Scorpio Mining Reports Second Quarter 2014 and Resignation of Vice President Investor Relations

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TORONTO, Aug. 11, 2014 /CNW/ - Scorpio Mining Corporation (TSX: SPM) ("Scorpio Mining" or the "Company") reports its financial and operating results for the second quarter ("Q2") ended June 30, 2014. This press release should be read in conjunction with the Company's unaudited Financial Statements and Management's Discussion and Analysis ("MD&A") for the second quarter ended June 30, 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 AND SIX MONTHS ENDED JUNE 30, 2014

	Three Months Ended			Six Months Ended	
	June 30, 2014	March 31, 2014	June 30, 2013	June 30, 2014	June 2013
Mine operating (loss) earnings ($000's)	$ (441)	$ (1,309)	$ (1,975)	$ (1,750)	$ 251
Net loss ($000's)	$ (1,963)	$ (1,224)	$ (3,188)	$ (3,187)	$ (1,9
Loss per share (basic)	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.02)	$ (0.0
Adjusted EBITDA ($000's) (1)	$ 856	$ 893	$ (1,559)	$ 1,749	$ 1,6
Adjusted EBITDA per share (basic)(1)	$ 0.00	$ 0.00	$ (0.01)	$ 0.01	$ 0.0
Cash flows from operating activities before changes in working capital ($000's)	$ 887	$ 926	$ (1,516)	$ 1,813	$ 1,7
Underground ore production (tonnes)	121,630	147,809	128,165	269,439	252,5
Plant throughput (tonnes)	139,581	137,317	126,868	276,898	262,9
Surface stockpile (tonnes)	37,150	51,542	29,836	37,150	29,83
Head Grades:					
Silver grade (g/t)	87	81	66	84	68
Zinc grade (%)	1.37	1.38	1.55	1.38	1.50
Copper grade(%)	0.18	0.21	0.25	0.20	0.27
Lead grade (%)	0.64	0.63	0.77	0.80	0.80
Recovered metals in concentrates:					
Silver ounces	316,738	293,949	214,926	610,687	466,1
Zinc pounds (000's)	3,477	2,987	2,895	6,464	6,089
Copper pounds (000's)	257	328	294	585	734
Lead pounds (000's)	1,389	1,198	1,318	2,587	3,126
Silver equivalent ounces (2)	603,109	556,911	504,631	1,160,020	1,078
Total cash cost per payable silver ounce (US$) (1)	$ 12.68	$ 14.15	$ 20.29	$ 13.39	$ 14.
Payable metals in concentrates:					
Silver ounces	288,611	272,110	180,073	560,721	401,5

Zinc pounds (000's)	3,097	2,387	2,895	5,484	5,377
Copper pounds (000's)	242	321	294	563	707
Lead pounds (000's)	1,339	1,168	1,318	2,507	2,971
Silver equivalent ounces (2)	551,109	502,475	439,505	1,053,584	935,7
Revenue from payable metals ($000's)	$ 11,958	$ 11,138	$ 7,600	$ 23,096	$ 18,
Revenue distribution:					
Silver	53%	53%	45%	53%	50%
Zinc	27%	22%	28%	25%	24%
Copper	8%	13%	11%	11%	11%
Lead	12%	12%	16%	11%	15%

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

(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 and lead US$0.99/lb.

SECOND QUARTER 2014 HIGHLIGHTS

Financial

- Revenue from payable metals of $12.0 million in Q2 2014, increased from $11.1 million in Q1 2014 due to higher metal prices for copper and zinc, higher silver and lead grades, and higher plant throughput;
- Cash cost per payable silver ounce, net of by-product credits(1), decreased to $12.68 in Q2 2014 compared to $14.15 in Q1 2014 due to an increase in payable silver ounces, higher base metal credits due to higher contained metal production of zinc and lead, increased throughput due to high processing plant availability, and lower operating costs;
- Net loss in Q2 2014 was $(2.0) million or $(0.01) per share (basic) compared to a net loss of $(1.2) million or $(0.01) per share (basic) in Q1 2014. The net loss in Q2 2014 includes $0.9 million of shareholder action costs incurred by the Company;
- Adjusted EBITDA(1) of $0.9 million in Q2 2014 was the same in Q1 2014 as a result of the shareholder action costs which were offset by higher revenues and lower cash costs discussed above;
- Cash flow from operating activities before movements in working capital of $0.9 million in Q2 2014 was the same in Q1 2014; and
- Working capital was $31.5 million at the end of Q2 2014, lower than $35.7 million at the end of 2013 due to a decrease in cash and trade receivables as well as an increase in trade payables.

