

# Comstock Mining Announces Third Quarter 2014 Results

16.10.2014 | [Marketwired](#)

## Year-to-Date Gold and Silver Pours Up 15% and 33%, Respectively

VIRGINIA CITY, NV--(Marketwired - October 16, 2014) - [Comstock Mining Inc.](#) (the "Company") (NYSE MKT: LODE) today announced selected unaudited financial results for the quarter ended September 30, 2014.

### 2014 Third Quarter Highlights

- Expanded our Storey County Special Use Permit, significantly expanding mining and processing capability and establishing a tremendous foundation for future growth.
- Record highest single month pour in September 2014, with 2,423 gold equivalent ounces.
- Mining revenue from gold sales was \$6.5 million for Q3 2014, versus \$6.6 million for Q3 2013.
- Gold and silver shipments totaled 4,997 ounces and 61,001 ounces, respectively, for Q3 2014.
- Silver shipments increased 26% sequentially, from Q2 2014 to Q3 2014.
- Weighted average gold grade was 0.026 ounces per ton and silver was over 0.564 ounces per ton.
- Net loss for Q3 2014 was \$1.0 million, or \$0.02 loss per share, as compared to \$4.5 million, or \$0.09 loss per share for Q3 2013. The \$3.5 million improvement resulted primarily from lower costs.
- Costs applicable to mining were \$4.4 million for Q3 2014, as compared to \$6.4 million for Q3 2013. Specific cost reduction efforts resulted in the decrease of \$2.0 million, including lower mining support costs, drilling and blasting and contracted maintenance.
- Metallurgical yields improved to over 80%, from a previous average estimate of 76%.
- Strip ratio improved to below 4.8:1 in Q3 2014, down from 6.7:1 in Q2 2014.
- Operating expenses, excluding costs applicable to mining, totaled \$3.8 million for Q3 2014, as compared to \$4.9 million for Q3 2013. The \$1.1 million decrease is primarily the result of lower third party advisory expenses, including external relations, and lower compensation expense.
- Debt was \$9.1 million at September 30, 2014, a \$2.2 million reduction during the third quarter.
- Obtained agreement from Auramet International, LLC ("Auramet") to extend the facility from the current maturity of February 6, 2015, for an additional year, to February 5, 2016.
- Cash and cash equivalents were \$9.3 million at September 30, 2014.

### 2014 Year-to-Date Highlights

- Metal pours totaled 14,267 ounces of gold and 158,731 ounces of silver, year to date 2014, as compared to 12,429 ounces of gold and 119,237 ounces of silver during the same period in 2013, an increase of 15% for gold ounces and over 33% for silver ounces.
- Mining revenue from the sales of gold increased by \$1.0 million resulting from 1,838 higher gold ounces shipped year to date 2014, as compared to 2013, somewhat offset by a lower average gold price per ounce of \$1,267.47 year to date 2014 as compared to \$1,387.44 for year to date 2013.
- Net loss for nine months ended September 30, 2014, was \$8.3 million, or \$0.14 loss per share, as compared to \$15.8 million, or \$0.33 loss per share, for the same 2013 period. The decrease of over \$7.5 million is primarily the result of \$6.9 million in mining and administrative costs savings.
- Costs applicable to mining decreased by \$3.8 million, or 21%, resulted from lower mining support cost, drilling and blasting, contracted maintenance and lower overall inventory costs.
- Operating expenses, excluding costs applicable to mining, decreased by \$2.8 million, or approximately 35%, primarily the result of lower third party advisory expenses, including external relations, and lower compensation expense.

- Cost reductions totaled \$6.9 million year to date, when compared to 2013, positioning us to exceed our stated targets of over \$6 million from mining and \$3.5 million from administration.
- Net cash used in operating activities for the nine months ended September 30, 2014 was \$2.6 million, versus \$11.6 million in the comparable prior period, an improvement of \$9 million, or 78%.
- Net cash used in investing activities was \$2.5 million for the nine months ended September 30, 2014, primarily from \$1.9 million in land purchases and \$0.8 million of bond deposits, offset by \$0.2 million in proceeds from the sale of mining equipment.

Comstock's Chief Executive Officer, Corrado De Gasperis commented, "We have achieved significant progress in our four focus areas so far this year: *lowering* our costs, *strengthening* our balance sheet, *enhancing* our mine plan and operations and *expanding* our land position. Cash cost of mining for the third quarter was approximately \$832 per ounce despite challenging but improving strip ratios. We continue progressing toward our production cost target of \$750 per ounce."

