonnage processed, with the balance provided from non-reserve material within Nuestra Señora and from La Verde. The remaining reserves of 366 kilotonnes represent 65% of the budgeted plant feed in 2014, with the possibility of adding more tonnage as plant feed from the resource envelope, as mining and development progress during the year.

2013 HIGHLIGHTS

Financial

- Revenue from payable metals of $39.1 million in 2013, decreased from $55.0 million in 2012 due to lower metal prices for silver, zinc and copper and lower head grades for all metals;
- Cash cost per payable silver ounce, net of by-product credits[1], increased to $13.76 in 2013 compared to $11.93 in 2012 due to a decrease in payable silver ounces; a decrease in by-product credits as a result of lower metal production and metal prices for all metals, except lead; partially offset by increased throughput due to high processing plant availability and utilization;
- Net loss in 2013 was $(9.2) million or $(0.05) per share (basic) compared to net earnings of $7.1 million, or $0.04 per share (basic) in 2012. The 2013 net loss includes an impairment charge of $(5.5) million or $(0.03) per share(basic) related to the Company's investment in the common shares of Scorpio Gold Corp. ("Scorpio Gold"); and an impairment charge of $(0.8) million, net of tax, in respect of the Company's deferred development and exploration costs at its Nuestra Señora Mine;
- Adjusted EBITDA[1] of $4.3 million in 2013 decreased from $15.5 million in 2012 as a result of lower revenues described above;
- Cash flow from operating activities before movements in working capital of $4.4 million in 2013 decreased from $15.6 million in 2012; and
- Working capital was $35.8 million at the end of 2013, down from $44.7 million at the end of 2012.

Operations

- On a year-to-year basis, 2013 experienced the highest annual plant throughput at 534,043 tonnes. Lead production increased in 2013 compared to 2012 whereas all other metals experienced relative declines. Silver recovery increased from 79% to 81%, and lead from 66% to 70%, despite pressure on plant efficiency coming from the decrease in head grades, from 90 g/t to 70 g/t and 0.87% to 0.82%, for silver and lead, respectively;
- Recovered silver equivalent ounces[2], at 1,959,113 ounces in 2013, decreased by 14% from 2,282,512 ounces in 2012 mainly due to the lower head grades;
- Focus on decreasing costs and increasing efficiencies led to drafting of changes to work schedules for plant and mine personnel, resulting in the reduction of overlaps and overtime. A review of the required manpower base led to the identification of operations and exploration personnel redundancies. As such, during 2013, a 14% reduction in the Company's workforce was implemented across these departments;
- Contract mining commenced at the Company's wholly-owned silver-copper La Verde Mine during Q3 2013 and production from La Verde totalled 34,265 silver equivalent ounces [2] during 2013; and
- Concentrate sales contracts have been renegotiated for copper and extended for zinc, with the copper and lead concentrates placed until June 30, 2014, and zinc concentrate until December 31, 2014.

(1) This is a non-IFRS performance measure; see Non-IFRS Performance Measures section in the MD&A.

(2) Silver equivalent ounces were calculated using the following metal prices: silver US$24/oz.; zinc US$0.90/lb.; copper US$3.50/lb.; and lead US$0.90/lb.

Project development

- Released the latest reserve estimate for the Nuestra Señora Mine and the Preliminary Economic Assessment ("PEA") for the advanced Cosalá District mineral resources;
- Received approval from SEMARNAT for its Environmental Impact Statement (Spanish acronym "MIA") pertaining to underground mining at the El Cajón and San Rafael Projects;
- Received approval from SEMARNAT for the application for the Change of Use of Soil ("CUS") pertaining to the development of underground mining operations at the El Cajón Project, located in the Cosalá Norte District;
- JDS Energy and Mining Inc. ("JDS") was engaged to perform a prefeasibility study ("PFS") for underground mining of the El Cajón Project. While progressing through the preparation of the PFS, the Company identified discrepancies between registered data and mapped information relative to the boundaries of the concessions encompassing the El Cajón resource outline. The Company is proceeding with development work while awaiting confirmation of the boundaries from the Dirección General de Minería ("DGM"). The completion of the PFS is expected in Q3 2014, following incorporation of geotechnical data analysis and resolution of the concession boundaries by the DGM, and will then result in the publication of NI 43-101-compliant mineral reserves; and
- Received archaeological clearance for the haulage road realignment linking the Cosalá Norte development area and the existing Nuestra Señora processing plant.

Exploration

- The Company completed 7,150 meters of underground drilling at the Nuestra Señora Mine;
- Efforts have been directed at following up geophysical and ASTER studies performed during Q1 2013. Over 4,000 geochemical samples have been taken in grids covering areas identified by radiometric and aeromagnetic surveys. Mapping of these areas has been performed as well;
- A mapping and sampling program on surface at Nuestra Señora has led to defining material which can be recovered from within the Nuestra Señora Mine. This program has now expanded to cover more distant targets in the Nuestra Senora area. Efforts are underway to acquire the necessary permissions to drill targets developed from the mapping and sampling efforts adjacent to Nuestra Señora;
- Additional mapping at La Verde has defined previously unrecognized mineralized material controls. Re-sampling of drill cores is aiding in targeting new potential areas. The mine workings have been completely re-mapped and all the drill cores re-logged in light of the new ore controls. Plans are being formulated for a more detailed evaluation of the mine area, towards definition of resources;
- Geochemistry and mapping based on geophysical data have outlined a 6 kilometer long structural zone, related to La Verde, which contains several targets around small prospects conforming to the same La Verde model. Steps are being taken to allow for the detailed exploration of these zones. Archeological studies have been performed and cleared the area for future work; and
- Programs have been designed to upgrade the resources at the San Rafael Main Zone and El Cajón in 2014.