Operations

- Highest quarterly plant throughput recorded by the Company in Q2 2014 since the plant start-up in 2008, at 139,581 tonnes and improving on the previous record of 137,317 tonnes set in Q1 2014;
- Silver recovery remained consistent at 83% in both Q2 2014 and Q1 2014, while silver head grades increased from 81 g/t in Q1 2014, to 87 g/t in Q2 2014;
- Metal recoveries and head grades for zinc and lead in Q2 2014 remained consistent with Q1 2014 while copper head grades and recoveries decreased in Q2 2014 compared to Q1 2014;
- Payable silver ounces buoyed by higher head grades and lower smelting deductions stemming from higher-grading concentrates, at 288,611 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, and improving on the 272,110 ounces achieved in Q1 2014;
- Recovered silver equivalent ounces(2), at 603,109 ounces in Q2 2014, increased by 8% from 556,911 ounces in Q1 2014 due to the increase in plant throughput, contained silver, lead and zinc;
- Processing of stockpiled material from the Company's wholly-owned silver-copper La Verde Mine during Q2 2014 resulted in the production of 33,141 silver equivalent ounces. Contract mining was curtailed at the end of the first quarter as the Company is focusing on performing a more detailed evaluation of the mine area, towards definition of resources; and
- Commenced processing of stockpiles available from historical mining activities on various concessions the Company holds in the Cosalá Norte District. Trucking of these so-called *terreros* to the plant site will continue through Q3 2014 and the mineralized material will be blended as plant feed in conjunction with Nuestra Señora ore, at an expected 2:10 approximate ratio.

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(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

- On-going underground development work at the El Cajón Project as of the end of June resulted in 225 m of ramp advance and 85 m of lateral cross-cuts to establish the powder magazine, sumps and definition drilling stations. Faults encountered required redirecting the ramp advance to minimize ground support issues which caused delays. Initial development ore availability is still expected for early Q3 2014 and the ramp-up to steady-state production may extend into Q1 2015;
- 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, was done in Q1 2014 with the Secretariat of Environment and Natural Resources ("SEMARNAT") for the State of Sinaloa, Mexico, for its evaluation and approval. Additional information and clarifications requested by the SEMARNAT in early June was provided to the authorities in early July;
- 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
- The field visit by the Dirección General de Minería ("DGM"), to provide surveying evidence of where the boundaries of the Company's El Cajón Project concessions lie relative to those of a neighbour, occurred on June 25, 2014. Considering the time lapse since our request was issued, in late March, and the probable duration of the following cabinet work by the DGM, before issuing their final assessment, the publication of a prefeasibility study ("PFS") covering the El Cajón project may be postponed until Q1 2015. This does not disrupt the current underground development.

Exploration

- Diamond drilling continues on a routine basis at the Nuestra Señora Mine. Specific targets for definition resulted in the identification of a large block of material, outside of the resources, extending between level 6 and 4;
- Drill targets have been identified within La Verde, to follow-up recommendations of a structural geology review. A contractor mobilized in early August and started a program of about 2,000 m of diamond-drilling;
- 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
- Underground drilling of approximately 2,400 m at El Cajón has commenced in July to assist in mine planning of the first year of production.

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, complemented with output from the La Verde Mine and the historical *terreros*. Subsequently, the El Cajón Project is expected to become the primary source of plant feed once it is fully ramped up.

Mining of the reserves and resources at Nuestra Señora will continue, with additional plant feed likely provided as defined by definition drilling.

The Company is committed to advancing the establishment of a ramp into the El Cajón orebody over the rest of the year and into 2015. 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. Two additional quarters will be needed to ramp up mining activities to a regular production level. This level of sustainable output will be better determined once underground operations are underway and multiple accesses to the orebody are achieved.

Completion of the PFS related to the El Cajón orebody with the assistance of JDS Energy and Mining Inc.

will be delayed as the completion of the review by the DGM regarding the boundary issue may not materialize before Q4 2014. The resolution of the boundary issue could result in a reduction of resources at El Cajón.

As at June 30, 2014, the Company had $15.8 million in its treasury, over $31 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.

Resignation of an Officer

In early August, Victoria Vargas has resigned from her position as Vice President for Investor Relations & Corporate Communications of the Company to pursue other career opportunities. She will be remaining at her post until September 7, 2014, while the Company seeks alternate arrangements.

Pierre Lacombe, President and CEO stated: "In the name of the Board and mine, we extend our thanks to Victoria for the years of assistance to the Company. Her vast network of contacts and frequent communications with the Company's stakeholders provided us with multiple opportunities to tell our story. We wish her the best in her quest for new challenges."

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 located in the Cosalá District of state of Sinaloa, has flexible mining methods and diversified metal production. It has a fully mechanized underground operation and a 1,600 tonnes per day 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.

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 the Company 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 the Company's required securities filings on SEDAR, including its Annual Information Form dated March 13, 2014. Although the Company 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.

Contact

Scorpio Mining Corp.
Victoria Vargas, Vice President Investor Relations and Corporate Communications
+1 416-585-2200
Email: vvargas@scorpiomining.com
Website: www.scorpiomining.com

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