

Mines Management Signs Letter of Intent to Acquire La Estrella Gold-Silver Property In Peru

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Spokane, Washington - January 10(th), 2012 - [Mines Management, Inc.](#) (NYSE-Amex: "MGN", TSX: "MGT") (the "Company") is pleased to announce it has signed a letter of intent ("LOI") with [Estrella Gold Corp.](#) ("EGC") for an option to acquire up to 75% of the La Estrella gold and silver project ("Project") located in central Peru approximately 230 km southeast of Lima.

The La Estrella property ("La Estrella") contains approximately 2,500 hectares of land within the Central Peru polymetallic belt, located 130 km south of Huancayo in the Department of Huancavelica, a region with a history of silver mining dating to the 1500's. The Project is in an area of established infrastructure, with roads and electricity, and lies within 30 km of Minera Buenaventura's historic Julcani Silver Mine which began operation in 1955. EGC has established and maintained constructive community agreements with all stakeholder communities, and the property is already fully permitted for additional drilling.

Mr. Glenn M. Dobbs, the Company's President and CEO, stated, "The La Estrella exploration project represents Mines Management's step into one of the most prolific silver and gold regions in the world. The Project is in a favorable district, and possesses a number of very positive attributes including previous exploration success, and a permitted drilling program which may afford us the ability to move forward expeditiously. We look forward with enthusiasm to the prospect of working with EGC on the project."

The terms of the LOI allow MGN through its subsidiary, Minera Montanore Peru, SAC, to earn 75% of the La Estrella project by expending \$5 million over four years on exploration activities. Option payments would include \$50,000 due upon signing of the definitive agreements, which will supersede the LOI, \$100,000 upon the first anniversary of such signing, and \$200,000 annually thereafter until completion of the earn-in. Work expenditures would include \$500,000 in the first year, including 2,500 meters of drilling, \$500,000 in the second year, including 2,500 meters of drilling, and completion of a preliminary economic assessment on a defined resource on the property. Mines Management, Inc.'s minimum outlay includes \$50,000 due upon signing, and \$350,000 of the first year's work commitment, for a total of \$400,000. If MGN elects to exercise the option by completing all option payments and expenditures, EGC would retain a 25% interest carried to production. The LOI allows MGN to conduct a period of additional exclusive due diligence until March 1, 2012, during which time definitive agreements are expected to be negotiated and executed.

La Estrella is an advanced exploration stage project which contains an epithermal, volcanic-hosted gold-silver system with associated base-metal mineralization extending over a strike length of at least 1,200 m. Previous exploration on the property included surface sampling, 22 diamond drill holes and 11 reverse circulation drill holes, where all but two holes encountered gold and silver mineralization.

Two different styles of mineralization are present within a 1,200 meter north-south by 200 meter east-west zone, which remains open for expansion. The largest area of mineralization occurs as a north-south trending, west dipping, irregular, stratabound zone measuring 50-150 meters in thickness, where gold and silver mineralization of low to moderate grade has been intersected along strike for 600 meters, remaining open to the north, south, and west (down dip). The second type of gold and silver mineralization occurs in north and northeast trending, sub-vertical fault zones which cross-cut the stratabound zone with mineralization of higher grade.

Michael G. Rasmussen, PhD, Vice President of Exploration for Mines Management, Inc., is a Qualified Person for the purposes of National Instrument 43-101 Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators, and has prepared, reviewed and verified the technical information contained in this news release.

About Estrella Gold Corporation (TSX-V: EST)

Estrella is a Canadian exploration company focused on gold exploration and resource definition in Latin America. EGC has extensive experience in Peru, with forty-one exploration properties, including their flagship Colpayoc Project, with thirty-four held in venture agreements, most in a strategic exploration alliance with [Cliffs Natural Resources Exploration Inc.](#) (NYSE: CLF). Further information is available at Estrella Gold's website: www.estrellagold.com.

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 containing a Canadian NI43-101 compliant measured resource of 4.03 million tons of material grading 1.85 ounces per ton ("opt") silver and 0.74% copper, 77.5 million tons grading 2.05 opt silver and 0.75% copper, and an inferred resource of 35.1 million tons grading 1.85 opt silver and 0.71% copper, and is currently undergoing the process to obtain permitting approval. Additional information is available at Mines Management's website: www.minesmanagement.com.

Cautionary Note to U.S. Investors concerning estimates of Measured, Indicated and Inferred Mineral Resources:

This press release uses the terms "Measured Mineral Resources," "Indicated Mineral Resources" and "Inferred Mineral Resources." 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. Disclosure of "contained ounces" in a Mineral Resource is permitted under Canadian regulations, however, 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 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 the anticipated entering into of definitive agreements with Estrella Gold Corp. regarding the La Estrella gold project, planned and potential exploration activities and expenditures on the La Estrella gold property. Actual results may differ materially from those presented. Factors that could cause results to differ materially include the inability to complete the negotiation of definitive agreements with Estrella Gold Corp., the results of exploration and the preliminary economic assessment at La Estrella, the interpretation of previous drilling results; insufficient funding to complete earn-in expenditures, community or political unrest in Peru, and fluctuations in silver 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, 2010, as amended.

FOR MORE INFORMATION:

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