

# Comstock Mining Announces 2014 Year End Results

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## Cost Reductions Exceed \$11 Million, Additional \$6+ Million Targeted

VIRGINIA CITY, NV--(Marketwired - January 29, 2015) - [Comstock Mining Inc.](#) (the "Company") (NYSE MKT: LODE) today announced selected financial results for the year ended December 31, 2014.

### 2014 Selected Strategic Highlights

- Significantly expanded the Company's landmark mining and processing Special Use Permit boundary to nearly 1,300 acres (up from 180 acres) establishing a tremendous foundation for future resource, surface and underground mining growth in Storey County.
- Received strategic zoning change approvals from both Lyon and Storey County on critical mining claims and other properties located in the Dayton and Lucerne Resource Areas, supporting accelerated resource and mine development.
- Expanded land holdings in Lyon and Storey County, bringing the total to approximately 8,300 acres, and securing an option on an additional 1,300 acres.
- Expanded Air Quality Permit allowing for material processing of up to 7.3 million tons per annum and increasing the hours of operation up to 20 hours per day.
- Expanded the renewed Water Pollution Control Permit, that now has the crushing and processing capacity to operate at a rate of up to 4.0 million tons of material, crushed and stacked, per annum and authorizing additional cell expansion of the heap leach facility.
- Obtained MSHA mining Identification Number for a Lucerne underground mine.
- Honored by the Nevada Mining Association with a first place 2014 Safety Award.
- Engineered and obtained approval for an at-grade crossing that enables efficient access to mine areas east of the Lucerne Resource Area without major infrastructural changes.

### 2014 Selected Operational Highlights

	1Q 2014	2Q 2014	3Q 2014	4Q 2014	Total
Mining Operations					
Tons Mined	947,852	944,166	1,131,985	1,061,233	4,085,236
Processing					
Tons Crushed	205,686	122,026	191,013	182,029	700,754
Weighted Average Grade Per Ton Au	0.024	0.034	0.026	0.039	0.030
Weighted Average Grade Per Ton Ag	0.345	0.546	0.564	0.680	0.527
Estimated Au Ounces Stacked	5,016	4,191	4,926	7,110	21,243
Estimated Ag Ounces Stacked	70,989	66,607	107,822	123,692	369,110
Estimated Au Equivalent* Ounces Stacked	6,140	5,205	6,584	8,806	26,735
Au Ounces Poured and Sold	4,507	4,763	5,002	5,329	19,601
Ag Ounces Poured and Sold	49,358	48,626	61,096	63,336	222,416
Au Equivalent* Ounces Poured and Sold	5,290	5,499	5,936	6,200	22,925

\* Au Equivalent ounces = Au ounces (actual)  
 + (Ag ounces (actual) ÷ the ratio of average gold  
 to silver prices)

63.14                      65.69                      65.03                      72.93                      66.7

- Weighted average gold grade improved to 0.030 for 2014, or a 50% improvement from 0.020 for 2013, and weighted average silver grade improved to 0.527 in 2014, from 0.363 in 2013. Silver to gold production exceeded a remarkable 11:1 ratio for the full year.
- Metallurgical yields improved to 81%, from a 2013 average estimate of 68%.
- Strip ratio improved to 2.9:1 for November and December 2014, down from a peak of 6:7:1 in Q2, 2014, and down from the fourth quarter 2014 average of 4.8:1.
- Costs applicable to mining improved by 24% when comparing 2014 to 2013. The Company fully realized annual savings of approximately \$8.4 million from reduced staffing, maintenance, mining, drilling, blasting, logistics and mine development cost reductions and another \$3.3 million in general and administrative savings.

