

Mines Management Reports First Quarter 2014 Financial Results

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Spokane, WA US, May 16, 2014 /FSC/ - [Mines Management Inc.](#) (NYSE-MARKET: MGN, TSX: MGT), (also the "Company") announces financial and operating results for the first quarter ending March 31, 2014, and recent milestones achieved in the permitting process for the Montanore Silver-Copper Project.

Overview First Quarter 2014

- The U.S. Fish and Wildlife Service ("USFWS") issued a Final Biological Opinion ("BO") for terrestrial and aquatic endangered species indicating the Montanore Project poses no jeopardy to endangered or threatened species in the area around the project.

- The U.S. Forest Service ("USFS") and the Montana Department of Environmental Quality ("MDEQ") continued to develop the Final Environmental Impact Statement ("FEIS") during the quarter. The agency contractor responsible for writing the FEIS completed a draft of the document as well as a draft Record of Decision for agency review.

- The Company continued to work with the U.S. 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 construction of the tailings impoundment dam.

- The Company terminated the exploration program at its La Estrella gold-silver project in central Peru under the terms of its Earn-In Agreement with the owner, [Estrella Gold Corp.](#), during January 2014, as part of its cash conservation measures.

Montanore Permitting and Environmental

Approval by regulatory agencies will be required before the Montanore Project can proceed with exploration and project development. The agencies that are involved with the major permits include the USFS, MDEQ, USACE, and the USFWS. There are other permits required, such as water rights, which will involve other agencies.

The USFWS issued a Final BO for terrestrial and aquatic endangered species on March 31, 2014. The USFWS determined the proposed plan of operations of the Montanore project, when combined with the planned mitigation, would not jeopardize the continued existence of grizzly bears, lynx, and bull trout in the area around the project.

The permitting process requires completion of the FEIS before a Record of Decision can be issued by the USFS and MDEQ. The FEIS 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. During the quarter, the contractor working on the FEIS submitted a draft to the involved agencies for internal review. The USFS, MDEQ, and other agencies provided comments on the FEIS back to the contractor which is now working on the final editing and review steps in the process. As part of the process, the agencies prepared a general schedule for completion that indicates a preliminary FEIS could be issued during the second or third quarter of 2014. After the preliminary FEIS is issued, the final FEIS review process begins which includes preparation for publication and release to the public.

The USFS and MDEQ are also preparing a Record of Decision for the Montanore project. Draft versions of that document were also completed during the quarter and are currently being reviewed and edited by the agencies. A draft Record of Decision will be issued with the FEIS.

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. The USACE and the Environmental Protection Agency ("EPA") met during the quarter to coordinate their reviews of the proposed action as it relates to the approval of the 404 permit application

submitted by the Company. The Company expects the USACE to issue additional comments specific to the Company's mitigation plan design that will be addressed as part of its continued review of the application.

The MDEQ continues to work on state reviews of various permits required for the project. Under the State of Montana's regulations, these permits will be issued after the FEIS and Record of Decision are completed.

Financial and Operating Results

The Company continues to expense all of its expenditures when incurred, with the exception of equipment and buildings which are capitalized. The Company has no revenues from mining operations. Financial results of operations include primarily general and administrative expenses, permitting, project advancement and engineering expenses.

Quarter Ended March 31, 2014

The Company reported a net loss of \$1.5 million for the quarter ended March 31, 2014 compared to a net loss of \$2.1 million for the quarter ended March 31, 2013. The change in net loss in the 2014 quarter resulted primarily from reduced operating expenses: (1) a \$0.4 million decrease in general and administrative expenses consisting of \$0.2 million less of stock based compensation issued during the first quarter of 2014 compared to 2013, the absence of a \$0.1 million payment to continue the Earn-In Agreement with [Estrella Gold Corp.](#) in 2014, and a decrease of \$0.1 million in payroll with two less employees during 2014; and (2) a \$0.3 million decrease in technical services and exploration expenses which includes a \$0.2 million reduction in Estrella project expenditures due to the termination of the project in January 2014 and a \$0.1 million decrease in fees paid to the contractor working on the Environmental Impact Study during 2014; partly offset by (3) an increase of \$0.1 million in legal, accounting and consulting expenditures primarily associated with a litigation matter as described in Part II, Item I, Legal Proceedings.

Liquidity

During the three months ended March 31, 2014, the net cash used in operating activities was approximately \$1.1 million, which is \$0.5 million less than the same period in the prior year. This reduced our cash and cash equivalents and certificates of deposit from \$5.7 million at December 31, 2013 to approximately \$4.7 million at March 31, 2014. We have continued to limit activity levels, including capital expenditures, until the Record of Decision is issued.

We anticipate expenditures of approximately \$4.2 million for the final three quarters of 2014, which we expect to consist of approximately \$0.8 million each quarter for general and administrative expenses, and \$0.6 million each quarter for permitting, environmental, engineering, and geologic studies for the Montanore Project. We do not currently have enough cash on hand to fund ongoing operating 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.

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 deposit contains mineralized material of approximately 81.5 million tons with average grades of 2.04 ounces silver per ton and 0.74% copper.

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:

[Mines Management Inc.](#)

Douglas D. Dobbs, President

Phone: 509-838-6050

Fax: 509-838-0486

Email: info@minesmanagement.com

Web: www.minesmanagement.com

905 West Riverside Avenue - Suite 311
Spokane, Washington 99201

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