OUTLOOK FOR 2014

The Company is focused on maintaining ore production at current levels, to meet the nominal plant capacity of 1,600 tpd throughout 2014, first through providing the plant with a mixture of material mined from the Nuestra Señora and La Verde Mines and, second through El Cajón which becomes the primary source once it is fully ramped up. At this point, remnant mining at Nuestra Señora would not justify maintaining a production team and related equipment within this mine. These assets would then be redeployed within El Cajón, to minimize equipment purchases.

A program based on a continued thorough review of previously mined sections of the Nuestra Señora orebody, including the Candelaria Zone, the on-going placement of backfill, which enabled mining of secondary stopes, and other initiatives provided higher plant feed grades in Q3 and Q4 2013. These same sources are expected to be available through Q4 2014. Mining of the reserves and resources at Nuestra Señora will continue, with additional plant feed as defined by short-term definition drilling while ensuring that safe, sustainable methods are used.

The CUS for the El Cajón deposit was approved by SEMARNAT in Q4 2013. This has allowed the Company to commence development of El Cajón in early 2014. This underground development work at El Cajón is expected to be completed in Q3 2014. An additional quarter will be needed to ramp the mining activities to a regular production regime at an expected potential of up to 1,500 tpd using design assumptions based solely on surface drilling data. A level of sustainable output will be better determined once underground operations are underway and multiple accesses to the orebody are achieved. JDS is currently working on a PFS to be provided in Q3 2014. Geotechnical drilling and tree-clearing activities have been completed at El Cajón, with cut-and-fill activities at the location of the mine adit and surface infrastructures nearing completion. A short-list of mine contractors for driving the ramp has been completed, with the selection of the retained bidder expected in March 2014.

The Company ended 2013 with approximately $16.4 million in its treasury, over $35 million in working capital and no debt. Despite reduced cash flows brought on by the difficult metal pricing environment, reduction in the operating and exploration expenditures, coupled with improved head grades, the Company believes that its treasury and future cash flows will be adequate to finance the development of El Cajón, define resources at the La Verde Mine, de-risk the San Rafael Project and sustain minimal regional exploration during 2014.

ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

Scorpio Mining also announces that its 2014 Annual General and Special Meeting of Shareholders will be held at 4:00 pm Eastern Time on Tuesday, May 13, 2014 at the New Brunswick Room, Main Mezzanine Floor of the Fairmont Royal York Hotel, 100 Front Street West, Toronto, Ontario, M5J 1T1.

Scorpio shareholders of record at the close of business on April 3, 2014 are entitled to attend the Annual General and Special Meeting and vote their shares.

About Us

Scorpio Mining Corp. is a silver producer operating in Mexico with significant base metal by-product credits. The 100% owned Nuestra Señora Mine in the Cosalá District of Sinaloa State, Mexico, has flexible mining methods and diversified metal production. It has a fully mechanized underground operation and a processing facility with permitted capacity for expansion to 4,000 tonnes per day. The plant produces zinc, copper and lead concentrates, with a significant payable silver component in the copper and lead concentrates.

In addition, the Company has numerous exploration targets in the vicinity of its current operations as well as the advanced El Cajón and San Rafael development projects. The Company's strategy for near-term growth is currently focused on mine development of the El Cajón deposit upon receipt of permitting.

Scorpio Mining's President and CEO, Mr. Pierre Lacombe, Eng., is a Qualified Person as defined under National Instrument 43-101 and has reviewed and approved the content of this release.

ON BEHALF OF SCORPIO MINING CORPORATION

Pierre Lacombe
President & CEO

This news release includes certain statements that may be deemed "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. Forward-looking statements include, but are not limited to, statements with respect to the Company's operations, exploration and development plans, expansion plans, estimates, expectations, forecasts, objectives, predictions and projections of the future. Generally, these forward-looking statements can be identified by the forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "projects", "intends", "anticipates", or "does not anticipate", or "believes", or "variations of such words and phrases or state that certain actions, events or results "may", "can", "could", "would", "might", or "will" be taken", "occur" or "be achieved". Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Scorpio Mining Corporation to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: risks related to the exploration and development and operation of the Company's projects in Mexico, risks related to international operations, construction delays and cost overruns, the actual results of current exploration, development and construction activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, future prices of silver, zinc, copper, lead and gold, risks relating to completing acquisition transactions as well as those factors discussed in the sections relating to risk factors of our business filed in Scorpio Mining Corp.'s required securities filings on SEDAR, including its Annual Information Form dated March 14, 2013. Although Scorpio Mining Corp. has attempted to identify important factors that could cause results to differ materially from those contained in forward-looking statements, there may be other factors that cause results to be materially different from those anticipated, described, estimated, assessed or intended.

There can be no assurance that any forward-looking statements will prove accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Scorpio Mining Corporation does not undertake to update any forward-looking statements that are incorporated by reference herein, except in accordance with applicable securities laws.

Contact

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