

TORONTO, March 30, 2015 /CNW/ - [Scorpio Mining Corp.](#) (TSX: SPM)(OTCQX: SMNPF) ("Scorpio Mining" or "the Company") today reported fourth quarter and year-end financial and operation results for 2014.

This earnings release should be read in conjunction with the Company's MD&A, Financial Statements and Notes to Financial Statements for the corresponding period, which have been posted on SEDAR at www.sedar.com and are also available on the Company's website at www.scorpionmining.com. All figures are in U.S. dollars unless otherwise noted.

Financial Highlights

For the fourth quarter of 2014, the Company reported the following results from continuing operations:

- Consolidated production of 647,000 silver ounces and 1.11 million silver equivalent¹ ounces at a by-product cash cost of \$14.33 and an all-in sustaining cost of \$23.05² per ounce.
- Galena Complex production of 357,870 silver ounces and 542,114 silver equivalent ounces at a by-product cash cost of \$17.14 per ounce and an all-in sustaining cost of \$21.60 per ounce.
- Cosalá Operations production of 289,173 silver ounces and 563,960 silver equivalent ounces at a by-product cash cost of \$10.84 per ounce and an all-in sustaining cost of \$24.85 per ounce.
- Revenues of \$6.8 million and adjusted net loss of (\$1.8) million or (\$0.01) cents per share; including a non-cash impairment charge, depletion and tax expenses recognized on mineral properties and deferred tax assets from the Cosalá Operations, the net loss for the fourth quarter would be (\$73.5) million or (\$0.35) cents per share.

For the full year 2014, the Company reported the following results from continuing operations:

- Consolidated production of 2.80 million silver ounces and 4.37 million silver equivalent ounces at a by-product cash cost of \$13.83 and an all-in sustaining cost of \$21.15 per silver ounce for the year.
- Consolidated guidance for 2015 is 2.6 - 3.0 million silver ounces and 4.6 - 5.2 million silver equivalent ounces at cash costs of \$11.50 - \$12.50 per ounce and all-in sustaining cash costs of \$16.50 - \$17.50 per ounce.
- Galena Complex production of 1.62 million silver ounces and 2.14 million silver equivalent ounces at a by-product cash cost of \$15.79 per ounce and an all-in sustaining cost of \$20.04 per ounce. Cosalá Operations production of 1.18 million silver ounces and 2.22 million silver equivalent ounces at a by-product cash cost of \$11.12 per ounce and an all-in sustaining cost of \$22.67 per ounce.
- Revenues of \$31.5 million and adjusted net loss of (\$3.2) million or (\$0.02) cents per share; including a non-cash impairment charge, depletion and tax expenses recognized on mineral properties and deferred tax assets from the Cosalá Operations, the net loss for the full year 2014 would be (\$78.7) million or (\$0.39) per share.
- Cash balance of \$15.2 million at December 31, 2014 with net working capital of approximately \$21.2 million.

¹Silver equivalent production is based on prices of \$20 per ounce silver; \$0.90 per pound zinc; \$0.95 per pound lead and \$3.00 per pound copper for Q4 2014.

²Cost per silver ounce unless otherwise noted. Comprised of silver industry cash cost plus all development, capital expenditures, exploration spending and mine-related general and administrative expenditures.

"With the merger integration now behind us, we are focusing on productivity improvements and cost reductions at the Cosalá Operations," said Scorpio Mining President and CEO Darren Blasutti. "We are tapping into our recent experiences at Galena, where we have successfully reduced our all-in sustaining costs by 50% since 2012. Our first quarter is on budget both for silver production and costs, and we expect to see a declining cost trend as the year progresses. We continue to fast-track our low capital San Rafael silver and zinc project and expect it to be in production in early 2017. Once up and running, it will make a step-change improvement in the Company's cost profile."

