

Lupaka Gold Reports Performance and Financial Highlights for the Six Months Ended June 30, 2014

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VANCOUVER, BC--(Marketwired - August 12, 2014) - [Lupaka Gold Corp.](#) ("Lupaka Gold" or "the Company") (TSX: LPK) (LMA: LPK) (FRANKFURT: LQP) reports performance highlights and financial results for the six months ended June 30, 2014.

The following is taken from the Company's Unaudited Condensed Consolidated Interim Financial Statements and Management's Discussion and Analysis, both of which are filed at www.sedar.com.

Overall Performance

The Company's recent activities and events of note for 2014 (to date) are as follows:

- The Company had approximately \$3.6 million in cash and cash equivalents as of August 7, 2014;
- On August 7, 2014, the Company announced that it had completed a non-brokered private placement of common shares for total gross proceeds of \$1,610,000, and had sold its shareholdings in [Southern Legacy Minerals Inc.](#) for net proceeds of approximately \$955,000;
- The Company provided the results of its recent field surface exploration work at the Crucero Gold Project on July 24, 2014. This work consisted of detailed outcrop mapping and rock chip sampling;
- On March 17, 2014, June 19, 2014 and July 10, 2014, the Company provided updates regarding the permitting process, licensing and certification applications, contractor proposals, mining consulting firm engagements and assay results for the mineralization at the headwall and footwall, all related to putting the Invicta Gold Project into production at approximately 300 tonnes/day by March 2015; and
- The Company provided an update on January 20, 2014 of its 2014 development and future exploration plans for its gold projects.

Lupaka Gold's common shares trade in Canada on the Toronto Stock Exchange ("TSX") and in Peru on the Bolsa de Valores de Lima ("BVL", otherwise known as the Lima Stock Exchange) under the symbol LPK, and in Germany on the Frankfurt Exchange ("FRA") under the symbol LQP.

Outlook

The Company's primary priorities for 2014 are to commence production at the Invicta Gold Project, and to continue mineral exploration and development activities on the Crucero Gold Project and the Josnitoro Gold Project, as available cash resources allow.

In addition to the recent influx of cash proceeds from the August 7, 2014 equity financing and the sale of Lupaka Gold's Southern Legacy portfolio investment, management will continue to evaluate additional capital financing alternatives which may be necessary to fund the estimated US\$2,500,000 of expenditures needed to put the Invicta Gold Project into production by March 2015.

Financial Highlights

All amounts are in Canadian Dollars unless otherwise stated.

Financial results for the six months ended June 30, 2014 and 2013 are summarized as follows:

Six months ended June 30,	
2014 (\$000's)	2013 (\$000's)

Operating expenses		
Exploration	1,584	3,392
General and administration	883	1,643
Operating loss	2,467	5,035
Impairment loss on available-for-sale financial asset	301	1,329
Finance income - interest	(14)	(46)
Foreign exchange loss (gain)	(27)	(65)
Loss for the period	2,727	6,253
Loss per share - Basic and diluted	\$0.03	\$0.07

Exploration - all such expenses relate to the Peru operations of the Company and totalled \$1,584,000 for 2014 as compared to \$3,392,000 for 2013, a net decrease of \$1,808,000 for the period which reflects the following: cost reductions associated with reduced Peru staff levels and associated expenses; a decrease in personnel costs as a result of a 53% reduction in camp and related personnel; elimination of the use of a third-party community relations contractor for 2014; no Crucero geophysical and metallurgical studies in 2014; and a reduction in transportation and other individually insignificant expenses, offset by 2014 pre-production consulting work for Invicta.

Following is a summary of exploration expenditures, by project, during the six months ended June 30, 2014:

<i>In thousands of dollars</i>	Crucero	Invicta	Josnitoro	Total
Camp, community relations and related costs	494	387	3	884
Project administration	388	167	91	646
Technical reports, assays and related costs	8	43	0	51
Transportation, reclamation and professional fees	3	-	0	3
	893	597	94	1,584

General and administration expenses - all such expenses relate to the Canadian operations of Lupaka Gold and totalled \$883,000 for 2014 compared to \$1,643,000 for 2013, with the decrease of \$760,000 being a result of: no management bonuses for 2014; reduced share-based compensation ("SBC") expenses for 2014; IR cost reductions relative to 2013, when there were investor relations programs focused on the establishment of a European investor presence in the Company's shareholder base; reduced professional fees; and reduced information technology and miscellaneous office costs.