## 2014 Selected Financial Highlights

- Mining revenue was \$24.7 million in 2014 as compared to \$24.1 million in 2013, an increase of 3%, resulting primarily from higher gold ounces produced in 2014, as compared to 2013, somewhat offset by lower average gold price per ounce.
- Cost applicable to mining revenue was \$19.1 million, net of silver credits, in 2014, as compared to \$26.5 million, net of silver credits, in 2013, a decrease of 28%, primarily due to the realization of targeted mining cost reductions.
- General and administrative expenses were \$6.4 million in 2014, as compared to \$9.6 million in 2013, a decrease of 34% from targeted cost reductions.
- Net loss for the year ended December 31, 2014, was \$9.6 million or \$0.17 loss per share, as compared to \$21.3 million, or \$0.42 loss per share, for 2013.
- Net loss for the fourth quarter of 2014, was \$1.4 million or \$0.02 loss per share, as compared to \$5.5 million, or \$0.09 loss per share, for the fourth quarter of 2013.
- Net cash used in operations was \$2.4 million for fiscal year 2014, as compared to \$10.3 million for fiscal 2013, an improvement of \$7.9 million, or 76%.
- Net cash used for investing was \$3.3 million for fiscal 2014, primarily as the result of capital asset purchases of \$2.6 million and bond deposit increases of \$0.8 million.
- Net cash provided by financing activities for fiscal year 2014, was \$8.6 million, comprised of proceeds of approximately \$11 million from the sale of securities, offset by net debt reductions of approximately \$2.4 million.
- Total long-term debt and capital lease obligations were \$11.6 million at December 31, 2014, including \$1.1 million remaining on the Credit Facility.
- Cash and cash equivalents at year-end 2014 were \$5.3 million.

"Over the past year, we significantly increased the intrinsic value of our company through significant land consolidations, strategic land re-zonings and major permit expansions across the expanded system, despite most difficult market conditions. These enhancements, coupled with extensive geological modeling completed during 2014 and ongoing drilling activities have positioned the Company for substantial resource developments and growth in 2015," stated Corrado De Gasperis, President and CEO of the Company.

## Production

Metal pours totaled 19,601 ounces of gold and 222,416 ounces of silver, during 2014, as compared to 17,739 ounces of gold and 186,482 in 2013, a 10% increase for gold ounces and a 19% increase for silver ounces.

During 2014, the Company crushed and stacked 700,754 dry tons of mineralized material, delivering 21,243 estimated ounces of recoverable gold and 369,110 estimated ounces of recoverable silver to the leach pads with weighted average gold grades of 0.030 ounces per ton.

For the year ended December 31, 2014, the Company realized an average sales price of \$1,272.28 per ounce of gold and \$18.93 per ounce of silver. In comparison, commodity market prices in 2014 averaged \$1,266.20 per ounce of gold and \$19.08 per ounce of silver.

For the quarter ended December 31, 2014, the Company realized an average sales price of \$1,232.79 per ounce of gold and \$16.70 per ounce of silver. In comparison, commodity market prices averaged \$1,200.36 per ounce of gold and \$16.47 per ounce of silver.

The Company averaged over 440 gold-equivalent ounces poured per week in 2014, and averaged 705 gold-equivalent ounces poured per week during the month of December 2014.

On November 6, 2014, the Company received a revised Nevada Division of Environmental Protection (NDEP) Bureau of Air Pollution Control permit, allowing for longer operating hours and increased material processing of up to 7.3 million tons per annum.

Additionally, the Company received a five-year renewal of its Water Pollution Control Permit (WPCP), NEV2000109, from the NDEP Bureau of Mining Regulation and Reclamation. The permit, effective October 22, 2014, authorizes construction, operation, and closure of the approved heap leaching facilities in Storey County. The permit allows for the construction of an additional cell to the existing heap leach facility. The Company currently has eight active cells and anticipates construction of an additional cell in the first quarter of 2015.

The Company has also engineered and received approvals for an at-grade crossing that enables it to more efficiently access mine areas east of the Lucerne Resource Area without major infrastructural changes to the State Route 342 ("SR 342"). The modification allows the Company's haul trucks to move material from the East-side Lucerne resource area across SR 342 to the Company's American Flat processing facilities. The Company is in the process of assessing mine opportunities and preparing mine plans for parcels to the east of SR 342.