2015 Consolidated Guidance

Consolidated silver production for 2015 is forecast between 2.6 - 3.0 million silver ounces and 4.6 - 5.2 million silver equivalent ounces. Cash costs are projected to fall approximately 15% to between \$11.50 - \$12.50 per ounce, and all-in sustaining cash costs are projected to drop approximately 20% to \$16.50 - \$17.50 per ounce compared with 2014, with steady quarter-over-quarter cost improvement expected throughout 2015.

Consolidated Production

In 2014, the Company produced 2.80 million silver ounces and 4.37 million silver equivalent ounces at a by-product cash cost of \$13.83. These results compare to production of 3.09 million silver ounces and 4.57 million silver equivalent ounces at a by-product cash cost of \$16.13 during 2013. A year-over-year cash cost reduction of 14% resulted from operating cost

improvements at the Galena Complex and higher silver grade at the Cosalá Operations. Over the course of 2015, further cost controls will be implemented and productivity improvements realized at both operations. The first quarter of 2015 will have lower silver production and a higher cost per ounce, and operating results will improve steadily over the course of the year.

The Company recorded a net loss of \$78.7 million for the year ended 2014, compared to net loss of \$8.9 million for the year ended 2013. The increase in net loss was primarily attributable to an impairment charge of \$53.3 million and a related reduction in deferred taxes which was recognized against the carrying value of mineral properties at the Cosalá Operations as at December 31, 2014, due to declining metal prices and suspension of the El Cajón project. Additional factors include lower realized metal prices, higher depletion and amortization, higher corporate general and administrative expenses, and unrealized loss on derivative liability, partially offset by lower impairment of investment.

Galena Complex Production

As previously announced in the February 5, 2015 press release, fourth quarter production at the Galena Complex totalled 357,870 silver ounces and 542,114 silver equivalent ounces at a cash cost of \$17.14 per ounce and an all-in sustaining cost of \$21.60. Total production for the year was 1.62 million silver ounces at a cash cost of \$15.79 compared with 2.12 million silver ounces at a by-product cash cost of \$17.76 in 2013, which represents a cost reduction of 12% year-over-year. Production of lead during 2014 increased 39% compared with 2013. Investments made during 2014 and more working faces will facilitate a continued ramp up in lead production and a 15-20% increase in silver production in 2015.

Cosalá Operations Production

Fourth quarter production at the Cosalá Operations totalled 289,173 silver ounces and 563,960 silver equivalent ounces at a by-product cash cost of \$10.84 and an all-in sustaining cost of \$24.85. Total production for the year was 1.18 million silver ounces at a cash cost of \$11.12 per ounce compared with 969,025 silver ounces and a cash cost of \$12.55 in 2013. This represents an 11% cost reduction year-over-year, primarily attributable to increased tonnage at higher average silver head grades. All-in sustaining cost was affected by \$6.9 million in capital spending at El Cajón and would have been roughly \$17.00 per ounce without this spending.

Reserves and Resources

As at December 31, 2014, the Company had estimated proven and probable reserves totalling 22.0 million ounces, measured and indicated resources of 57.8 million ounces silver and inferred resources at 25.2 million ounces.

Table 1

Proven and Probable Mineral Reserves^{&dagger};

December 31, 2014

	Grade					Contained Metal			
	Tonnes	Silver	Copper	Lead	Zinc	Silver	Copper	Lead	Zinc
	000s	g/t	%	%	%	koz	MIbs	MIbs	MIbs
Cosalá Operations									
Proven	69	96	0.38	0.86	1.61	214	0.6	1.3	2.5
Probable	247	109	0.32	0.80	1.57	865	1.7	4.4	8.6
Total Cosalá P&P	317	106	0.33	0.81	1.58	1,079	2.3	5.7	11.0
Galena Complex									
Proven	549	415	0.28	3.88	--	7,326	3.4	47.0	--
Probable	940	448	0.25	3.76	--	13,545	5.1	77.9	--
Total Galena P&P	1,490	635	0.26	3.80	--	20,871	8.5	124.9	--
TOTAL P&P									

† 2014 reserves were calculated using assumed long-term average metal prices of \$20.00 per ounce of silver, \$3.00 per pound of copper, \$0.92 per pound of lead and \$0.90 per pound of zinc. Reserve calculations incorporate current and/or expected mine plans and cost levels at each property.

