

Mines Management Inc. Reports 2015 Financial Results and Montanore Project Update

05.04.2016 | [Globenewswire Europe](#)

Spokane, April 5, 2016 - [Mines Management Inc.](#) (NYSE-MARKET: "MGN", TSX: "MGT") announces financial and operating results for the fiscal year ending December 31, 2015, and subsequent progress on the permitting process for the Montanore Project.

Overview

- The Company's cash reserves as of December 31, 2015, are estimated to be sufficient to continue operations through the end of the first quarter of 2016. The Company is seeking financing and may consider a joint venture of the Montanore Project or other strategic alternatives. If the Company were to issue equity at the current stock price, the conversion price of the existing Series B 6% convertible preferred stock (the "preferred stock"), would be adjusted from the current \$0.7866 per share downward to equal the issuance price, resulting in an increase in the number of shares of common stock issuable on conversion of the preferred stock. There can be no assurance that the Company will be successful in obtaining financing or entering into another type of transaction that will permit it to continue its business, or that the terms of any such financing or transaction would not make future financings or transactions more difficult or otherwise limit the Company's flexibility or opportunities in the future. Although third parties have expressed interest in various transactions regarding the Company or the Montanore Project, and the Company has solicited indications of interest from third parties, to date the Board has not considered the terms of the proposals received to be in the best interests of the Company or its stockholders.
- On July 1, 2015, the Company received a letter from NYSE MKT LLC ("NYSE MKT" or the "Exchange") stating that it is not in compliance with the continued listing standards as set forth in Section 1003(a)(i-iv) of the NYSE MKT Company Guide (the "Company Guide"). In order to maintain its listing, the Company submitted a plan on August 3, 2015, in accordance with the Exchange's requirement, which addressed how it intended to regain compliance with the financial impairment standards set forth in Section 1003(a)(iv) of the Company Guide by December 31, 2015 and the equity standards set forth in Section 1003(a)(i)-(iii) of the Company Guide by December 31, 2016. During September 2015, the NYSE MKT accepted the Company's compliance plan and granted the Company until September 30, 2015 to regain compliance with the financial impairment standards. On October 21, 2015, the NYSE MKT notified the Company that the Company had made a reasonable demonstration of its ability to regain compliance with financial impairment standards by the end of the revised plan period of December 31, 2015. In January 2016, the NYSE MKT granted the Company a further extension to regain compliance with financial impairment standards to March 31, 2016.
- In May 2015, the Commissioners appointed by the U.S. District Court for the District of Montana, Missoula Division to determine just compensation for the Company's easements across certain unpatented non- mineralized claims in the area of the Montanore Project following the conclusion of the trial in April 2015, reported that claim-holders have lost no value and are due no compensation from the Company. On August 7, 2015, the U.S. District Court issued its final ruling affirming the Commissioners' report. See Part II, Item 1, Legal Proceedings for further details.
- The Company raised \$1,850,000 during the fourth quarter of 2015 through the sale of equipment previously utilized for construction of infrastructure at the Montanore Project. The funds received from the sale were utilized for general working capital and advancement of the permitting for the Montanore Project.
- The U.S. Forest Service ("USFS") and the Montana Department of Environmental Quality ("MDEQ") provided legal notice to the public on April 1, 2015, announcing the availability of the Preliminary Final Environmental Impact Statement ("FEIS") and Draft Record of Decision ("ROD"). Following the public objection process completed during the second quarter of 2015, the USFS and MDEQ integrated clarifying comments into the FEIS and issued a Joint FIES on December 15, 2015.
- The USFS and MDEQ both issued RODs on February 12, 2016 providing approval for development of the Montanore Project contingent upon meeting subsequent analysis, permitting milestones, and environmental mitigation requirements.

Financial and Operating Results

We reported a net loss for the year ended December 31, 2015 of \$2.8 million or \$0.10 per share compared to a loss of \$6.5 million or \$0.22 per share for the year ended December 31, 2014. The following table summarizes expenses and other income by category and year:

	2015	2014
	(millions)	
Montanore Project Expense	\$ 1.7	\$ 2.2
Administrative Expense	\$ 2.6	\$ 3.3
Depreciation	\$ 0.1	\$ 0.8
Non Cash Stock Based Compensation Expense	\$ 0.2	\$ 0.3
Other Income	\$(1.8)	\$(0.1)

Montanore Project Expense includes fees, filing, licenses, and technical services, including environmental, engineering and permitting expense. Montanore Project Expense decreased by \$0.5 million during 2015 compared to 2014 primarily because of the reduction in fees paid to the contractor working on obtaining and maintaining project approvals and permits as well as a reduction in the baseline studies associated with the Environmental Impact Study.

