Mines Management Inc. Reports Third Quarter 2015 Financial Results

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Spokane, December 18, 2015 - Mines Management Inc. (NYSE-MARKET: MGN, TSX: MGT)(also the "Company") announces financial and operating results for the third quarter ending September 30, 2015, and recent milestones achieved in the permitting process for the Montanore Silver-Copper Project.

Overview

- The U.S. Forest Service ("USFS") and the Montana Department of Environmental Quality ("MDEQ") continued to integrate clarifying comments into the Final Environmental Impact Statement (the "Final EIS") and Record of Decision ("ROD") as a result of the public objection process completed during the second quarter of 2015. The Company expects the permitting process to be completed by early 2016.
- The Company raised $1,665,000 in October 2015 through the sale of certain idle equipment previously utilized for construction of infrastructure at the Montanore Project. The funds received from the sale will be utilized for general working capital and advancement of the permitting for the Montanore Project.
- The Company's cash reserves as of September 30, 2015, plus amounts raised in October 2015, are estimated to be sufficient to continue operations into the first quarter of 2016. Accordingly, 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 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 addresses how it intends 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. 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.

Montanore Permitting and Environmental

The MDEQ continues to advance the permitting review process and preparation of its own ROD based on the joint issuance of the Final EIS with the USFS. The MDEQ will issue its version of the Final ROD in accordance with the Montana Environmental Policy Act following the issuance of the Notice of Availability by the USFS in the Federal Register. Receipt of the federal and Montana Final RODs provide the necessary authorizations for the Company to complete dewatering and proceed with underground drilling at the Montanore Project contingent upon meeting environmental mitigation requirements.

The MDEQ continues to work on water rights, transmission line permits, and other minor regulatory reviews that will be required to gain approval for the project. During the third quarter, the MDEQ initiated the public review process of the air quality permit and the Montana Pollutant Discharge Elimination System ("MPDES") permit. No public comments were received on the draft air quality permit and the comment period was extended to October 2015 for the MPDES permit. Under the State of Montana's regulations, the Company expects these permits to be issued following issuance of the Final EIS and ROD.

The other major permit required is the 404 permit issued by the USACE under the Clean Water Act. This permit is required when waters of the U.S. are impacted by a proposed action, in this case by the project tailings impoundment. It is anticipated the USACE will make a permit decision shortly after the Final EIS is issued. The State of Montana must certify the USACE Section 404 authorization through the Section 401 certification process before the USACE can issue a permit. The State has been involved throughout the 404 review process and continues to work with the USACE during 2015. The Company expects the 404 permit will be issued subsequent to the issuance of the Final ROD.

In June 2015, Save Our Cabinets, Earthworks, and Defenders of Wildlife filed a complaint in the United States District Court for the District of Montana challenging the issuance of the Biological Opinion regarding the Montanore Project by the USFWS. The USFWS has not yet responded to the complaint. The Company is not a party to this litigation. The Company does not currently expect that this litigation will delay the USFS issuance of the Final ROD.

Financial and Operating Results

The Company continues to expense all of its expenditures when incurred, with the exception of equipment and buildings which are capitalized. The Company has no revenues from mining operations. Financial results of operations include primarily general and administrative expenses, and permitting, project advancement and engineering expenses.

Quarter Ended September 30, 2015

The Company reported operating expenses of $1.0 million compared to $1.6 million for the quarters ended September 30, 2015 and 2014, respectively. The most significant factors contributing to the $0.6 million decrease in operating expenses include: (i) a $0.1 million decrease in general and administrative expenses primarily due to decreased stock compensation costs and the absence of costs during 2015 associated with the special shareholder meeting pertaining to the financing the Company completed in July of 2014, (ii) a $0.2 million decrease in technical services primarily associated with a reduction in fees paid to contractors and consultants working on the Environmental Impact Study ("EIS") as well as a decrease in the cost of baseline studies associated with the EIS during 2015, and (iii) a $0.2 million decrease in depreciation as a result of assets reaching the end of their depreciable lives and limited acquisitions of property and equipment during the past few years. During the quarter ended September 30, 2014, operating expenses were partially offset by $0.1 million in other income resulting from the sale of the Company's interest in an oil and gas lease with no comparable transaction during 2015. The Company reported net losses of $1.0 million and $1.5 million for the quarters ended September 30, 2015 and 2014, respectively.

Nine Months Ended September 30, 2015

The Company reported a decrease in operating expenses of $1.2 million during the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014. The decrease in operating expenses consisted of a $0.4 million decrease in general and administrative expenses, a $0.5 million decrease in technical services, and a decrease of $0.5 million in depreciation, offset by an increase of $0.2 million in legal, accounting, and consulting expenditures. The $0.4 million decrease in general and administrative expenses included a decrease in payroll expenditures of $0.1 million as a result of having one less employee during 2015 compared to 2014, a $0.2 million decrease in director and stock compensation during 2015 compared to 2014, and the absence of $0.1 million in costs during 2015 associated with the special shareholder meeting pertaining to the financing the Company completed in July of 2014. The $0.5 million decrease in technical services during 2015 primarily consisted of a reduction in fees paid to contractors and consultants working on the EIS as well as a reduction in the cost of baseline studies associated with the EIS. The $0.5 million decrease in depreciation resulted from assets reaching the end of their depreciable lives with limited acquisitions of property and equipment during the past few years. The increase of $0.2 million in legal, accounting, and consulting expenditures primarily resulted from the litigation matter described in Part II, Item I, Legal Proceedings. During the nine months ended September 30, 2014, operating expenses were partially offset by other income of $0.1 million which resulted from the sale of the Company's interest in an oil and gas lease with no comparable transaction during 2015. The Company reported net losses of $3.8 million and $4.9 million for the nine months ended September 30, 2015 and 2014, respectively.

