

Mines Management Reports 2013 Financial Results and Montanore Permitting Update

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Spokane, WA US, April 10, 2014 /FSC/ - [Mines Management Inc.](#) (NYSE-MARKET: "MGN", TSX: "MGT") announces financing and operating results for the fiscal year ending December 31st, 2013, and subsequent progress on the permitting process for the Montanore Project.

Glenn M. Dobbs, the Company's Chairman and CEO, commented, "We are gratified with the efforts by all involved who contributed to the accomplishments made in 2013, and the foundation that was set for the work and milestones already achieved in early 2014. We believe that this year we will see measurable progress in the permitting process for the Montanore Project."

Overview

- The biological consultation between the U.S. Forest Service ("USFS") and the U.S. Fish and Wildlife Service ("USFWS") was initiated in March 2013. A final draft terrestrial biological opinion was completed in December 2013 and a final draft aquatics biological opinion was completed in February 2014. Both the terrestrial and aquatics biological opinions indicated non-jeopardy opinions could be granted.
- The final biological opinion was completed on March 31, 2014 with a non-jeopardy opinion for endangered and threatened species.
- The USFS and the Montana Department of Environmental Quality ("MDEQ") continued to develop the Final Environmental Impact Statement ("FEIS") during 2013. The agency contractor responsible for writing the FEIS completed a draft of the document as well as a draft Record of Decision ("ROD") for agency review in December 2013. Only a few sections of the FEIS remain to be completed.
- The Company continued to work with the United States Army Corps of Engineers ("USACE") on the Clean Water Act 404 permitting process. This process will continue concurrently with work on the FEIS and is required prior to the beginning of construction of the tailings impoundment dam. The Company prepared and submitted a conceptual mitigation plan and commenced discussions with USACE concerning preliminary plan designs.
- The Company continued meeting in 2013 with federal and state agencies, members of Congress, Montana legislators, local Lincoln County Commissioners and City of Libby officials, business leaders and community members in an effort to keep them informed of the Project's status.
- Based on the results of the initial core drilling completed during 2012, the Company elected to extend the Exploration Earn-In Agreement with [Estrella Gold Corp.](#), for an option to acquire 75% of the La Estrella gold and silver exploration property located in central Peru into the second year. During 2013, the Company completed metallurgical analysis and a 3D-Induced Polarization survey to further evaluate the property. In January 2014, the Company terminated the Earn-In Agreement without penalty.

Financial and Operating Results

The Company reported that its audited consolidated financial statements for the fiscal year ended December 31, 2013, included in the Company's Annual Report on Form 10-K, which was filed on March 31, 2014 with the Securities and Exchange Commission, contains an audit opinion from its independent public accounting firm which includes explanatory language related to going concern resulting from Company's need for external financing to continue its business after 2014. This announcement is made pursuant to NYSE MKT Company Guide Section 610(b), which requires separate disclosure of receipt of an audit opinion containing going concern explanatory language.

We reported a net loss for the year ended December 31, 2013 of \$7.4 million or \$0.25 per share compared to a loss of \$8.2 million or \$0.28 per share for the year ended December 31, 2012. The following table summarizes expenses and other income by category and year:

	2013	2012
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	(millions)	
Montanore Project Expense	\$ 2.4	\$ 2.7
Estrella Project Expense	\$ 0.4	\$ 1.2
Administrative Expense	\$ 3.3	\$ 3.4
Depreciation	\$ 0.9	\$ 1.0
Non Cash Stock Based Compensation Expense	\$ 0.4	\$ 0.3
Other Income	\$ 0.0	\$ (0.4)

Montanore Project Expense includes exploration, fees, filing and licenses, and technical services, including environmental, engineering and permitting expense. Montanore Project Expense decreased by \$0.3 million during 2013 compared to 2012 because of the following items: (i) \$0.1 million decrease due to the absence of expense for the grizzly bear study completed in 2012, (ii) \$0.1 million reduction in fees paid to the contractor working on the Environmental Impact Study during 2013, and (iii) \$0.1 million decrease in costs associated with the care and maintenance of the Montanore Project.