Totals may not add or multiply accurately due to rounding.

Table 2

Measured & Indicated Mineral Resources (exclusive of Reserves) ‡

December 31, 2014

	Grade					Contained Metal				
	Tonnes	Silver	Copper	Lead	Zinc	Silver	Copper	Lead	Zinc	
	000s	g/t	%	%	%	koz	MIbs	MIbs	MIbs	
Cosalá Operations										
Measured	3,941	93	0.09	1.17	2.59	11,811	7.8	101.3	225.3	
Indicated	10,591	82	0.15	0.80	1.89	27,901	35.5	187.9	440.8	
Total Cosalá M&I	14,532	85	0.14	0.90	2.08	39,712	43.3	289.2	666.1	
Galena Complex										
Measured	247	476	0.51	2.21	--	3,781	2.8	12.0	--	
Indicated	1,302	342	0.23	3.18	--	14,319	6.6	91.4	--	
Total Galena M&I	1,550	363	0.27	3.03	--	18,099	9.4	103.5	--	
TOTAL M&I	16,801					57,811	52.6	392.7	666.1	

Table 3

Inferred Mineral Resources ‡

December 31, 2014

	Grade					Contained Metal			
	Tonnes	Silver	Copper	Lead	Zinc	Silver	Copper	Lead	Zinc
	000s	g/t	%	%	%	koz	MIbs	MIbs	MIbs
Cosalá Operations									
Total Cosalá Inferred	3,572	87	0.19	0.77	0.88	9,984	15.3	60.7	69.3
Galena Complex									
Total Galena Inferred	1,762	269	0.14	4.49	--	15,262	5.3	174.5	--
TOTAL INFERRED	5,334					25,246	20.5	235.2	69.3

‡ Cosalá Mineral Resources for Nuestra Señora are based on a 60 gram per tonne silver equivalent cut off; San Rafael

and Zone 120 are based on 2.5% zinc equivalent cut off. Metal price assumptions used to calculate silver equivalent grade: \$24.00 per ounce silver; \$0.85 per pound zinc; \$2.70 per pound copper; and, \$0.85 per pound lead.

Galena Mineral Resources are based on a 290 gram per tonne silver equivalent for silver-copper mineralization and 310 gram per tonne silver equivalent for silver-lead material. Metal price assumptions used to calculate silver equivalent grade are: \$20.00 per ounce silver; \$0.90 per ounce lead; and, \$3.00 per pound copper.

Totals may not add or multiply accurately due to rounding.

Reserves and resources were calculated as at December 31, 2014 in accordance with definitions adopted by the Canadian Institute of Mining, Metallurgy and Petroleum and incorporated into National Instrument 43-101. Changes to the Mineral Reserve and Resource estimates from those contained in the respective Reports³ for the Cosalá Operations and Galena Complex are mainly due to depletion by mining operations. Mineral Resources are reported exclusive of Mineral Reserves, and as such Mineral Resources do not have demonstrated economic liability. Estimates of Mineral Resources and Reserves may be materially affected by external factors.

Varying cut-off grades have been used depending on the mine, methods of extraction and type of ore contained in the reserves. Mineral resource metal grades and material densities have been estimated using industry-standard methods appropriate for each mineral project with support of various commercially available mining software packages. Scorpio's normal data verification procedures have been employed in connection with the calculations. Verification procedures include industry-standard quality control practices. Sampling, analytical and test data underlying the stated mineral resources and reserves have been verified by employees of Scorpio under the supervision of Qualified Persons, and/or independent Qualified Persons for the purposes of NI 43-101. Additional details regarding Mineral Reserve and Mineral Resource estimation, classification, reporting parameters, key assumptions and associated risks for each of Scorpio Mining's mineral properties are provided in the respective NI 43-101 Technical Reports which are available at www.sedar.com.