Impairment loss on available-for-sale financial asset

As at June 30, 2014, the aggregate fair market value of the Company's investment in Southern Legacy Minerals Ltd. ("Southern Legacy") was \$603,000 (\$904,000 - December 31, 2013), as indicated by the closing price of the shares as quoted by the TSX Venture Exchange (under the symbol, "LCY"), for which the Company recorded impairment losses of \$301,000 during the six months ended June 30, 2014. On July 30, 2014, the Company sold all of its shares of Southern Legacy in an open-market transaction conducted through the TSX Venture Exchange, for net proceeds of approximately \$995,000.

A snapshot of the Company's balance sheet is as follows:

Liquidity and Capital Resources

<i>(in thousands)</i>	June 30, 2014 (\$000's)	December 31, 2013 (\$000's)
Cash and cash equivalents	1,426	3,906
Working capital (defined as current assets less current liabilities)	523	2,502
Total assets	30,651	33,106
Current liabilities	1,396	1,777
Shareholders' equity	29,255	31,329

The principal changes in the Company's cash during the six months ended June 30, 2014 were as follows:

- Cash used in operating activities in the six months ended June 30, 2014 was \$2,723,000 (\$4,246,000 - six months ended June 30, 2013), principally to fund the Company's loss for the period of \$2,727,000 (\$6,253,000 - six months ended June 30, 2013) which was offset by non-cash charges including depreciation of \$86,000 (\$163,000 - six months ended June 30, 2013), the impairment loss on the investment in Southern Legacy of \$301,000 (\$1,329,000 - six months ended June 30, 2013) and share-based compensation of \$122,000 (\$329,000 - six months ended June 30, 2013), as well as a net decrease of \$501,000 in non-cash working capital (increase of \$81,000 - six months ended June 30, 2013).
- Net cash from investing activities in the six months ended June 30, 2014 totalled \$250,000, from the sale of equipment of \$284,000 (\$Nil - six months ended June 30, 2013) and purchases of equipment for \$34,000 (\$75,000 - six months ended June 30, 2013).
- The Company had no cash from or used in financing activities in the six months ended June 30, 2014 and 2013.

Total current liabilities as at June 30, 2014 were \$1,396,000 (\$1,777,000 - December 31, 2013), comprised of \$1,024,000 (\$1,406,000 - December 31, 2013) of accounts payable and accrued liabilities, mostly for current community obligations, and \$372,000 of provisions for reclamation (\$371,000 - December 31, 2013).

As stated above, the Company recently raised additional equity capital of approximately \$1,610,000 and sold its shareholdings of Southern Legacy for net proceeds of approximately \$995,000. Together with cash on hand of approximately \$1,000,000, management believes that total cash and cash equivalents on hand as at August 7, 2014 of approximately \$3,600,000 will be sufficient to fund the Company's planned head office and Peru exploration activities through 2015.

Management continues to evaluate additional capital financing alternatives which are available to fund, if necessary, the estimated US\$2,500,000 of capital expenditures needed to put the Invicta Gold Project into production by March 2015. If required, the Company can adjust its discretionary expenditures in the areas of administration and exploration to further preserve cash.

As at June 30, 2014 and December 31, 2013, the Company's aggregate common share capital was \$56,380,000 representing 84,495,110 issued and outstanding common shares without par value. As at June 30, 2014 the Company had 612,500 share purchase warrants outstanding (7,279,167 - December 31, 2013) and 7,842,350 share options outstanding (8,439,350 - December 31, 2013).

Outstanding Share Data

As at the date hereof, the following securities were issued and outstanding:

- basic - 92,545,110 common shares
- fully-diluted - 109,049,960 common shares, after including:
- 7,842,350 stock options, with exercise prices ranging from \$0.20 to \$4.08, of which 6,896,100 options are vested; and
- 8,662,500 common share purchase warrants (the "Warrants"), with exercise prices ranging from \$0.30 to \$1.87.

