

# Comstock Mining Announces Full Second Quarter 2020 Results;

17.08.2020 | [GlobeNewswire](#)

## Increased Strategic Investment Values Drives Positive Net Income, Deploying Mercury Systems

VIRGINIA CITY, Aug. 17, 2020 - [Comstock Mining Inc.](#) (the "Company") (NYSE American: LODE) filed its Quarterly Report on Form 10-Q last week and announced selected strategic and financial results for the fiscal quarter ended June 30, 2020, including the arrival and assembly of our first mercury remediation system.

### Recent 2020 Selected Strategic Highlights

- Extinguished the current Senior Secured Debenture from a combination of \$0.9 million in accelerated cash proceeds from Tonogold and new, unsecured promissory notes, with favorable, extended terms;
- Investments in [Tonogold Resources Inc.](#) ("Tonogold") valued at \$10.4 million at June 30, 2020, a \$1.6 million increase in fair market value driving positive net income for the three months ended June 30, 2020;
- Investment in Mercury Clean Up LLC ("MCU") increased to \$1.75 million (in cash and stock) at June 30, 2020, with on-site installation of the Comstock mercury remediation system underway (pictured below);
- Extended agreements for the sale of Comstock's two non-mining properties in Silver Springs, NV, for total expected proceeds of \$10.1 million, with the closings expected this quarter; and
- Consummated the April acquisition of 25% of PELEN LLC, owner of the historic Sutro Tunnel Company.

### Second Quarter 2020 Selected Financial Highlights

- Total operating costs were \$1.3 million in Q2 2020, a \$0.2 million or a 15.9% improvement over Q2 2019;
- Interest expense was \$0.1 million in Q2 2020, a \$0.1 million or a 49.6% improvement over Q2 2019;
- Other income, net was \$2.2 million, primarily driven by gains of \$1.6 million on equity investments in Tonogold and \$0.4 million on the contingent forward assets receivable still committed to us by Tonogold;
- Net income was \$1.3 million, or \$0.05 per share for three-months ended June 30, 2020, as compared to a prior period net loss of \$2.1 million, or (\$0.13) loss per share, driven by investment gains and lower costs;
- Net income was \$1.0 million, or \$0.04 per share for six-months ended June 30, 2020, as compared to a prior period net loss of \$3.9 million, or (\$0.24) loss per share, driven by investment gains and lower costs; and
- Cash and cash equivalents at June 30, 2020, were \$1.0 million.

Mr. Corrado DeGasperis, Executive Chairman and CEO stated, "We have grown and strengthened our balance sheet, extinguished our secured debt, and deployed and installed the first MCU - Comstock system as we prepare for material testing within the boundaries of the Carson River Mercury Superfund Site ("CRMSS"). We have also reserved shipping containers as we prepare to ship our first international unit to the Philippines."

### *Comstock Mining's Corporate Growth*

The Company has enacted its Board-approved transformational strategic plan, focused on high-value, cash-generating, precious metal-based activities, (the "Strategic Focus") including, but not limited to, environmentally friendly, and economically enhancing mining technologies, like mercury remediation. Our goal is to deliver over \$500 million of value from our existing assets and the commercialization of these environmental mining technologies, partnerships and ventures. [Comstock Mining Inc.](#) is the parent company that wholly owns the realigned subsidiaries and is expanding its mercury and

royalty portfolios. We believe that our resource-based technology, properties, plant and equipment and existing gold and silver resources are deeply undervalued.

Our realignment positions us for growth, especially in mercury remediation, and we are quickening the pace.

*Figure 1 - Comstock's Precious Metal-Based Growth Organization (dotted lines indicate activities in progress)* accompanying this announcement is available at <https://www.globenewswire.com/NewsRoom/AttachmentNg/307b5d87-c98d-40ac-8322-a7507b1b4d93>

Mr. DeGasperis continued, "The realignment enables partnerships and transactions that increase value-creating opportunities and accelerates our precious-metal based growth. Since the realignment, we have expanded our partnerships with both MCU and Tonogold. The MCU investments provide broad opportunities for higher, faster returns and long-lived cash flows. We are working closely with all our partners to grow those values."

#### *Comstock Mercury Remediation System and the American Flat Processing Platform*

Our American Flat processing platform is fully permitted, and the infrastructure has been prepared, including pads, power, water and retaining walls, for the delivery of the brand new MCU mercury remediation system. The system components have been arriving for the last few weeks and assembly and hook ups are nearly complete (see below). The Company is collaborating with regulators and policy makers for maximum social and environmental impact. Please also see our Mercury Remediation update blog on the <https://www.comstockmining.com/category/ceo-blog/>.

*MCU's State-of-the-Art Mercury Remediation System On Comstock and Getting Prepped for Mercury Testing* accompanying this announcement is available at <https://www.globenewswire.com/NewsRoom/AttachmentNg/fe4832cb-d105-439b-aaeb-90036dd816d7>

This impressive aggregation of state-of-the-art alluvial mining technologies, operating as one, fully integrated mercury remediation system. The system, which is mobile, stands almost twenty feet high and comes with an additional, specialized, mobile metallurgic laboratory and an integrated Dissolved Air Flotation (DAF) system, one of the most effective, mobile wastewater reuse operations.