There was a \$0.8 million reduction in La Estrella Project Expenses during 2013 primarily because the drilling program was completed during 2012. La Estrella Project expenses during 2013 included a 3D-Induced Polarization Survey, an assessment of the environmental impact of the Project, metallurgical analyses, and license fees.

Administrative Expense, which includes general overhead and office expense, legal, accounting, compensation, rent, taxes, and investor relations expense, had a net decrease of \$0.1 million during 2013. This decrease included the following items: (i) a decrease in investor and public relations expenditures of \$0.2 million, (ii) a decrease in salaries of \$0.2 million as a result of having fewer employees during 2013, partly offset by (iii) an increase of \$0.3 million in legal, accounting, and consulting fees primarily associated with a litigation matter as described in Item 3, Legal Proceedings.

Depreciation decreased by \$0.1 million during 2013 as a result of equipment reaching the end of its depreciable life and limited acquisitions of property and equipment during the past few years.

Non-Cash Stock Based Compensation Expense (which is included in general and administrative and technical services expenses in our statement of operations) increased by \$0.1 million during 2013 because the number of options granted and the fair value of options granted during 2013 was greater than those granted during 2012.

Other Income of \$0.4 million in 2012 consisted of a gain from the change in fair value of our warrant derivative liability. The common share purchase warrants associated with the warrant derivative liability expired in April 2012.

Liquidity and Capital Resources

As of December 31, 2013, our aggregate cash, short term investments, and long term investments totaled \$5.7 million compared to \$11.8 million at December 31, 2012. The net cash used in operating activities during 2013 was \$6.1 million, which consisted primarily of permitting, environmental, exploration, and engineering expenses for the Montanore Project, the La Estrella exploration program, and general and administrative expenses, compared with \$7.2 million of cash used in operating activities in 2012. Cash flows provided by financing activities were \$0.3 million in proceeds from stock options exercised during 2012 compared to \$0 in 2013. Cash provided by investing activities during 2013 and 2012 was an insignificant amount. The net decrease in cash and cash equivalents for the year ending December 31, 2013 was \$6.1 million.

In 2014, we plan to continue to focus on planning for our evaluation and delineation drilling program at the Montanore Project pending the final permitting approvals. We anticipate expenditures in 2014 of approximately \$5.7 million, consisting of \$0.8 million in each quarter for ongoing operating and general administrative expenses, and \$0.6 million in each quarter for permitting, engineering and geologic studies to finalize our permitting of the Montanore Project during 2014. We do not currently have enough cash on hand to fund ongoing environmental, engineering, permitting and general administrative expenses beyond 2014. Additional financing will be required to continue operations as a going concern and to complete the evaluation drilling program and a bankable feasibility study. See the opinion of our independent public accountants in our audited financial statements as of and for the year ended December 31, 2013.

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, which contains an estimated in situ resource of 116 million tons of material with average grades of 1.98 ounces silver per ton and 0.74% copper. The mineral resource is considered to be in the measured, indicated and inferred categories, and is in conformance with Canadian National Instrument 43-101.

Cautionary Note to U.S. Investors concerning estimates of Measured 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 planned activities and expenditures in 2014, anticipated permitting and the timing thereof, drilling and engineering activities and geologic and feasibility studies; the timing of issuance of a Final Environmental Impact Statement and Draft and Final Records of Decision; the planned commencement of an underground infill drilling program; mineral resources; and, required external financing to continue the Company's business as a going concern. 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, continued disputes regarding claim ownership and rights in the Montanore Project area, changes in interpretation of geological information, whether additional permitting may be required at Montanore in the future; the results of delineation drilling and feasibility studies; whether external financing for the Company's business can be obtained on acceptable terms or at all; and world economic conditions or fluctuations in silver, gold and copper prices. [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, 2013, as amended.

For more information, contact:

Douglas D. Dobbs, President
[Mines Management Inc.](#)
Phone: 509-838-6050
Fax: 509-838-0486
Email: info@minesmanagement.com
Web: www.minesmanagement.com

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