### **Production**

During the third quarter of 2014, the Company poured 4,997 ounces of gold and 61,001 ounces of silver. The Company mined approximately 1.1 million tons of material (mineralized material and waste) as it continued moving through higher stripping ratios. Total mineralized material delivered to the leach pad was over 191 thousand tons. September 2014 resulted in the Company's highest rate of pouring to date this year, at 2,423 gold equivalent ounces.

During the first nine months of 2014, the Company poured 14,267 ounces of gold and 158,731 ounces of silver, as compared to 12,429 ounces of gold and 119,237 ounces of silver in the first nine months of 2013, an increase of 15% for gold ounces produced and over 33% for silver ounces produced when compared to the first nine months of 2013.

Gold and silver grades continued improving as compared to 2013, and the weighted average for the third quarter of 2014, was 0.026 ounces per ton gold and 0.564 ounces per ton silver as compared to a weighted average for the third quarter of 2013 of 0.025 ounces per ton gold and 0.449 ounces per ton silver.

For the nine months ended 2014, the Company realized an average price of \$1,267.47 price per ounce of gold and a \$19.81 average sales price per ounce of silver. The Company also realized an additional \$18.50 per ounce of gold for gold call premiums received for the same 2014 period. In comparison, commodity market prices in the first nine months of 2014 averaged \$1,288.14 per ounce of gold and \$19.95 per ounce of silver.

### **Operating Costs**

During the third quarter, the Company continued reducing costs applicable to mining, targeting over \$6 million in reductions for 2014, as compared to 2013, and an additional \$3.5 million in administration and all other costs. The Company has already realized annual savings of approximately \$4.1 million from reduced staffing in crushing, related maintenance, mining and administrative, drilling and blasting, and logistics cost reductions and another \$2.8 million in savings from reductions in general and administrative costs. The Company has planned additional cost reductions efforts associated with mining, general and administrative expenses and continues progressing toward a production cost target of \$750 per ounce. The Company also plans continued debt reductions through the remainder of 2014, with the full payoff the revolving facility scheduled for February 2015.

Costs applicable to mining revenue decreased by \$3.8 million for the nine months ended September 30, 2014, as compared to the same period in 2013. The decrease resulted from lower mining, maintenance, material costs from less variation associated with mining start up activities, production scheduling and includes a 2013 \$1 million write down in the value of our inventory caused by then declining gold prices, recorded at June 30, 2013.

General and administrative expenses, inclusive of professional and consulting fees, decreased by almost \$2.8 million or approximately 35% during the nine months ended September 30, 2014 compared to the same period ended September 30, 2013. The decrease is primarily the result of lower third party legal and advisory

expenses, including external relations, and lower stock-based compensation expense.

### **Exploration**

The Company continues to evaluate high priority targets within the Lucerne Resource Area. Recent geologic evaluation has focused on the area immediately east of the current Lucerne pit, and this area is included in the Company's upcoming drill program. Future targets include the Dayton Resource Area, Spring Valley, Occidental, Oest and the Northern Target areas.

The Lucerne Resource Area currently represents the Company's largest detailed geological development. The Company plans on expanding its existing Lucerne mining operations eastward (the Eastside) and develop the mineralized system lying below and down-dip of the final Lucerne West Mine floor. We are evaluating several approaches, including expanded surface mining, underground mining and a combination of both surface and underground mine plan scenarios.

The Eastside of Lucerne straddles State Route 342, and encompasses a nearly half-mile long segment of the Gold Hill/Silver City extension of the Comstock Lode. The Eastside has an extensive amount of drilling, conducted over more than 25 years, representing over 740 drill holes with an aggregate length of more than 270,000 feet. Historic production from mines within the Eastside area (from the years 1860 to 1940) totals approximately 295,495 gold equivalent ounces from about 551,576 tons of material, or an average gold equivalent grade of 0.535 ounces per ton. Most of this production came from underground workings. These Eastside, near-surface, mineralized areas represent the Company's most significant, ongoing development. The Chute Zone represents a secondary, deeper mineralized target that has been intersected in drill holes to depths of about 800 feet below the surface. In addition, the Eastside development also includes the evaluation of a significant amount of lower-grade tonnage from historical waste dumps from past surface and underground operations.

Although preparation for the Eastside evaluation has been years in the making with land acquisitions, drilling, and detailed geologic mapping, the Company commenced a significant, dedicated geological exercise, starting in May 2014, that included compiling, interpreting, and feasibility modeling for expanded surface mining and initial underground mine development. The effort started with the construction of detailed, 50-foot spaced geologic cross-sections covering the entire length of the Eastside (approximately 2,400 feet). The model incorporates all available data, including existing drill holes, historic underground mine maps, current western mine development and the Company's detailed surface geologic maps. The sectional compilation resulted in several important findings. The work confirmed that the lode is comprised of a group of northwest trending, sub-parallel mineralized structures, rather than a simple vein system confined to single fault zone. These structural groups coalesce into a single 150-foot wide zone in the central part of the Eastside area. The faults (structures) diverge to the north and south to create zones up to 600-foot wide. The Company also discovered dike-like masses of quartz porphyry that have intruded into the main lode and may have a direct relationship to the known mineralization.

