

Mines Management Announces 2013 Second Quarter Results

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Spokane, September 03, 2013 - [Mines Management Inc.](#) (NYSE-MARKET: MGN, TSX: MGT), announces financial and operating results for the second quarter, which ended June 30th, 2013.

Overview Second Quarter 2013

* The Biological Consultation with U.S. Fish and Wildlife Service ("USFWS") continued with work being advanced toward completion of the aquatics portion of the Biological Opinion ("BO"). A draft aquatics BO was completed and is currently being reviewed by USFWS staff, with completion anticipated by the agencies in the third quarter. The terrestrial portion of the biological opinion remains in draft form, and the U.S. Forest Service ("USFS") and USFWS are working through the details of the document.

* The 404 Permit to be issued by the U.S. Army Corps of Engineers ("USACE") advanced with a detailed mitigation plan sent to the U.S. Environmental Protection Agency ("EPA"), USFS, and Montana Dept. of Environmental Quality ("MDEQ") for review and comments. Comments are due during the third quarter of 2013.

* The Final Environmental Impact Statement ("EIS") is advancing with numerous sections already complete in draft form. The agency contractor responsible for writing the Final EIS, has provided the agencies with a draft and comments are being incorporated into the final version.

* At the Estrella project in Peru, the Company completed metallurgical analysis on main phase mineralized rock and advanced work to extend exploration permits. Exploration activities on the property have been reduced as part of the Company's overall cost reduction initiative.

Montanore Activities

Montanore Permitting - Approval by regulatory agencies will be required before the Montanore Project can proceed with further exploration and project development. The agencies that are involved with the major permits include the USFS, MDEQ, and USACE. The permitting process requires completion of the Final EIS before a Record of Decision can be issued by the USFS and MDEQ. The Final EIS describes various elements of the project, provides analysis of impacts, includes public input, and discloses aspects of the proposed project that were considered by the agencies. Significant progress has been made on the Final EIS. The agencies continue to edit and re-write various resource sections in the Final EIS which are based on the Draft EIS and Supplemental Draft EIS previously issued. This process is occurring concurrently with the review of other regulatory elements of the project.

Part of the review requires consultation between the USFS and the USFWS under the Endangered Species Act. The process requires the USFS to prepare and submit biological assessments ("BA") for terrestrial and aquatic wildlife to the USFWS, who in turn, through a consultation process, review the documents and develop a BO which includes mitigation requirements designed to offset the project's impact to wildlife.

Upon acceptance of the aquatics BA in the first quarter 2013, consultation by the USFWS began and has continued with completion expected in the second half of 2013. In addition, the Company submitted comments on the draft mitigation plan for the terrestrial biological opinion, which is in draft form and currently under review by USFS and USFWS.

The other major permit required is the 404 permit issued by the USACE under the Clean Water Act. This permit is required when waters of the U.S. are impacted by a proposed action, in this case by the project tailings impoundment. In 2012, the USACE issued a preliminary jurisdictional determination which is a critical step towards a decision to issue a 404 permit. During the second quarter 2013, the Company submitted a detailed wetlands mitigation plan. The USACE sent the plan to the EPA, USFS, and MDEQ for review, and comments are due from the agencies during the third quarter of 2013.

The Company continues to work on related environmental regulatory processes. In 2012, the Company initiated certain monitoring and data collection requirements that were included in the Supplemental Draft

EIS. In 2013, the Company continues to advance and/or expand these pre-activity monitoring requirements. As part of this effort, during the second quarter 2013, some pre-construction environmental monitoring was implemented with further implementation expected in the third quarter.

Montanore Operations - During the second quarter of 2013, the Company continued to maintain the Libby adit site in a care and maintenance condition in preparation for evaluation activities and adit rehabilitation expected to recommence when the Record of Decision is received. Such activities include the continued filtration of water discharged from the adit through the water treatment facility and maintenance of the water level inside the adit. Technical support and assistance were provided by Company personnel for ongoing permitting and environmental efforts. Gathering of environmental data and reporting to state and federal agencies as part of the permitting process is ongoing.

La Estrella Activities

Metallurgical Analyses - Following the decision to continue the Project into a second year, the Company commenced an initial round of metallurgical analyses of Estrella mineralization. A composite sample was designed based on assays from the 2012 drilling. The Company selected eighty samples to contain low, moderate, and strong gold-silver mineralization and form a composite sample representative of Estrella mineralization. The results of the metallurgical assessment of main phase mineralized rock indicated that dacite-hosted mineralization is strongly pyritic and moderately refractory.

Permitting - The Company submitted a three month extension application of the 2010 Environmental Impact Assessment which was granted by the permitting agencies, and submitted a modification application for the general permit to the Environmental Office of the Peruvian Ministry of Energy and Mining, which is currently in process. In addition, the Company was granted a new Water Use Permit by the regional Water Authority, which permit is valid for 18 months.

Community Relations - The Company continues to support aspects of community activities in the vicinity of the project, and relations with the community remain very good.

The Company continues to advance exploration activities at La Estrella in accordance with its ongoing cash reduction strategies pending future funding opportunities.

