

Yamana Gold

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Yamana Gold hits new 52-week low on \$1bln Q3 loss due to impairment charges, tax

Yamana Gold's (TSE:YRI) (NYSE:AUY) shares sunk to a new 52-week low on Thursday, a day after the gold miner swung to a third quarter loss on hefty impairment charges for three Brazilian mines and costs for new Chilean tax changes.

The Canadian gold miner, which has properties in Brazil, Argentina, Chile, Mexico and Canada, recorded a \$668.3 million impairment charge for its C1 Santa Luz, Ernesto/Pau-a-Pique and Pilar mines in Brazil, as well as non-cash charges of \$329.5 million tied to newly enacted Chilean tax changes. It also took down a \$17.9 million charge tied to reorganization and demobilization costs as a result of suspending C1 Santa Luz operations in the third quarter.

The company also cut production at its Pilar mine in October and had earlier reduced activity at its Ernesto/Pau-a-Pique mine on the back of falling metal prices. Yamana said it remains committed to its focus on value creation, even if that means producing fewer ounces, and continues to review all options to maximize value above current carrying values.

Net loss for the three months to September 30 was \$1.02 billion, or \$1.17 per share, compared to net earnings of \$43.4 million, or 6 cents per share, in the same period of 2013.

Excluding the one-time charges, adjusted loss was \$12.5 million, or 1 cent per share, versus adjusted earnings of \$69.5 million, or 9 cents per share, in the year-earlier quarter.

Revenue jumped to \$501.2 million from \$456.7 million on the back of higher production and sales volumes. It sold more gold and silver ounces than a year earlier, at 287,180 ounces of gold and 2.7 million ounces of silver, and a flat amount of copper at 35.7 million pounds.

Yamana said it produced 391,277 ounces of gold equivalent in the quarter, up from 306,935 ounces in the same period last year. All-in sustaining costs -- an industry-wide metric -- rose, however, to \$807 an ounce from \$730 an ounce.

The average realized gold price in the third quarter declined 4 percent to \$1,276 an ounce from \$1,332 an ounce last year.

Earlier this year the company made its entry into Canada with the acquisition of the Canadian Malartic mine in Quebec, which contributed its first full quarter of production and achieved throughput over 58,000 tonnes per day in September.

Shares tumbled around 18 percent to a new 52-week low of C\$5.09 in Toronto on Thursday, with the stock lately trading at C\$5.14, down some 14.5 percent.

Share Information

Code: YAU

Listing: TSX NYSE LSE

Sector: General Mining - Gold

Website: 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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