The Company is currently working on converting the sectional data into level plans between elevations of 4800' and 5340', spaced 20 feet apart vertically, and extending along the entire length of the Eastside. Level plans tend to both correct and synthesize the sectional data with respect to the distribution of rock units and major geologic structures. The Company is also working diligently to configure and integrate the underground mine workings into the level plans. This is particularly true of areas where ore was historically extracted (stopes), such that previously mined tonnages are accounted for and integrated into the model. Grade shells and grade models will be derived from the sectional data and an internal, phased reserve model will be made for this area.

The Company is defining its next phase of exploration drilling that will now include a focused evaluation of the Eastside area from both a surface and underground potential. The infill drill program includes 35 Reverse Circulation (RC) holes totaling approximately 11,000 feet and 11 Core holes totaling approximately 5,000 feet. The planned initial investment of approximately \$1 million will allow for a possible expansion of surface mining along with a stronger definition of an underground mining opportunity. The subsequent phases of exploration drilling for the Lucerne Resource Area extend farther south and east and could consist of an additional 30,000 feet of RC drilling for an additional investment of \$1 million. The initial drill program for the Eastside is scheduled to commence in October, 2014.

The 2014-2015 drilling programs also include the Dayton Resource Area and Spring Valley. These areas are

scheduled for approximately 80,000 feet of RC drilling and approximately 20,000 feet of core drilling at a total investment of approximately \$4.9 million.

### **Land and Mineral Right Purchases**

The Company continues to increase its footprint in the Comstock District through strategic acquisitions. The Company considers the historic Comstock District central to its growth strategy and now owns or controls approximately 8,035 acres of mining claims and parcels in the Comstock and Silver City Districts. The acreage is comprised of approximately 1,944 acres of patented claims (private lands) and surface parcels (private lands) and approximately 6,091 acres of unpatented mining claims, which the Bureau of Land Management ("BLM") administers. In addition to land holdings, the Company has secured options on over 1,300 more acres.

### **Corporate**

The Company's current capital resources include cash and cash equivalents and other working capital resources, cash generated through operations, and existing financing arrangements.

Total current assets were \$11.9 million at September 30, 2014. Cash and cash equivalents on hand at September 30, 2014 totaled \$9.3 million. Inventories, stockpiles, and mineralized material on leach pad totaled \$1.5 million.

Net loss was \$8.3 million for the nine months ended September 30, 2014 as compared to \$15.8 million for the comparable period in 2013. The decrease of over \$7.5 million is primarily the result of \$6.9 million in mining and administrative costs savings, primarily from costs savings in hauling, related equipment and maintenance, mining, consulting, and stock based compensation expense.

For the remainder of 2014, the Company plans on spending approximately \$1.0 million in capital expenditures, primarily for heap leach processing capacity. The Company also plans to pay down an additional \$3.3 million in debt obligations, including \$2.5 million on the Revolving Credit Facility.

### **Recent developments**

On October 7, 2014, the Company received a renewal of the Water Pollution Control Permit from the State of Nevada Division of Environmental Protection. The permit authorizes, effective October 22, the construction, operation, and closure of our approved heap leaching facilities in Storey County.

On October 9, 2014, the Company obtained agreement to extend the Company's \$5 million revolving credit facility one year, whereby Auramet agreed to extend the facility from the current maturity of February 6, 2015, to February 5, 2016.

On October 15, 2014, honoring Nevada's Sesquicentennial, a celebration of 150 years of statehood, Comstock Mining announced a minted, limited-edition medallion struck from one troy ounce of pure (.9999) Comstock silver. This is the first time since the U.S. Mint in Carson City closed in 1893, that pure Comstock silver has been minted as a substantial authentic medallion, representing a rare opportunity to own a genuine piece of the Comstock Lode. It is mined safely and responsibly from the famed Comstock under the highest environmental standards. Each medallion is an expression of the deep heritage of the great Comstock Lode, famous for its enormous wealth, hastening statehood for Nevada in 1864 and shaping mining practices worldwide for over six decades.