### ***Operating Costs and Cost Reductions***

During fiscal year 2014, actual Lucerne Mine costs applicable to mining revenue were \$23.3 million, \$19.1 million net of silver by-product credits as compared to \$30.6 million, \$26.5 million net of silver by-product credits in 2013, representing a 24% reduction of cost applicable to mining when comparing 2014 to 2013, despite pouring more gold and silver in 2014. Costs applicable to mining revenue includes mining and processing labor, maintenance, drilling, blasting and assaying, hauling, crushing and related maintenance cost, among others.

Cost applicable to mining revenue also includes \$6.7 million and \$4.7 million of depreciation for 2014 and 2013, respectively.

During the year ended December 31, 2014, the Company continued focusing on reducing costs applicable to mining, targeting \$6.5 million in reductions for 2014, as compared to 2013, and an additional reduction of \$3.5 million in administration and all other costs. The Company realized annual savings of approximately \$8.4 million from reduced staffing in crushing, related maintenance, mining, drilling and blasting, logistics, mine development and related cost reductions and another \$3.3 million in savings from reductions in general and administrative costs, exceeding the combined target of \$10 million.

### ***Outlook***

The Company expects positive net income and positive cash flow from operations and investing activities during the first half of 2015, while also commencing expansion and mining activities to the east of the Lucerne mine, development of an underground Lucerne mine, finalizing a Dayton mine plan and commencing permitting for the Dayton Resource Area.

Throughout 2014, the Company increased production rates and grades decreasing costs per ounce poured. Under our current mine plan, the Company anticipates expanding operations to the east side of the Lucerne pit accessing material at lower stripping ratios and consistent and higher grades. The Company continues to focus on increasing production and expects to realize additional cost savings into 2015 by synchronizing operations, lower strip ratios and additional savings in non-mining operating expenses.

The Company updated its financial analysis for the remainder of the Lucerne Mine and anticipates annual operating expenses, including all mining and processing costs, of less than \$18 million per annum, a more than \$5 million reduction over fiscal year 2014. The Company has also identified \$1.5 million of potential cost reductions in all other non-mining activities, including general, administrative and environmental areas.

### ***Exploration and Development***

The Company launched the 2014-2015 exploration and development drilling program (the "Program") in December 2014, and is actively drilling on the Lucerne East-side, having recently completed approximately 100 holes of near surface drilling. Initial assay results are expected later this month and early February, with excellent geological characteristics to date. Over the next few weeks and months we will report and provide updates for all of the following major objectives: 1) expanding the Lucerne East-side gold and silver resources, mine plan and current surface mining into the Company's newly permitted area; 2) accelerating underground feasibility studies and developing high-grade, underground mine plans for that same newly permitted area; 3) expanding the Dayton gold and silver resources and developing a mine plan for potential future production; and 4) establishing a third major resource in the Spring Valley target area.

### ***Innovations***

The Company also agreed to license an initial five metric tons of gold (or gold-equivalent) of validated, measured, and indicated resources to support the value of the initial 50 Million HOPE Gold Coins being sold. The HOPE Gold Coin is a new cryptographic currency being launched by the HOPE Gold Coin Charitable Trust (the "HOPE Charitable Trust") to support charitable, aid and other humanitarian causes worldwide. Ultimately, the maximum number of HOPE Gold Coins in circulation will be supported by 100 metric tons of physical gold bullion, preferably purchased from Comstock by The HOPE Charitable Trust.

### ***Corporate***

Cash and cash equivalents on hand at December 31, 2014 totaled \$5.3 million.

