Scorpio Mining Corporation Reports First Quarter 2014

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TORONTO, May 13, 2014 /CNW/ - Scorpio Mining Corporation (TSX: SPM) ("Scorpio Mining" or the "Company") reports its financial and operating results for the first quarter ("Q1") ended March 31, 2014. This press release should be read in conjunction with the Company's unaudited Financial Statements and Management's Discussion and Analysis for the first quarter ended March 31, 2014, 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 ENDED MARCH 31, 2014

	Three Months Ended		
	March 31, 2014	December 31, 2013	March 31, 2013
Mine operating earnings (loss) ($000's)	$ (1,309)	$ (868)	$ 2,226
Net (loss) earnings ($000's)	$ (1,224)	$ (1,873)	$ 1,255
(Loss) earnings per share (basic)	$ (0.01)	$ (0.01)	$ 0.01
Adjusted EBITDA ($000's) (1)	$ 893	$ 570	$ 3,238
Adjusted EBITDA per share (basic)(1)	$ 0.00	$ 0.00	$ 0.02
Cash flows from operating activities before changes in working capital ($000's)(1)	$ 926	$ 636	$ 3,276
Underground ore production (tonnes)	147,809	145,872	124,383
Plant throughput (tonnes)	137,317	134,437	136,128
Surface stockpile (tonnes)	51,542	41,826	24,480
Head Grades:			
Silver grade (g/t)	81	75	70
Zinc grade (%)	1.38	1.51	1.44
Copper grade (%)	0.21	0.23	0.28
Lead grade (%)	0.63	0.71	0.84
Recovered metals in concentrates:			
Silver ounces	293,949	262,380	251,220
Zinc pounds (000's)	2,987	3,406	3,194
Copper pounds (000's)	328	333	440
Lead pounds (000's)	1,198	1,444	1,808
Silver equivalent ounces (2)	556,911	559,991	573,870
Total cash cost per payable silver ounce (US$) (1)	$ 14.15	$ 14.25	$ 10.42
Payable metals in concentrates:			
Silver ounces	272,110	206,207	221,447
Zinc pounds (000's)	2,387	3,133	2,482
Copper pounds (000's)	321	323	413
Lead pounds (000's)	1,168	1,277	1,653
Silver equivalent ounces (2)	502,475	479,927	496,235
Revenue from payable metals ($000's)	$ 11,138	$ 9,675	$ 11,047
Revenue distribution:			
Silver	53%	46%	54%

Zinc	22%	29%	21%
Copper	13%	11%	11%
Lead	12%	14%	14%

FIRST QUARTER 2014 HIGHLIGHTS

Financial

- Revenue from payable metals of $11.1 million in Q1 2014, increased from $9.7 million in Q4 2013 due to higher metal prices for silver and zinc, higher silver grades, and higher plant throughput;
- Cash cost per payable silver ounce, net of by-product credits(1), marginally decreased to $14.15 in Q1 2014 compared to $14.25 in Q4 2013 due to an increase in payable silver ounces and increased throughput due to high processing plant availability; partially offset by higher cash costs and decreased base metal credits due to lower contained metal production of zinc, lead and copper;
- Net loss in Q1 2014 was $(1.2) million or $(0.01) per share (basic) compared to a net loss of $(1.9) million or $(0.01) per share (basic) in Q4 2013;
- Adjusted EBITDA(1) of $0.9 million in Q1 2014 increased slightly from $0.6 million in Q4 2013 as a result of higher revenues partially offset by higher cash costs described above;
- Cash flow from operating activities before movements in working capital of $0.9 million in Q1 2014 increased from $0.6 million in Q4 2013; and
- Working capital was $35.7 million at the end of Q1 2014, consistent with $35.8 million at the end of 2013.

