

# Comstock Mining Announces Second Quarter 2018 Results; Advances Dayton and Lucerne Resource Development; Secures Strategic Water Rights and Land

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VIRGINIA CITY, Nev., July 31, 2018 -- [Comstock Mining Inc.](#) (the "Company") (NYSE American:LODE) today announced selected unaudited financial results for the fiscal quarter ended June 30, 2018.

## Second Quarter 2018 Selected Strategic and Operational Highlights

- Received \$2 million in cash proceeds for the Lucerne option agreement, in April, advancing into the second phase of the Lucerne Mine Project's development with [Tonogold Resources Inc.](#) ("Tonogold");
- Discovered, at the Dayton Resource, 3 feet of 0.246 opt Gold and 3.553 opt Silver, including the identification of multiple, new, mineralized structures;
- Retained Behre Dolbear to produce a stand-alone, NI 43-101 technical "Resource" report and a Preliminary Economic Assessment technical report, both for the Dayton Resource Area;
- Advanced screening-level, economic analysis of a pilot-processing facility with Itronics, Inc., using their KAM-Thio metallurgical recovery processes on Dayton material;
- Estimated annualized additional cost reductions of \$1.25 million from Tonogold reimbursement subsidies; and
- Secured additional water rights and property in Silver Springs, Nevada, expanding strategic alternatives.

Mr. De Gasperis commented, "Last month, the U.S. Treasury confirmed that Storey County, NV and parts of Silver Springs, NV, in Lyon County, had been certified as newly created Opportunity Zones. Shortly thereafter, the Vidler Water Company announced the sale of 500-acre feet of water rights in Lyon County, Nevada to a real estate developer for \$10 million, or \$20,000 per acre foot. Additionally, a Vidler subsidiary agreed to sell over 70 acre feet of water to a developer near Reno for \$35,000 per acre foot. These incentives and comps demonstrate how we are growing and entitling our assets in a rapidly industrializing region and positioning them for profitable monetization."

## Second Quarter 2018 Selected Financial Highlights

For both the three-month and six-month periods ending June 30, 2018, every category of cost was down as compared to the prior year period. During the quarter ended June 30, 2018, the Company reduced total Operating Costs (all categories) by 24%, or more than \$0.6 million, as compared to the second quarter of 2017. These improvements include approximately \$0.2 million in reimbursements from Tonogold. The Company's net loss for the quarter ended June 30, 2018, was \$2.4 million, or (\$0.04) loss per share, as compared to net loss of \$2.9 million, or (\$0.08) loss per share for the comparable 2017 period.

For six-months ending June 30, 2018, the Debenture was reduced to \$8.4 million, representing an over 21% reduction from the original debenture obligation. Cash and cash equivalents at June 30, 2018, were \$1.5 million.

Mr. De Gasperis added, "Our cost reduction efforts and this subsidizing partnership have allowed us to further reduce our net spending while efficiently advancing both of our mining projects. Tonogold is making excellent progress on the Lucerne assessment and should have an NI 43-101, Property of Merit technical report, authored by Behre Dolbear in the next month or so. The Company's efforts are now focused on advancing the Dayton project. The new discovery and updated technical reports will confirm the value we expect to deliver in Dayton."

*Exploration and Development - Lucerne Resource Area*

The Company's option agreement with Tonogold gives them the right to lead engineering, development, drilling and test-work, all towards completing a technical and economic feasibility assessment and ultimately, to earn into a joint venture for the future development and mining of minerals from the Lucerne Property.

This quarter, the Company received a \$2 million payment as Tonogold elected to advance into the second phase of the Lucerne Mine Project option. The Company immediately used \$1.5 million of the proceeds, as required, to pay down its debenture, and then paid down an additional \$0.25 million of the debenture. Tonogold can now earn a 51% interest in the Lucerne Property, by advancing the exploration and development activities by making cumulative capital expenditures of \$7 million by October 3, 2019, and \$20 million by April 3, 2021. Tonogold has progressed on the technical assessment of the Lucerne Project and plans on issuing two National Instrument 43-101 compliant reports, the first is scoped as a "Property of Merit" report, expected imminently this summer, and the second should represent an updated Resource Report, also NI 43-101 compliant, later this year.

