

# Mawson West Announces Year to Date and Q2 2014 Financial and Operating Results

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PERTH, AUSTRALIA--(Marketwired - Aug 14, 2014) - [Mawson West Ltd.](#) (TSX:MWE) ("Mawson West" or "the Company") advises that it has released its financial results and related Management's Discussion and Analysis ("MD&A") incorporating the three months ("the Quarter" or "Q2") and six months ("Year to Date") to 30 June 2014.

## Year to Date:

- **Year to Date production of 1,623 tonnes copper in concentrate and 131,337 ounces silver concentrate**
- **Kapulo Project impairment charge of US\$65 million**
- **Year to Date revenue of US\$11.1 million**
- **Cash at the end of the Quarter of US\$52 million**
- **Dikulushi Underground mining ramping up - revised production target of between 6,000-7,000 tonnes copper in concentrate for 2014**
- **Underground Resource definition drilling supports extension of Dikulushi Underground mine life**
- **Kapulo construction activities accelerated - commissioning expected Q4 2014**
- **Kapulo Mineral Reserve update now expected Q4 2014**
- **Year to Date and Q2 2014 results conference call - Tuesday 19, August 2014**

## Impairment

The Company advises of an impairment of US\$65M (before tax) against the carrying value of the Kapulo project assets following a review of operating costs in conjunction with updated commodity prices, resource estimates and metallurgical domain assumptions.

The impairment is a non-cash item and reflects recent actual and updated assumptions against a feasibility study which is over three years old. The Kapulo project will not be impacted operationally by this impairment. The Company remains confident that the residual capital cost and commissioning targets for Q4 2014 for the Kapulo project will not be impacted.

A Mineral Reserve update for the Kapulo project, supported by a NI 43-101 Technical Report, is now scheduled for release in Q4 2014.

Company Chairman, Anthony Lloyd said "*The Board remains of the view that investment in the Kapulo project is sound. With construction now significantly advanced, we look forward to commencing commissioning of the Kapulo project in Q4 2014.*"

## Financial Year to Date 30 June, 2014 (Q2 2014)

- Revenue of US\$11.1 million (Q2 US\$4.3 million)
- C1 cost<sup>(1)</sup> per pound of US\$4.35 (Q2 US\$5.38)
- Copper sales of 1,812 tonnes of copper in concentrate (Q2 674 tonnes of copper in concentrate)

<i>(in thousands of dollars except as otherwise noted)</i>	Three months ended June 30		Six months ended June 30	
			2014	2013
Revenue <sup>1</sup>	4,285		42,725	87,207
Gross profit/(loss)	(6,934)		9,455	(8,005)
				27,529

Profit/(Loss) after income tax	(74,527)	994	(79,289)	12,943
Realised copper price (\$/tonne)	6,469	7,144	6,798	7,516
Copper sales (tonnes)	674	5,276	1,812	9,974
C1 cost per pound (\$)	5.38	0.80	4.35	0.55

(1) The term "C1 cost" is a non-IFRS financial performance measure reported in this MD&A. C1 costs are direct cash operating costs per pound of copper produced, net of silver by-product credits. Direct cash operating costs per pound include all mining and processing costs, mine site overheads and realisation costs (including transport costs, treatment and refining costs and smelter recovery deductions) through to refined metal. The term C1 cost does not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers.

## Operational

- The Dikulushi underground mine continued to ramp up during the Quarter. Advances in level drive development were partially impeded by challenging ground conditions in localised areas of the 790RL and 770RL combined with the delay to the installation of the primary ventilation circuit during the Quarter. Adjustments to mining strategies have been made to accommodate ground conditions. As a consequence, the Company has revised its production guidance to be between 6,000 - 7,000 tonnes of copper in concentrate for 2014 and its C1 cost guidance to range between \$2.50 - \$2.75 (\$3.10 - \$3.35 excluding silver credit).
- Production for the Quarter totalled 744 tonnes of copper in concentrate and 65,474 ounces of silver in concentrate. A total of 36,425 tonnes of ore, at a head grade of 2.71% copper and 68 g/t silver, was processed, sourced from both underground and low grade stockpiles. Year to Date production totalled 1,623 tonnes of copper in concentrate and 131,337 ounces of silver in concentrate. A total of 87,616 tonnes of ore, at a head grade of 2.43% copper and 57 g/t silver was processed.

Mawson West Chief Executive, Bruce McFadzean said: *"The first six months of 2014 has been a transition period for Mawson West as we ramp-up production activities at the Dikulushi underground mine. Production for the year to date is at the lower end of expectations due primarily to a late start and delays to the installation of the ventilation system. We now expect to achieve production of between 6,000-7,000 tonnes copper during 2014. Importantly, I commend our team for safely commencing an underground mining operation without a single Lost Time Injury (LTI)."*

## Development

- Construction activities at the Kapulo project continued during the Quarter, with cumulative construction expenditure totalling US\$87 million (including owner's costs but before exploration and evaluation, pre-stripping and funding costs) and a forecast total construction expenditure of US\$124 million.
- The grinding, flotation and thickening circuits continue to advance in line with the target to commence commissioning in Q4 2014. Construction of the tailings dam and water supply systems have also continued and it is expected that pre-stripping and initial mining activities will commence late in Q3 2014.
- The Kapulo Mineral Reserve update is scheduled for release in Q4 2014. Studies to date have resulted in an impairment charge of \$65M (before tax) against the carrying value of the Kapulo project assets. This has resulted from a review operating costs in conjunction with updated commodity prices, resource estimates and metallurgical domain assumptions for the project.