Operations

- Highest quarterly plant throughput recorded by the Company in Q1 2014 since the plant start-up in 2008, at 137,317 tonnes;
- Silver recovery increased from 80.5% in Q4 2013 to 83.4% in Q1 2014, coinciding with the increase in silver head grades, from 75 g/t in Q4 2013, to 81 g/t in Q1 2014.
- Metal recoveries for all payable base metals increased despite the lower head grades registered for copper, lead and zinc in Q1 2014, compared to Q4 2013;
- Payable silver ounces buoyed by a higher recovery and lower smelting deductions stemming from higher-grading concentrates, at 272,110 ounces, was at the highest level since the ounces registered in Q2 2011, when a higher silver head grade of 106 g/t was processed;
- Recovered silver equivalent ounces(2), at 556,911 ounces in Q1 2014, decreased by 1% from 559,991 ounces in Q4 2013 as the increase in plant throughput and contained silver ounces was offset by the decrease in contained metals production for zinc, copper and lead; and
- Contract mining at the Company's wholly-owned silver-copper La Verde Mine during Q1 2014 resulted in the production of 42,314 silver equivalent ounces. Mining was curtailed towards the end of the quarter and the Company is now focused on performing a more detailed evaluation of the mine area, towards definition of resources.

(1) This is a non-IFRS performance measure; please see Non-IFRS Performance Measures section of the Q1 2014 Management's Discussion and Analysis.

(2) Silver equivalent ounces were calculated using the following 2014 budget metal prices: silver US$19/oz.; zinc US$0.95/lb.; copper US$2.97/lb.; and lead US$0.99/lb.

Project development

- The El Cajón mine portal was collared on March 29, 2014 and a Mexican mining contractor has been engaged to establish said portal and sink the ramp and associated lateral workings within the first 112 m below surface;
- The submittal of the Documento Técnico Unificado ("DTU"), combining the provision of both of the Environmental Impact Statement ("MIA") and related request for Change of Use of Land ("ETJ"), for permitting the execution of a surface exploration program above the El Cajón and San Rafael deposits, has been made with the Secretariat of Environment and Natural Resources ("SEMARNAT") for the State of Sinaloa, Mexico, for its evaluation and approval;

- Upon approval of the DTU, the related exploration program defined for 2014 will put an emphasis on the infill drilling required to enhance the quality of the near-surface resources found within the Main Zone of the San Rafael deposit, leaving for later further definition of the deeper Ag-Cu 120 Zone at San Rafael; and
- JDS Energy and Mining Inc. ("JDS") continues to work on the 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.

Exploration

- Diamond drilling continues on a routine basis at the Nuestra Señora Mine. Current targets are definition of material defined by sampling by the exploration group in 2013 above the 6 level and other targets of interest;
- Additional mapping and sampling program on surface in the area of Nuestra Señora has led to several new targets which are hoped to develop into mineable material. One such target area can be drilled and developed from within the workings at Nuestra Señora. This program has now expanded to cover more distant targets in the Nuestra Señora 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 is now complete and results are being used to target new areas for exploration. 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;
- Approximately 1,700 meters of surface drilling were performed at El Cajón to assist in mine planning. Assays for this work are still pending, following completion of geotechnical measurements on the uncut cores; and
- Permit applications have been submitted for programs designed to upgrade and expand the resources at the San Rafael Main Zone and El Cajón in 2014. Approximately 2,700 meters are planned at San Rafael in the first phase of work and 2,000 meters at El Cajón.

Outlook

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 material mined from the Nuestra Señora Mine and complemented with output from the La Verde Mine and then, towards the end of the second half of the year, through the El Cajón Project which will then become the primary source of plant feed once it is fully ramped up. At this point, it is envisioned that mining lower NSR per tonne material at Nuestra Señora than available from El Cajón would not justify maintaining a production team and related equipment within this mine. These assets would then be redeployed within the El Cajón Mine, to minimize mine mobile 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 H2 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 likely provided as defined by short-term definition.

The Company commenced development of the El Cajón Project during Q1 2014, with the first blast taken in the access ramp taken on March 29, 2014 following completion of the surface contouring of the area to be used for surface infrastructures. This underground development work at El Cajón is expected to be sufficiently advanced by the end of Q3 2014 to provide regular mill feed from production stopes. 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 working on a PFS which is expected in Q3 2014.

As at March 31, 2014, the Company had $17.2 million in its treasury, over $35 million in working capital and no debt. The Company is expending significant efforts to maintain positive cash flow from its existing operations and continues to believe that its treasury and future cash flows will be adequate to finance the development of the El Cajón Project, define resources at the La Verde Mine, de-risk the San Rafael Project and sustain minimal regional exploration during 2014.

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.

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