

# Yamana Gold

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## Yamana halts activities at C1 Santa Luz in Brazil

Toronto-based Yamana Gold (TSE:YRI)(NYSE:AUY) fell on Wednesday after the company said that ramp up activities at its C1 Santa Luz project in Brazil have been temporarily suspended, and it will be putting the mine on care and maintenance.

The project has been on a gradual process of ramp-up and evaluation over the past year in order to determine the viability of the asset in light of operational challenges and metal price declines.

During this time, Yamana has been working to improve recovery rates, which to date have been lower than initially set out, and has been dealing with significant carbon content in the ore that has suppressed gold recovery. But the Canadian gold miner has had no successful resolution as of yet, and as a result, activities have been suspended while it evaluates alternative metallurgical processes.

The company said its decision is in keeping with its priority to maximize cash flow, and protects the significant inventory of mineral resources that would otherwise be lost to tailings at the current recovery levels.

Yamana is working with staff, unions, contractors and levels of government to minimize the impact on local communities, according to the company's statement, and said it remains confident that C1 Santa Luz will eventually become a sustainable operation. It is aiming to complete its evaluation of other metallurgy options before the end of next year.

In the case of its Pilar project in Brazil, which was also put on review, the company has made improvements to reduce dilution and improve grades. Plant recoveries are at design levels, Yamana said, and gold output has increased month-over-month this year, with expectations this growth will continue. The project remains on track for commercial production before the end of 2014, with planned output of approximately 58,000 ounces for the full year.

Also Wednesday, the company posted record monthly production in August of 137,000 gold equivalent ounces, saying its other operations, its cornerstone mines in particular, continue to meet or exceed expectations.

It said it will continue to assess its production forecast for the year given its C1 Santa Luz decision, which should "modestly affect" its output, if at all. Currently, its guidance for the year is for more than 1.42 million gold equivalent ounces, at all-in sustaining cash costs between \$825 and \$875 per ounce.

The company, which has properties in Brazil, Chile, Argentina, Mexico and Colombia, said its Cerro Moro project is expected to begin production in 2016.

Yamana shares fell to as low as \$7.95 today, after closing at \$8.04 on Tuesday.

### Share Information

**Code:** YAU

**Listing:** TSX NYSE LSE

**Sector:** General Mining - Gold

**Website:** [www.yamana.com](http://www.yamana.com)

### Company Synopsis:

*Yamana Gold Inc. is a Canadian-based gold producer with significant gold production including other precious metals and copper, gold development stage properties, exploration properties, and land positions in Brazil, Argentina, Chile, Mexico, Central America and the United States. Yamana has seven operating mines and five development projects providing direct employment opportunities to over 8,700 individuals.*

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