Total long-term debt and capital lease obligations at year-end 2014 were \$11.6 million as compared to \$7.9 million at year-end 2013. For 2015, the Company plans on spending up to \$2.8 million in capital expenditures, primarily infrastructure and development needs for the expansion of the Lucerne Mine and related heap leach processing capacity, including expansion for cell 9 of approximately \$1.5 million and the at-grade crossing of \$0.4 million for mining of the East Side of the Lucerne resource area. The Company also plans to pay down an additional \$5.9 million of long-term debt obligations, including \$1.1 million on the Revolving Credit Facility. The Facility will be fully undrawn on February 6, 2015. On January 27, 2015, Auramet agreed to increase the facility up to \$8.0 million and extend the facility from the current maturity of February 6, 2015 to February 6, 2017 (subject to certain conditions).

Comstock's Chief Executive Officer, Mr. Corrado De Gasperis, concluded, "Our most significant accomplishments this year relate to proving the economic feasibility of Lucerne through improved mining rates, we stacked at an annual rate of over 35,000 ounces in the fourth quarter, with substantially lower costs. The expansion of the footprint, through land and permits, exceeded our original plans and we believe that we will leverage these achievements in 2015."

The Company will host a conference call today, January 29, 2014, 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:

North American Toll Free: 1-866-253-4737  
International: 1-416-849-4292

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 producing, Nevada-based, gold and silver mining company with extensive, contiguous property in the Comstock District. 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 commenced production in 2012. The Company continues acquiring additional properties in the district, expanding its footprint and creating opportunities for further exploration, development and mining. The near term goal of our business plan is to deliver stockholder value by validating qualified resources (measured and indicated) and reserves (proven and probable) of at least 3,250,000 gold equivalent ounces from our first two resource areas, Lucerne and Dayton, achieve initial commercial mining and processing operations in the Lucerne Mine with annual production rates of approximately 40,000 gold equivalent ounces and significantly grow the commercial development of our operations through coordinated, district wide plans 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 the Private Securities Litigation Reform Act of 1995 about Comstock. Forward-looking statements are statements that are not historical facts. All statements, other than statements of historical facts, are forward-looking statements. Forward-looking statements include statements about matters such as: future prices and sales of, and demand for, our products; future industry market conditions; future changes in our exploration activities, production capacity and operations; future exploration, production, operating and overhead costs; operational and management restructuring activities (including implementation of methodologies and changes in the board of directors); future employment and contributions of personnel; tax and interest rates; capital expenditures and their impact on us; nature and timing and accounting for restructuring charges, gains or losses on debt extinguishment, derivative liabilities and the impact thereof; productivity, business process, rationalization, investment, acquisition, consulting, operational, tax, financial and capital projects and initiatives; contingencies; environmental compliance and changes in the regulatory environment; offerings, sales and other actions regarding debt or equity securities; and future working capital, costs, revenues, business opportunities, debt levels, cash flows, margins, earnings and growth.

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. 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 that 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 discussed in Item 1A, "Risk Factors" of our annual report on Form 10-K and the following: current global economic and capital market uncertainties; the speculative nature of gold or mineral exploration, including risks of diminishing quantities or grades of qualified resources and reserves; operational or technical difficulties in connection with exploration or mining activities; contests over our title to properties; potential dilution to our stockholders from the conversion of securities that are convertible into or exercisable for shares of our common stock; potential inability to continue to comply with government regulations; adoption of or changes in legislation or regulations adversely affecting our businesses; business opportunities that may be presented to, or pursued by, us; changes in the United States or other monetary or fiscal policies or regulations; interruptions in our production capabilities due to unexpected equipment failures; fluctuation of prices for gold or certain other commodities (such as silver, copper, diesel fuel, and electricity); changes in generally accepted accounting principles; geopolitical events; potential inability to implement our business strategies; potential inability to grow revenues organically; potential inability to attract and retain key personnel; interruptions in delivery of critical supplies and equipment raw materials due to credit or other limitations imposed by vendors; assertion of claims, lawsuits and proceedings against us; 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 maintain the listing of our securities on any securities exchange or market; 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. We undertake no obligation to publicly update or revise any forward-looking statement.

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

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