

Mines Management Inc. Announces 2011 Financial and Operating Results

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Spokane, April 6, 2012 - [Mines Management, Inc.](#) (NYSE-Amex: "MGN", TSX: "MGT") (the "Company") is pleased to announce financial and operating results for the year ended December 31, 2011.

Overview

2011 Highlights

- On April 4, 2011, the Company completed an underwritten public offering of 5,120,000 shares of common stock that yielded net proceeds of approximately \$15.2 million, after placement agent fees and before other offering expenses. The Company intends to use the net proceeds for advancement of the permitting process for its Montanore Project, the commencement of the Company's planned delineation drilling program which will include advancement of the adit, establishment of drilling stations and commencement of exploratory drilling, and for general corporate purposes, including possible acquisition and exploration of new mining properties.
- Mine and Quarry Engineering Services, Inc. of San Mateo, California ("MQES") finalized the Technical Report entitled "Technical Report: Preliminary Economic Assessment, Montanore Project, Montana, USA prepared for Mines Management, Inc." dated February 3, 2011 ("PEA"), which was filed with Canadian securities regulators in accordance with Canadian National Instrument 43-101-Standards of Disclosure for Mineral Projects ("NI 43-101").
- The Company sold marketable equity securities during March 2011, resulting in gross proceeds of \$3.8 million and realized a gain of \$2 million.
- The US Forest Service ("USFS") and the Montana Dept. of Environmental Quality continued their environmental review of the Montanore Project and of the responses to comments received from the public and from the US Environmental Protection Agency, and issued the Supplemental Draft Environmental Impact Study ("SDEIS") in late September 2011. The comment period of the SDEIS was completed on December 21, 2011 and the responses are being incorporated in the final document.
- The Company continued meetings with federal and state agencies, Montana legislators, and local Lincoln County, Montana Commissioners, City of Libby officials, business leaders and community members and kept them informed of the project status.
- The Company announced that its Montanore Silver-Copper Project has been awarded the Sentinels of Safety Certificate of Achievement in Safety for the calendar year 2010. Montanore Minerals Corporation, the Company's wholly owned subsidiary, received the state award for outstanding safety performance in the category of small underground metal mines in the Rocky Mountain District.
- Subsequent to the end of the year, the Company signed a letter of intent and has completed agreements with [Estrella Gold Corp.](#) for an option to acquire 75% of the La Estrella gold and silver exploration project located in central Peru.
- Cash and investment position remained strong at \$18.7 million as of December 31, 2011.

Our net cash expenditures for operating activities for 2011 totaled \$6.9 million. Cash outlays were less than projected due to delays in the USFS approval of our Environmental Impact Statement and the cessation of adit rehabilitation and dewatering until permits are received. Our cash position was augmented by the \$15.2 million of net proceeds received from the common stock offering completed in April 2011. In 2012, we plan to continue to focus on planning for our exploration and delineation drilling program at the Montanore Project pending the final permitting approvals. The completion of the 2011 financings should provide sufficient cash to complete the permitting process and initiate the adit rehabilitation and drill station development. Additional financing will be required to complete the evaluation drilling program and a bankable feasibility study. Development activities could be deferred if the permitting process is delayed or if commodity prices make the project difficult to finance or increase the cost of such financing.

Financial and Operating Results

We reported a net loss for the year ended December 31, 2011 of \$5.6 million or \$0.20 per share compared to a loss of \$10.7 million or \$0.46 per share for the year ended December 31, 2010. The decrease of \$5.1 million in net loss between 2011 and 2010 was comprised of a net reduction in project and administrative expenses of \$0.2 million, a decrease of \$0.2 million in non-cash stock option expenses, and a decrease of \$4.7 million in other (income) expense described below. The following table summarizes expenditures by category and year:

Expenditures (Millions)	2011	2010
Montanore Project Expense	\$2.9	\$3.7
Administrative Expense	\$3.9	\$3.3
Depreciation	\$1.0	\$1.0
Non-Cash Stock Option Expense	\$1.6	\$1.8
Other (Income) Expense	\$(3.8)	\$0.9

Montanore Project Expense includes exploration, fees, filing and licenses, and technical services, including environmental, engineering and permitting expense.

Montanore Project Expense decreased by \$0.8 million during 2011 compared to 2010 because of the absence of \$0.5 million paid to the consultant for preparation of the PEA and \$0.3 million in payment for the grizzly bear study.

Administrative Expense, which includes general overhead and office expense, legal, accounting, compensation, rent, taxes, and investor relations expense, increased in 2011 by \$0.6 million. This increase included \$0.2 million increases in each of investor and public relations, evaluation of mineral properties, and salaries and bonuses of \$0.2 million.

Non-Cash Stock Option Expense (which is included in general and administrative and technical services expenses in our statement of operations) decreased by \$0.2 million during 2011 primarily because the fair value of the options granted during 2011 was lower than those granted during 2010.

The \$4.7 million increase in Other (Income) Expense includes a change in the fair market value of warrant derivatives of \$2.7 million and a realized gain on the sale of marketable securities of \$2.0 million during 2011.

Liquidity and Capital Resources

At December 31, 2011, our aggregate cash, short term investments, and long term investments totaled \$18.7 million compared to \$10.1 million at December 31, 2010. Cash flows provided by financing activities were \$15.3 million in 2011 primarily due to the public offering completed during the year compared to \$0.5 million in proceeds from stock options and warrants exercised during 2010. The net cash used for operating activities during 2011 was \$6.9 million, which consisted primarily of permitting, environmental, exploration, and engineering expenses for the Montanore Project and general and administrative expenses, compared with \$6.7 million of cash used for operating activities in 2010. Cash provided by investing activities for 2011 was \$3.8 million of proceeds from the sale of marketable securities compared with \$4.9 million in 2010 primarily from the early withdrawal of funds from a certificate of deposit. The net increase in cash and cash equivalents for the year ending December 31, 2011 was \$12.3 million.

We anticipate expenditures in 2012 of approximately \$8.5 million, which we expect will consist of (i) \$1.5 million in each quarter for ongoing operating and general administrative expenses, (ii) \$0.5 million in each quarter for permitting, engineering and geologic studies to finalize our permitting of the Montanore Project, and (iii) \$0.5 million on exploration at La Estrella during 2012. We should have enough cash on hand to fund ongoing environmental, engineering, permitting and general administrative expenses for years 2012 and 2013. Additional financing, however, would be required to complete the evaluation drilling program and a bankable feasibility study at the Montanore

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.

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. 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 use of proceeds from the 2011 public offering, anticipated permitting and engineering activities and geologic studies, planning for the exploration and delineation drilling program at the Montanore Project pending permitting approvals, planned exploration expenditures and activities at the La Estrella exploration property in Peru, financing needs, including the financing required to fund the final phases of the advanced exploration and delineation drilling program and a bankable feasibility study, the sufficiency of working capital to complete the rehabilitation of the Libby adit and commence delineation drilling and planned expenditures and cash requirements for 2012. Actual results may differ materially from those presented. Factors that could cause results to differ materially include delays in permitting at Montanore, delays in commencing or a decision not to proceed with exploration in at La Estrella, political unrest or delays in obtaining community agreements or permitting in Peru in connection with planned exploration activities, world economic conditions or 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, 2011, as amended.

FOR MORE INFORMATION:

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