### *Dayton Resource Area*

The Company recently exposed, sampled and revealed a newly recognized, mineralized, cross-cutting shear zone, dominated by black and orange ferro-manganese clays with bronze colored bands. The Company previously reported historic assays that identified a continuous zone of mineralization in the Dayton of more than 205 feet with an average grade of 0.054 ounces of gold per ton. The full extent of the shear zone has not yet been exposed. A one meter (approximately 3 feet) wide sample of the material was collected and fire assayed for gold and silver. The samples led to a new discovery of 3 feet of 0.246 opt Gold and 3.553 opt Silver, including the identification of the following elevated values for a number of elements:

Gold	Silver	Cadmium	Lead	Selenium	Thallium	Tungsten	Zinc
Au	Ag	Cd	Pb	Se	Tl	W	Zn
7.50 ppm	110.5 ppm	12.9 ppm	46 ppm	32 ppm	7.8 ppm	22 ppm	102 ppm
0.246 opt	3.553 opt	N/A	N/A	N/A	N/A	N/A	N/A

Previous multi-element analyses conducted in the Company's resource areas have typically showed very low base metal content (typically between 10-20 ppm) and non-detectable values of Cadmium (Cd), Selenium (Se), Thallium (Tl), and Tungsten (W). This specific zone has a very different geochemistry signature, with much higher values. The Company plans additional sampling and geological mapping to define the full extent of the shear zone.

The Company has retained the independent mining advisory firm of Behre Dolbear to produce a separate NI 43-101 compliant technical report for the Dayton resource area, anticipated during the fourth quarter of 2018, followed by a Preliminary Economic Assessment ("PEA"). This first report will provide an updated resource estimate and support the subsequent scope of publishing a NI 43-101 compliant PEA for the Dayton project.

The Company has also been collaborating with Itronics, Inc., on Dayton mineralized materials. Itronics previously reported positive results from initial testing of its clean processing technology. The leaching test results demonstrated that the residual silver, gold, base metals, and cyanide can be recovered from previously leached material as well as new mineralized samples from the Dayton, creating a potentially efficient and environmentally attractive process. The metals were recovered while the new KAM-Thio residual solution was substantially regenerating during the extraction process, thereby reducing the net consumption of the materials, and creating a potentially compelling economic solution.

Itronics also reported that the cyanide residual in the cyanide leached material was removed by the new leaching process, neutralizing the solution to drinking water standards. These results could dramatically reduce reclamation costs and associated bonding, while adding the prospect of alternative uses for the materials.

### *Operating Costs*

Our cost streamlining, primarily implemented in 2017, and continuing through 2018, lowered operating costs in all categories by well over \$6 million, as compared to 2016, exceeding our targets while still expanding our lands. These 2017 actions have already realized an additional \$0.6 million in savings in 2018, that are expected to total \$2 million in savings for the full year 2018, as compared to 2017. We are lean and positioned to grow our assets, their readiness and their values in the latter part of 2018.

### *Corporate - Strategic Water Rights and Land*

On May 30, 2018, and amended on June 22, 2018, the Company entered into an agreement for the purchase of 100% of the membership interests of Downtown Silver Springs, LLC (&ldquo;DTSS&rdquo;). DTSS holds an option for the purchase of approximately 160 acres of centrally located land in Silver Springs, Nevada, and separately, holds an option to purchase 350 units of water rights (equaling 392 acre-feet) and 200 units of sewer rights.

The option to purchase the 160 acres of land allows the Company to purchase the land for approximately \$3.5 million and expires on October 15, 2018. The option to purchase the water and sewer rights allows the holder to purchase the water rights for \$5,800 per acre foot and the sewer rights for \$7 per sewer unit and expires on December 31, 2018. The water rights and sewer unit usages are not restricted to the 160-acre parcel. The Company has paid \$0.8 million toward the approximately \$3.5 million purchase price for the land.

### *Liquidity & Capital Resources*

The Company&rsquo;s shares outstanding July 25, 2018, were 57,286,428. At quarter end March 31, 2018, the Company&rsquo;s shares outstanding were 53,391,428. The proceeds from the 3,895,000 shares issued via a purchase agreement with Leviston Resources were used to secure the strategic water rights and land in Silver Springs, NV. The Company also has cash and cash equivalents of \$1.5 million at June 30, 2018.