#### *Corporate – Extinguishment of Senior Secured Debt*

On August 11, 2020, the Company completely paid off its remaining \$4 million Senior Secured Debenture from a combination of recent cash proceeds from Tonogold and new, unsecured promissory notes, with favorable terms. The Company entered into three promissory notes (the "Promissory Notes") that refinanced its existing, secured indebtedness, on more favorable terms, through a known group of existing LODE investors. The Promissory Notes are unsecured and have an aggregate principal amount of \$4,475,000 (net of an original discount of \$255,000), and a maturity date of September 20, 2021, with no prepayment penalties, and a portion of which that can be extended for an additional two years. The Promissory Notes were designed to mirror the amount still receivable from Tonogold, including the same maturity date and the same 12% interest rate payable monthly.

The Promissory Notes also permit other indebtedness but contain covenants that prohibit the Company from incurring debt that matures prior to September 20, 2021, or that is senior in right of their payment. The Company must also prepay the Promissory Notes, without penalty, with at least 80% of the net cash proceeds with respect to the sale of the Company's non-mining assets in Silver Springs, NV. The Company received \$0.9 million in two payments from Tonogold, one in late June and one in early August, that were otherwise maturing on October 15, 2020. These payments reduced the amounts due to Comstock to \$4,475,000, and when coupled with the \$4,220,000 of net proceeds from the Promissory Notes, enabled the full, early extinguishment of the Senior Secured Debt.

#### *Non-mining Assets*

Our non-mining assets are now valued at over \$25 million, net of debt. In addition to the over \$10 million

from the Silver Springs assets, we also have the \$5.0 investment in Tonogold Convertible Preferred Stock (CPS) plus over 6 million common shares, together valued at \$10.4 million at June 30, 2020. We are also owed approximately \$4.475 million from Tonogold through a 12%, cash interest paying forward instrument, perfectly mirroring our new promissory notes, in both interest and principal payments payable.

### *Outlook*

The Company is working diligently with Tonogold to consummate the acquisition of the entity that owns Lucerne, and facilitate the commencement of a well-planned and permitted exploration drilling program. We expect these transactions to be consummated and the exploration plans announced over the next few weeks.

MCU will soon commence Comstock trial operations that will continue throughout the second half of 2020, to validate and fine-tune the mercury extraction and remediation process, with the objective of remediating the Company's existing properties within the Carson River Mercury Superfund Site ("CRMSS"), enhancing the values of, and evaluating the economic feasibilities for, these properties while creating new global growth opportunities in mercury remediation with MCU's technological and operational effectiveness, efficiency, and feasibility.

MCU-P has agreed and plans to commence reclamation operations during the third quarter 2020, in the Philippines. MCU-P will secure containers, load and ship the first mercury remediation system in the upcoming week. This represents the first real international opportunity for large-scale mercury remediation and environmental reclamations, using MCU's systems, with the objective of establishing MCU as a leader in mercury remediation projects, and in particular, contaminations caused by Artisanal and Small-Scale Miners (ASM).

Mr. Corrado DeGasperi, Executive Chairman and CEO stated, "It would be difficult to exaggerate the importance of eliminating the overhang created by the Senior Secured Debenture, releasing all of our assets from restrictive security encumbrances and covenants. This positions us to fully consummate the 100% sale of Lucerne and more fully benefit on the closing of our \$10 million plus non-mining asset sales in Silver Springs, NV, and funding our growth with more flexibility and speed, especially with MCU."

### 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 that is currently commercializing environment-enhancing, precious-metal-based technologies, products and processes for precious metal recovery. 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 Company's goal is to grow per-share value by commercializing environment-enhancing, precious-metal-based products and processes that generate predictable cash flow (throughput) and increase the long-term enterprise value of our northern Nevada based platform.

### 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: consummation of all pending transactions; project, asset or Company valuations; future industry market conditions; future explorations, acquisitions, investments and asset sales; future performance of and

closings under various agreements; future changes in our exploration activities; future estimated mineral resources; future prices and sales of, and demand for, our products; future impacts of land entitlements and uses; future permitting activities and needs therefor; future production capacity and operations; future operating and overhead costs; future capital expenditures and their impact on us; future impacts of operational and management changes (including changes in the board of directors); future changes in business strategies, planning and tactics and impacts of recent or future changes; 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; the nature and timing of and accounting for restructuring charges and derivative liabilities and the impact thereof; contingencies; future environmental compliance and changes in the regulatory environment; future offerings of equity or debt securities; the possible redemption of debentures 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 our filings with the SEC and the following: counterparty risks; capital markets' valuation and pricing risks; 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 title to properties; potential dilution to our stockholders from our stock issuances and 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 businesses; permitting constraints or delays; decisions regarding business opportunities that may be presented to, or pursued by, us or others; the impact of, or the non-performance by parties under agreements relating to, acquisitions, joint ventures, strategic alliances, business combinations, asset sales, leases, options and investments to which we may be party; changes in the United States or other monetary or fiscal policies or regulations; interruptions in 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 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 or others; assertion of claims, lawsuits and proceedings; 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, the solicitation of an offer to buy or a recommendation with respect to any securities of the Company, the fund or any other issuer.

Contact information:

[Comstock Mining Inc.](https://www.comstockmining.com)

P.O. Box 1118

Virginia City, NV 89440

[ComstockMining.com](https://www.comstockmining.com)

Corrado DeGasperi

Executive Chairman & CEO

Tel (775) 847-4755

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

Zach Spencer

Director of External Relations

Tel (775) 847-5272 ext.151

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

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/359258--Comstock-Mining-Announces-Full-Second-Quarter-2020-Results.html>

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