*"Development of our Kapulo project is advancing at a rapid pace following the execution of an offtake agreement and prepayment facility with Trafigura Pte Ltd in April 2014. We remain confident on our residual project capital expenditure and commissioning targets for Q4 2014,"* said Mr McFadzean.

## Exploration and Resource Definition

- During the Quarter, a total of US\$1.2 million was spent on exploration and resource definition. For the year to date, total expenditure was US\$2.1 million.
- Drilling from underground targeting upgrades to the Dikulushi Mineral Resource continued during the Quarter. Results to date indicate Inferred Mineral Resources may convert to higher confidence categories at similar widths and grades.
- In June 2014, the Company announced a maiden Mineral Resource estimate at Kabusanje and updated the Mineral Resource estimate at Kazumbula, both satellite deposits being within 15km of the Dikulushi Mine.

- Near-mine exploration at Dikulushi targeted a number of prospects during the Quarter.

Mr. McFadzean said, "Ongoing drilling at both Dikulushi and Kapulo continues to progress positively and we anticipate releasing an updated Mineral Reserve for Kapulo during Q4 2014 in addition to a Resource update for the Dikulushi Underground which potentially extends the life of mine beyond 2014."

## Corporate

- In April 2014, Mawson West announced that it had entered into an offtake agreement, through its 90% owned subsidiary Anvil Mining Congo SARL, with Trafigura Pte Ltd ("Trafigura") to sell 100% of the copper concentrate produced at the Dikulushi and Kapulo mines for a period up to 48 months from the commencement of commercial production at Kapulo. As part of the offtake arrangements Trafigura provided a prepayment facility of US\$50.0 million, which was fully drawn-down in April 2014.
- Mr. Louis Rozman resigned as a Non-Executive Director on April 4, 2014.
- Mr. Mark Hohnen and Ms. Susie Corlett were appointed as Non-Executive Directors of the Company on April 5, 2014.

## Subsequent Events

- Mr. Alistair Croll was appointed to the position of Chief Operating Officer, effective July 28, 2014. Mr. Croll has extensive senior executive experience in the mining industry both in Australia and overseas having previously held senior roles with St Barbara Limited, Kimberley Diamond Company, Blina Minerals N/L, [Consolidated Minerals Ltd.](#), [Anglo American Platinum Ltd.](#), and the De Beers Group.
- Mr. Greg Entwistle was appointed to the position of Chief Development Officer, effective July 28, 2014.
- The appointment of Mr. Croll in the role of Chief Operating Officer and Mr. Entwistle's transition to Chief Development Officer ensures significant focus remains on delivery from the Company's Kapulo and Dikulushi projects in 2014, in addition to securing future corporate objectives.

## Conference Call

Mawson West will host a Year to Date and Q2 2014 results conference call on Tuesday 19, August 2014 at 9.00am (North American Eastern Standard Time) (2.00pm London; 9.00pm Perth; 11.00pm Sydney).

Chief Executive Officer and Managing Director, Bruce McFadzean, and Chief Financial Officer, Mark Di Silvio will discuss the Company's financial and operating results for the Quarter, followed by questions from analysts and shareholders.

Dial in details for the conference call are detailed below:

Interested parties may access the conference call by using the following dial-in numbers.

- Canada 1844 639 3706
- United States 1855 886 6310
- United Kingdom 0808 234 7273
- Australia 1800 268 560
- New Zealand 0800 466 125
- International Toll 612 8047 9300

Participant PIN Code: 389830#

Dial-in access details for other countries can be obtained from the below web address:

[http://wcc.on24.com/event/83/41/04/rt/1/documents/player\\_docanchr\\_1/event\\_au\\_itfs\\_august\\_2014.pdf](http://wcc.on24.com/event/83/41/04/rt/1/documents/player_docanchr_1/event_au_itfs_august_2014.pdf)

Please connect approximately 10 minutes prior to the beginning of the call.

A recorded playback of the conference call can be accessed from the below web address after the event:

[http://www.mawsonwest.com/irm/content/webcasts.aspx?RID=317.](http://www.mawsonwest.com/irm/content/webcasts.aspx?RID=317)

## About Mawson West

Mawson West is a copper and silver-focused resource company listed on the Toronto Stock Exchange (TSX) and based in Perth, Australia.

The Company's two key projects are the Dikulushi copper-silver mine and the Kapulo copper mine located in the Katanga province in South Eastern Democratic Republic of Congo (DRC). Mawson West also continues to focus on exploring multiple prospective targets located within its significant land holding of approximately 7,300km<sup>2</sup> in the DRC's rich copper belt.

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

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