### **Outlook**

Under our current mine plan, we anticipate doubling the rate of ounces produced when compared to 2013, for both gold and silver, targeting an annual production rate of 40,000 gold equivalent ounces. These increases come with lower costs applicable to mining due to focused cost reduction efforts, as well as lower

non-mining operating expenses. Once stabilized at the 40,000 ounce per annum run rate, the operating expenses per ounce mined will be significantly lower. The Company expects cash costs per ounce of gold mined of less than \$750 and an all in sustaining cash cost of \$1,050. The Company updated its financial analysis for the Lucerne Mine and anticipates annual operating expenses, including all mining and processing costs, of less than \$24 million per annum, a more than a \$7 million reduction over prior year 2013. The Company has also identified \$3.5 million of cost reductions in all other non-mining activities, including general and administrative.

Mr. De Gasperis concluded, "Our fourth quarter mine plan is significantly enhanced, with continued good grades, lower strip ratios, lower variation and lower costs. We expect to be cash positive from operations and after capital expenditures in the fourth quarter, our most important measurement. The recent geological expansions and modeling into the east side of Lucerne coupled with the recent permit expansions over that area, position the Company extremely well for continued growth in 2015."

### **Conference Call**

As previously announced, the Company will host a conference call on October 16, 2014 at 8:00 a.m. Pacific Time/11:00 a.m. Eastern Time to report the Third Quarter 2014 results, business update and outlook.

The live call will include a moderated Q&A, after the prepared remarks. The dial-in telephone numbers for the live audio are as follows:

U.S. / Canada Toll free: 1-866-253-4737  
International Toll: 416-849-4292

The audio will be available, usually within 24 hours of the call, and for 30 days thereafter, at <http://www.comstockmining.com/investors/investor-library>

### **About Comstock Mining Inc.**

[Comstock Mining Inc.](#) is a producing, Nevada-based, gold and silver mining company with extensive, contiguous property in the Comstock District. The Company began acquiring properties in the Comstock District in 2003. Since then, the Company has consolidated a significant portion of the Comstock District, amassed the single largest known repository of historical and current geological data on the Comstock region, secured permits, built an infrastructure and commenced production in 2012. The Company continues acquiring additional properties in the district, expanding its footprint and creating opportunities for further exploration, development and mining. The near term goal of our business plan is to deliver stockholder value by validating qualified resources (measured and indicated) and reserves (proven and probable) of at least 3,250,000 gold equivalent ounces from our first two resource areas, Lucerne and Dayton, achieve initial commercial mining and processing operations in the Lucerne Mine with annual production rates of approximately 40,000 gold equivalent ounces and significantly grow the commercial development of our operations through coordinated, district wide plans that are economically feasible and socially responsible.

### **Forward-Looking Statements**

This press release and any related calls or discussions may include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 about Comstock. Forward-looking statements include statements about matters such as: future industry market conditions; future changes in our exploration activities, production capacity and operations; future exploration, production, operating and overhead costs; operational and management restructuring activities (including implementation of methodologies and changes in the board of directors); capital expenditures and their impact on us; productivity, business process, rationalization, investment, acquisition, consulting, operational, tax, financial and capital projects and initiatives; contingencies; environmental compliance and changes in the regulatory environment; offerings, sales and other actions regarding debt or equity securities; and future working capital, costs, revenues, business opportunities, debt levels, cash flows, margins, earnings and growth.

The words "believe," "target," "expect," "anticipate," "estimate," "project," "plan," "should," "intend," "may," "will," "would," "potential" and similar expressions identify forward-looking statements, but are not the exclusive means of doing so. These statements are based on assumptions and assessments made by our

management in light of their experience and their perception of historical and current trends, current conditions, possible future developments and other factors they believe to be appropriate. Forward-looking statements are not guarantees, representations or warranties and are subject to risks and uncertainties that could cause actual results, developments and business decisions to differ materially from those contemplated by such forward-looking statements. Some of those risks and uncertainties include the risk factors discussed in Item 1A, "Risk Factors" of our annual report on Form 10-K. Occurrence of such events or circumstances could have a material adverse effect on our business, financial condition, results of operations or cash flows or the market price of our securities. All subsequent written and oral forward-looking statements by or attributable to us or persons acting on our behalf are expressly qualified in their entirety by these factors. We undertake no obligation to publicly update or revise any forward-looking statement.

Neither this press release nor any related calls or discussions constitutes an offer to sell or the solicitation of an offer to buy any securities.

## Contact

Contact information for [Comstock Mining Inc.](#):

PO Box 1118

Virginia City, NV 89440

[questions@comstockmining.com](mailto:questions@comstockmining.com)

<http://www.comstockmining.com>

Corrado De Gasperis

President & CEO

Tel (775) 847-4755

[degasperis@comstockmining.com](mailto:degasperis@comstockmining.com)

Kimberly Shipley

Manager of Investor Relations

Tel (775) 847-0545

[shipley@comstockmining.com](mailto:shipley@comstockmining.com)

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/184141--Comstock-Mining-Announces-Third-Quarter-2014-Results.html>

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