Liquidity

During the nine months ended September 30, 2015, the net cash used in operating activities was approximately $3.4 million, which was $0.7 million less than the same period in the prior year. Net cash utilized by financing activities during the nine months ended September 30, 2015 consisted of the payment of $0.2 million cumulative preferred stock dividends. Net cash provided by financing activities during the 2014 period was $3.7 million primarily from the sale of preferred stock. Net cash provided by investing activities during the nine months ended September 30, 2014 was $1.7 million and included certificates of deposit maturing and proceeds from the sale of property and equipment. The Company's cash and cash equivalents decreased during the nine months ended September 30, 2015 from $3.9 million at December 31, 2014 to approximately $0.3 million at September 30, 2015. During October of 2015, the Company raised $1.7 million through the sale of idle equipment previously utilized for construction of infrastructure at the Montanore Project.

The Company currently does not have enough cash on hand to fund ongoing operating expenses through the first quarter of 2016. Operating expenses are estimated at approximately $1.0 million for the fourth quarter of 2015, consisting of approximately $0.6 million for ongoing operating, legal, and general administrative expenses and $0.4 million for permitting, environmental, engineering, and geologic studies for the Montanore Project. Additional financing will be required for the Company to continue its business and operations. Accordingly, the Company is seeking financing and may consider a joint venture of the Montanore Project or other strategic alternatives. 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. 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. There can be no assurance that any financing obtained will not be highly dilutive to existing stockholders. In addition, it is uncertain that the amount of any available financing would enable the Company to continue its business and operations for more than a few months, which would be unlikely to satisfy the NYSE MKT listing requirements. In addition, if the financing involves the sale of equity securities at the current market price or at a discount to the current market price, the conversion price of the existing convertible preferred stock would be adjusted downward to equal the sale price of the financing, resulting in an increase in the number of shares of common stock issuable on conversion of the convertible preferred stock. Following any such financing, the Company still must obtain external financing of approximately $25 million to $30 million to complete the evaluation drilling program at the Montanore Project and a definitive feasibility study.

ABOUT MINES MANAGEMENT

Mines Management Inc. is engaged in the business of 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 deposit contains mineralized material of approximately 81.5 million tons with average grades of 2.04 ounces silver per ton and 0.74% copper in two mineralized zones.

In 2011, in accordance with Canadian National Instrument (NI) 43-101, the Company completed a third party Preliminary Economic Assessment (PEA) which indicated robust potential economics. The mineral resource was reported to contain the following:

	Tons	Silver Grade (oz. per ton)	Copper Grade
Measured	4,026,000	1.85	0.74%
Indicated	77,480,000	2.05	0.75%
Inferred	35,080,000	1.85	0.71%

The Montanore project is currently in the final phase of the permitting process which, if completed successfully, would allow for the construction of the project. Prior to considering a development decision, the Company plans to conduct additional underground evaluation and drilling activities to support completion of a final feasibility study. Preparation for additional evaluation and drilling could commence upon issuance of a Final Record of Decision and completion of certain environmental mitigation activities, if sufficient funds are available.

Additional information is available on the Company's website at 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 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, Montana Record of Decision, MPDES permit and Clean Water Act 404 permit and the timing thereof; anticipated completion of the Montanore Project permitting process and the timing thereof; belief that the federal court complaint filed in June 2015 challenging issuance of the Biological Opinion regarding the Montanore Project will not delay issuance of the final Record of Decision; planned use of funds generated from equipment sales and expectation that the Company's cash is sufficient to continue operations into the first quarter of 2016; need for and seeking of financing and potential consideration of a joint venture of the Montanore Project or other strategic alternatives; potential antidilution adjustments to the Company's Series B 6% convertible preferred stock conversion price if the Company were to issue equity in a financing transaction; activities and expenditures planned for the fourth quarter 2015 including continued work on permitting, engineering and geologic studies to finalize the permitting process; information regarding measured, indicated and inferred mineral resources; anticipated cost of completing the evaluation drilling program at the Montanore Project and a definitive feasibility study; and the effects on our planned activities of potential 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 issuance of the final Record of Decision, Environmental Impact Statement, Montana Record of Decision, MPDES permit and Clean Water Act 404 permit and completion of the permitting process for the Montanore Project due to litigation or for any other reason; whether external financing sufficient to continue the Company's business through and beyond the first quarter 2016 can be obtained on acceptable terms or at all; whether the Company will engage in a joint venture of the Montanore Project or other strategic transaction and the terms of such; whether the Company will be able to continue its business past the first quarter 2016; continued disputes regarding claim ownership and rights in the Montanore Project area and the potential effects thereof; 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, 2014. Additional information is available on the Company's website at www.minesmanagement.com.

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