Administrative Expense, which includes general overhead and office expense, legal, accounting, compensation, rent, taxes, and investor relations expense, decreased by \$0.7 million during 2015 compared to 2014. The following factors included within administrative expenses are responsible for the change: (i) a decrease in payroll expenditures of \$0.2 million as a result of having fewer employees during 2015 and not paying employee bonuses, (ii) a decrease of \$0.1 million in fees paid to members of our Board of Directors during 2015, (iii) a decrease of \$0.2 million due to the lack of costs in 2015 associated with the special proxy and shareholders' meeting held during 2014 to approve the financing completed by the Company in 2014, and (iv) a decrease of \$0.2 million in legal, accounting, and consulting fees primarily associated with a litigation matter as described in Item 3, Legal Proceedings.

Depreciation decreased by \$0.7 million during 2015 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) decreased by \$0.1 million during 2015 because the number of options granted and the fair value of options granted during 2015 was less than those granted during 2014.

Other Income of \$1.8 million in 2015 consisted of proceeds from the sale of idle equipment previously utilized for construction of infrastructure at the Montanore Project. During 2014, other income of \$0.1 million consisted of a gain from the sale of the Company's interest in an oil and gas lease during the year.

Liquidity and Capital Resources

As of December 31, 2015, our aggregate cash, short term investments, and long term investments totaled \$1.2 million compared to \$3.9 million at December 31, 2014. The net cash used in operating activities during 2015 was \$4.3 million compared with \$5.6 million utilized in operating activities in 2014. Operating activities for both years consisted primarily of permitting, environmental and engineering expenses for the Montanore Project, general and administrative expenses, legal, accounting, and consulting expenses. Net cash flows utilized by financing activities consisted of \$0.2 million paid in cumulative preferred stock dividends during 2015 compared to an insignificant amount paid during 2014. Net cash flows provided by financing activities included proceeds of \$3.5 million from the sale of preferred stock and \$0.2 million in proceeds from stock options exercised during 2014 compared to \$0 in 2015. Net cash provided by investing activities during 2015 was primarily proceeds from the sale of equipment in the amount of \$1.8 million. Net cash provided by investing activities during 2014 was primarily from certificates of deposit reaching maturity in the amount of \$1.6 million. The net decrease in cash and cash equivalents for the year ending December 31, 2015 was \$2.7 million.

During 2016, we plan to continue to focus on planning for our evaluation and delineation drilling program at the Montanore Project provided sufficient outside financing is obtained. We anticipate expenditures in 2016 of approximately \$3.6 million, consisting of approximately \$0.5 million in each quarter for ongoing operating, legal, and general administrative expenses, and \$0.4 million in each quarter for care and maintenance of the Montanore Project, including environmental costs required to monitor the Montanore Project during 2016. We do not currently have enough cash on hand to fund ongoing environmental, maintenance,

general and administrative expenses beyond April 2016. Additional financing will be required to continue operations as a going concern and to complete the evaluation drilling program and a bankable feasibility study. If we are successful in raising sufficient additional financing, in addition to the activities described above and providing we receive regulatory approvals, we may engage in additional activities related to the advancement of the Project in preparation for the evaluation phase. See the opinion of our independent registered public accounting firm in our audited financial statements as of and for the year ended December 31, 2015.

Going Concern

The Company also today announced that, as previously disclosed in its Annual Report on Form 10-K for the year ended December 31, 2015 (the "Annual Report"), which was filed March 30, 2016, the audited financial statements for the year ended December 31, 2015 included in the Form 10-K contained a going concern qualification paragraph in the audit opinion from its independent registered public accounting firm. This announcement is made pursuant to NYSE MKT Company Guide Section 610(b), which requires separate disclosure of receipt of an audit opinion containing a going concern qualification. This announcement does not represent any change or amendment to the Company's consolidated financial statements or to its Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

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 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 including comments regarding anticipated issuance of the final Record of Decision, Environmental Impact Statement and Clean Water Act 404 permit and the timing thereof; activities and expenditures planned for 2015 including continued work on permitting, engineering and geologic studies to finalize the permitting process; mineral resources; plans to continue as a going concern and complete an evaluation program and bankable feasibility study if financing can be raised; and the effects on our planned activities of whether we are successful in raising additional financing. Investors are cautioned that forward looking statements are inherently uncertain and involve risks and uncertainties that could cause actual results to differ materially from those presented. Factors that could cause results to differ materially include delays in and increases in the cost of completing work related to the Record of Decision, final Environmental Impact Statement and 404 permit, whether external financing for the Company's business can be obtained on acceptable terms or at all; 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; continued decreases and future fluctuations in silver, gold and copper prices; and world economic conditions. [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, 2015.

For more information, contact:

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Source: [Mines Management Inc.](#) via Globenewswire HUG#2000895

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