³The Cosalá Technical Report means the Technical Report and Preliminary Economic Assessment, Nuestra Señora, San Rafael and El Cajón Deposits dated April 12, 2013 and prepared by Mine Development Associates; The Galena Technical Report means the Technical Report, Galena Complex, Shoshone County, Idaho dated March 22, 2013 and prepared by Fred Barnard PhD., C.P.G.; Steve Milne, P.E. and Robert L. Sandefur, P.E. of Chlumsky, Armbrust & Meyer, LLC.

As previously reported⁴, in light of the unresolved boundary discrepancy at El Cajón, no resources from that deposit have been included in the current resource estimate. Management again cautions that the mineral resource estimate or future development plans with respect to the El Cajón deposit contained in the Cosalá Technical Report should no longer be relied upon. The Company will make a decision as to whether to prepare an updated mineral resource estimate for the El Cajón deposit and a revised technical report, prepared in accordance with NI 43-101, following the Dirección General de Regulacion de Minería's final confirmation of the concession boundaries underlying the El Cajón deposit.

About Scorpio Mining

[Scorpio Mining Corp.](http://www.scorpionmining.com) is a silver and gold mining company focused on growth from its existing asset base and execution of targeted accretive acquisitions. It owns and operates the Cosalá Operations in Sinaloa, Mexico, the Galena Mine Complex in the Silver Valley/Coeur d'Alene Mining District, Shoshone County, Idaho and the Drumlummon Mine Complex in Lewis and Clark County, Montana.

Mr. Jim Atkinson, Vice-President Exploration and a Qualified Person under Canadian Securities Administrators guidelines, has approved the applicable contents of this news release.

Quality Assurance / Quality Control ("QA/QC")

The Company maintains a QA/QC Program for assays, including the use of standards, blanks and duplicates. All QA/QC results are routinely evaluated using a program of QA/QC monitoring. Details of the program are provided in the Company's NI 43-101 compliant Technical Report on the Galena Project and Cosalá Operations which are available www.sedar.com

For further information please see SEDAR or scorpionmining.com.

Cautionary Statement on Forward-Looking Information:

This news release contains "forwardlooking information" within the meaning of applicable securities laws. Forwardlooking

information includes, but is not limited to, the Company's expectations intentions, plans, assumptions and beliefs with respect to, among other things, the Cosalá Complex, Galena Complex and the Drumlummon Mine. Often, but not always, forwardlooking information can be identified by forwardlooking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may", "assume" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions, or statements about future events or performance. Forwardlooking information is based on the opinions and estimates of the Company as of the date such information is provided and is 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 information. This includes the ability to develop and operate the Cosalá, Galena and Drumlummon properties, risks associated with the mining industry such as economic factors (including future commodity prices, currency fluctuations and energy prices), failure of plant, equipment, processes and transportation services to operate as anticipated, environmental risks, government regulation, actual results of current exploration activities, possible variations in ore grade or recovery rates, permitting timelines, capital expenditures, reclamation activities, social and political developments and other risks of the mining industry. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forwardlooking information, there may be other factors that cause results not to be as anticipated, estimated, or intended. Readers are cautioned not to place undue reliance on such information. By its nature, forwardlooking information involves numerous assumptions, inherent risks and uncertainties, both general and specific those contribute to the possibility that the predictions, forecasts, and projections of various future events will not occur. The Company undertakes no obligation to update publicly or otherwise revise any forwardlooking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

⁴See press releases dated October 29, 2014, November 6, 2014 and February 5, 2015.

SOURCE [Scorpio Mining Corp.](#)

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