### *Outlook*

Mr. De Gasperis concluded, &ldquo;We are aggressively positioning both our mining and non-mining assets, including a strategically expanded water portfolio, so that we can maximize the value for our shareholders, either through larger monetization of these asset packages or using the water and other rights to strategically expand our mining platform. We are in discussions on all of these fronts with the expectation that we will monetize these assets so that we are debt free, with funding, to develop and expand our mining resources, production lives and maximize the potential value as gold prices and markets improve.&rdquo;

### *Conference Call*

The Company will host a conference call today, July 31, 2018, at 8:00 a.m. Pacific Time/11:00 a.m. Eastern Time. The live call will include a moderated Q&A, after the prepared comments by the Company. The dial-in telephone numbers for the live audio are as follows:

Toll Free: 1-877-260-1479

Direct: 1-334-323-0522

Confirmation Code: 6553001

The audio will be available, usually within 24 hours of the call, on the Company website:  
<http://www.comstockmining.com/investors/investor-library>

### *About Comstock Mining Inc.*

[Comstock Mining Inc.](#) is a Nevada-based, gold and silver mining company with extensive, contiguous property in the Comstock District and is an emerging leader in sustainable, responsible mining. 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 completed its first phase of production. The Company continues evaluating and acquiring properties inside and outside the district expanding its footprint and exploring all of our existing and prospective opportunities for further exploration, development and mining. The near-term goal of our business plan is to maximize intrinsic stockholder value realized, per share, by continuing to acquire mineralized and potentially mineralized properties, exploring, developing and validating qualified resources and reserves (proven and probable) that enable the commercial development of our operations through extended, long-lived mine plans and developments 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 Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, are forward-looking statements. The words "believe," "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. Forward-looking statements include statements about matters such as: future industry market conditions; future explorations or acquisitions; future changes in our exploration activities; future prices and sales of, and demand for, our products; land entitlements and uses; production capacity and operations; operating and overhead costs; future capital expenditures and their impact on us; operational and management changes (including changes in the board of directors); changes in business strategies, planning and tactics; future employment and contributions of personnel, including consultants; future land sales investments, acquisitions, joint ventures, strategic alliances, business combinations, operational, tax, financial and restructuring initiatives; including the nature and timing and accounting for restructuring charges, derivative liabilities and the impact thereof; contingencies; environmental compliance and changes in the regulatory environment; offerings, limitations on sales or offering of equity or debt securities; including asset sales and the redemption of the debenture and associated costs; future working capital, costs, revenues, business opportunities, debt levels, cash flows, margins, earnings and growth.

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, many of which are unforeseeable and beyond our control and 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 set forth in this report and our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, and the following: adverse effects of climate changes or natural disasters; global economic and capital market uncertainties; the speculative nature of gold or mineral exploration, including risks of diminishing quantities or grades of qualified resources; operational or technical difficulties in connection with exploration or mining activities; contests over our title to properties; potential dilution to our stockholders from our stock issuances, recapitalization and balance sheet restructuring activities; potential inability to comply with applicable government regulations or law; adoption of or changes in legislation or regulations adversely affecting our businesses; permitting constraints or delays; business opportunities that may be presented to, or pursued by, us; acquisitions, joint ventures, strategic alliances, business combinations, asset sales, and investments that we may be party to in the future; changes in the United States or other monetary or fiscal policies or regulations; interruptions in our production capabilities due to capital constraints; equipment failures; fluctuation of prices for gold or certain other commodities (such as silver, zinc, cyanide, water, diesel fuel and electricity); changes in generally accepted accounting principles; adverse effects of terrorism and geopolitical events; potential inability to implement our business strategies; potential inability to grow revenues; potential inability to attract and retain key personnel; interruptions in delivery of critical supplies, equipment and raw materials due to credit or other limitations imposed by vendors; assertion of claims, lawsuits and proceedings against us; potential inability to satisfy debt and lease obligations; potential inability to maintain an effective system of internal controls over financial reporting; potential inability or failure to timely file periodic reports with the SEC; potential inability to list our securities on any securities exchange or market; inability to maintain the listing of our securities; and work stoppages or other labor difficulties. 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. Except as may be required by securities or other law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

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

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

PO Box 1118  
Virginia City, NV 89440  
<http://www.comstockmining.com>

Corrado De Gasperis  
Executive Chairman & CEO

Zach Spencer  
Director of External Relations

Tel (775) 847-4755  
degasperis@comstockmining.com

Tel (775) 847-5272 ext. 151  
questions@comstockmining.com

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