Accumulated Deficit

The Company's accumulated deficit was \$32,048,000 as at June 30, 2014 (\$29,321,000 - December 31, 2013), with the increase in deficit of \$2,727,000 reflecting the loss incurred for the six months ended June 30, 2014.

About the Company

Lupaka Gold is a Peru-focused gold explorer and developer with geographic diversification and balance through its interest in asset-based resource projects spread across three regions of Peru.

Lupaka Gold currently has three projects occupying different stages of exploration and development.

The Company's 100% owned Invicta Gold Project (central Peru) has near-term underground gold and poly-metallic production potential. The Company plans to implement a small-scale mining operation and complete permitting, development and engineering with production to commence by Q1-2015.

Lupaka Gold's flagship exploration project is the Crucero Gold Project, its 5,500 hectare gold property located in southern Peru. Crucero has a growing indicated and inferred gold resource, and the Company is actively exploring the property to identify future drill targets.

In November 2013, the Company optioned the Josnitoro Gold Project from [Hochschild Mining plc](#). The project is located approximately 600 kilometres by road southeast of Lima in the Department of Apurimac, southern Peru. Historical work on the disseminated gold zones includes over 170 shallow drill holes and extensive surface trenching.

Forward Looking Information and Regulatory Endnotes

This news release contains "forward-looking statements" and "forward-looking information" within the meaning of applicable securities regulations in Canada and the United States (collectively, "forward-looking information"). The forward-looking information contained in this news release is made as of the date of this news release. Except as required under applicable securities legislation, the Company does not intend, and does not assume any obligation, to update this forward-looking information. Forward-looking information includes, but is not limited to, statements with respect to exploration plans and timing for Crucero, the grant of social license and exploration plans for Josnitoro, a potential mining operation at Invicta and estimates of mineral resources. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "projects", "estimates", "forecasts", "intends", "anticipates", or "believes", or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will" be taken, occur or be achieved.

The forward-looking information contained in this news release is based on certain assumptions that the Company believes are reasonable, including with respect to mineral resource estimates, the key assumptions and parameters on which such estimates are based, that the current price of and demand for gold will be sustained or will improve, that general business and economic conditions will not change in a material adverse manner, that financing will be available if and when needed on reasonable terms, that supplies, equipment, personnel, permits and local community approvals required to conduct the Company's planned exploration and development activities will be available on reasonable terms, that results of exploration activities will be consistent with management's expectations and that the Company will not experience any material accident, labour dispute, or failure of equipment. However, forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, risk that actual results of exploration activities will be different than anticipated, that cost of labour, equipment or materials will increase more than expected, that the future price of gold will decline, that the Canadian dollar will strengthen against the U.S. dollar, that mineral resources are not as estimated, unexpected variations in mineral resources, grade or recovery rates, risk of accidents, labour disputes and other risks generally associated with mineral exploration and unanticipated delays in obtaining or failure to obtain community, governmental or regulatory approvals or financing. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to not be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Readers are cautioned not to place undue reliance on forward-looking information due to the inherent uncertainty thereof.

This announcement contains certain forward looking statements, including such statements within the meaning of Section 27A of the US Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. In particular, such forward looking statements may relate to matters such as the business, strategy, investments, production, major projects and their contribution to expected production and other plans of the Company and its current goals, assumptions and expectations relating to its future financial condition, performance and results.

Forward-looking statements include, without limitation, statements typically containing words such

as "intends", "expects", "anticipates", "targets", "plans", "estimates" and words of similar import. By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results, performance or achievements of the Company may be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Factors that could cause or contribute to differences between the actual results, performance or achievements of the Company and current expectations include, but are not limited to, legislative, fiscal and regulatory developments, competitive conditions, technological developments, exchange rate fluctuations and general economic conditions. Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

The forward looking statements reflect knowledge and information available at the date of preparation of this announcement. Except as required by the Listing Rules and applicable law, the Company does not undertake any obligation to update or change any forward looking statements to reflect events occurring after the date of this announcement. Nothing in this announcement should be construed as a profit forecast.

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