Financial and Operating Results

Quarter Ended June 30, 2013

The Company reported a net loss of \$1.8 million for the quarter ended June 30, 2013 compared to a net loss of \$2.4 million for the quarter ended June 30, 2012. The decrease in the net loss is attributable to the following items: (1) a \$0.2 million decrease in general and administrative expenses including a \$0.1 million decrease in salaries with one less executive officer in 2013 compared to 2012, and a \$0.1 million reduction in consulting fees compared to 2012, (2) a \$0.3 million decrease in technical services associated with the exploration of the Estrella Project, (3) a \$0.2 million reduction in technical services expenditures associated with the Montanore project resulting from expenditures in the second quarter of 2012 which did not occur during 2013, including a grizzly bear study completed in 2012 and expenditures related to work on the Biological Opinion, and (4) a \$0.1 million increase in legal, accounting, and consulting fees primarily associated with a litigation matter.

Six Months Ended June 30, 2013

The Company reported a net loss of \$4.0 million for the six months ended June 30, 2013 compared to a net loss of \$3.7 million for the six months ended June 30, 2012. The \$0.3 million increase in net loss includes the following items: (1) a \$0.2 million reduction in technical services which consists of a combined \$0.1 million decrease in Estrella Project exploration costs and expenditures associated with a grizzly bear study completed in 2012, and a \$0.1 million decrease in consulting fees and other costs associated with permitting and maintenance of the Montanore project, (2) an increase of \$0.1 million in legal, accounting, and consulting fees primarily associated with a litigation matter as described in Part II, Item 1, and (3) a decrease of \$0.4 million in the net gain on fair market value of warrant derivatives which expired in April of 2012.

Liquidity

During the six months ended June 30, 2013, the net cash used for operating activities was approximately \$3.3 million, which is \$0.1 million less than the same period during the prior year. This reduced our cash and cash equivalents and certificates of deposit from \$11.8 at December 31, 2012 to approximately \$8.5 million at June 30, 2013. We have continued to limit activity levels, including capital expenditures, until the timing for the receipt of the Record of Decision for the Montanore Project becomes clearer.

We anticipate expenditures of approximately \$3.1 million for the final two quarters of 2013, which we expect to consist of approximately \$1.5 million each quarter for general and administrative expenses, permitting, engineering, and geologic studies for the permitting for the Montanore Project and \$0.1 million on exploration support and resource modeling at La Estrella. We expect to fund these expenditures from cash on hand.

Michael G. Rasmussen, PhD, Vice President of Exploration for [Mines Management Inc.](#), is a Qualified Person for the purposes of National Instrument 43-101 Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators, and has approved the technical information contained in this news release.

About Mines Management

[Mines Management Inc.](#) is engaged in the business of acquiring and exploring, and if exploration is successful, developing mineral properties containing precious and base metals. The Company's primary focus is on the advancement of the Montanore silver-copper project located in northwestern Montana. The Montanore is an advanced stage exploration project containing a Canadian NI 43-101 measured resource of 4.03 million tons of material grading 1.85 ounces per ton ("opt") silver and 0.74% copper, an indicated resource of 77.5 million tons grading 2.05 opt silver and 0.75% copper, and an inferred resource of 35.1 million tons grading 1.85 opt silver and 0.71% copper, and is currently undergoing the process to obtain permitting approval. Additional information is available at Mines Management's website: www.minesmanagement.com.

Cautionary Note to U.S. Investors concerning estimates of Measured, Indicated and Inferred Mineral Resources:

This press release uses the terms "Measured Mineral Resource", "Indicated Mineral Resource", and "Inferred Mineral Resource." We advise U.S. investors that while those terms are recognized and required by Canadian NI 43-101, the Securities and Exchange Commission does not recognize them. U.S. investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into mineral reserves. Inferred Mineral Resources have a greater amount of uncertainty as to their existence and as to their economic and legal feasibility. In accordance with Canadian rules, estimates of Inferred Mineral Resources cannot form the basis of feasibility or other economic studies. U.S. investors are cautioned not to assume that part or all of the Inferred Mineral Resources exists, or is economically or legally mineable. The SEC normally only permits issuers to report mineralization that does not constitute 'reserves' by SEC standards as "in place" tonnage and grade without reference to unit measures. Accordingly, the information contained in this press release may not be comparable to similar information made public by U.S. companies that are not subject to NI 43-101.

Statements Regarding Forward-Looking Information: Some statements contained in this press release are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other applicable U.S. and Canadian securities laws. Investors are cautioned that forward-looking statements are inherently uncertain and involve risks and uncertainties that could cause actual results to differ materially, including comments regarding anticipated permitting and engineering activities and geologic studies, planned exploration expenditures and activities at the La Estrella exploration property in Peru financing needs including the financing to continue the Company's business after 2013 and the effect of the timing of Montanore permits and exploration plans for La Estrella on the amount of financing required, and the sufficiency of cash on hand to complete certain planned activities for 2013. Actual results may differ materially from those presented. Factors that could cause results to differ materially include delays in and increases in the cost of permitting at Montanore, delays in and the increase of the cost of exploration at La Estrella, changes in interpretation of geological information, political unrest or delays in obtaining community agreements or permitting in Peru in connection with planned exploration activities, world economic conditions or fluctuations in silver, gold and copper prices, and inability to obtain external funding on acceptable terms or at all. [Mines Management Inc.](#) assumes no obligation to update this information. There can be no assurance that future developments affecting Mines Management Inc. will be those anticipated by management. Please refer to the discussion of risk factors in the Company's Form 10-K for the year ended December 31, 2012, as amended.

FOR MORE INFORMATION:

Douglas Dobbs, President
[Mines Management Inc.](#)
905 West Riverside - Suite 311
Spokane, Washington 99201
Phone: 509-838-6050

Email: info@minesmanagement.com

Web: www.minesmanagement.com

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