

Accelerates and Increases Cost Reductions, Strengthens Balance Sheet, Advances Drilling

VIRGINIA CITY, NV--(Marketwired - May 05, 2016) - [Comstock Mining Inc.](#) (the "Company") (NYSE MKT: LODE) today announced selected unaudited financial results for the fiscal quarter ended March 31, 2016.

First Quarter 2016 Selected Strategic and Operational Highlights

- Cost reduction targets for non-mining costs were increased from \$3 million to \$5.5 million, or over 80% improvement based on actions taken to date and other reductions planned for 2016.
- Encountered significant higher-grade intercepts from the Lucerne underground exploration.
- Secured \$5M in underground drilling, mine development, and mining services with our strategic partner, American Mining and Tunneling, LLC and American Drilling Corp, LLC.

First Quarter 2016 Selected Financial Highlights

- Mining revenue was \$2.0 million in Q1 2016, as compared to \$5.9 million in Q1 2015, with metallurgical yields improving to 87.5% during Q1 2016, from a previous estimate of 85%.
- Costs applicable to mining revenue were \$1.4 million, net of silver credits, in Q1 2016, as compared to \$3.7 million, net of silver credits, in Q1 2015. These costs include depreciation of \$0.7 million and \$1.5 million, for Q1 2016 and Q1 2015, respectively.
- General and administrative expenses were \$1.1 million in Q1 2016, as compared to \$2.1 million in Q1 2015, a 49% improvement driven by lower payroll and lower administrative expenses. Net loss was \$4.1 million, or \$(0.02) per share for Q1 2016, as compared to net income of \$1.3 million, or \$0.01 per share, for Q1 2015, resulting primarily from increased exploration and mine development expenses and to a lesser extent, lower mining revenues and margins.
- Net cash used in operations was \$0.7 million in Q1 2016, vs. cash provided of \$0.2 million in Q1 2015, resulting primarily from increased exploration and mine development expenditures.
- Net cash provided by investing activities was \$0.6 million, primarily from non-core asset sales.
- Net cash provided by financing activities in Q1 2016, was \$2.0 million from \$3.5 million from the sale of common stock offset by reductions of long-term debt and capital lease obligations.
- Cash and cash equivalents at March 31, 2016, were \$3.6 million.
- Total long-term debt and capital lease obligations at March 31, 2016, were \$10.8 million as compared to \$13.3 million at December 31, 2015.
- The Company paid down an additional \$1.5 million in debt obligations on April 1, 2016.

Production

The Company completed substantially all of the surface mining of the Lucerne West-side and the extraction and remediation of the historic dump materials relating to the re-alignment of State Route 342 during the second half of 2015. The re-alignment was completed in the fourth quarter of 2015. We continue processing the mineralized material stacked on our leach pad with recent metallurgical yield estimates increasing to over 87.5% as compared to the previous estimate of 85%. This increases our estimated recoverable gold ounces on the pad by approximately 1,317 ounces of gold. We now expect that the leaching process and resulting gold and silver pours will continue well into the 2016 third quarter, as compared to previous estimates of June 2016. During the 2016 first quarter, the Company poured 1,702 ounces of gold and 29,438 ounces of silver.

During the 2016 first quarter, the Company realized an average price of \$1,184.91 price per ounce of gold and a \$14.13 average sales price per ounce of silver. In comparison, commodity market prices in the first three months of 2016 averaged \$1,181.21 per ounce of gold and \$14.83 per ounce of silver.

Operating Costs and Cost Reductions

During the first three months of 2016, actual costs applicable to mining revenue were approximately \$1.8 million, \$1.4 million net of silver credits, as compared to \$4.9 million, \$3.7 million net of silver credits, during the first three months of 2015. This reduction of net costs applicable to mining revenue resulted primarily from higher metallurgical yields, and significantly lower labor and processing costs resulting from the Company's transition out of Lucerne's surface mining phase and into its underground exploration and development phase. Costs applicable to mining revenue included depreciation of \$0.7 million and \$1.5 million for the 2016 and 2015 first quarters, respectively.

During the first three months of 2016, the Company focused on reducing non-mining costs, originally targeting \$3 million in additional reductions for this year as compared to 2015. The Company has aggressively implemented changes, realizing \$1.6 million in lower non-mining costs and expenses, excluding exploration and development, in the first three months of 2016, as compared to the first three months of 2015. General and administrative costs and other non-mining costs, including mine claims and land costs, other real estate operating costs and environmental costs have already declined significantly, resulting in higher and faster savings that are now expected to be \$5.5 million lower during 2016, as compared to 2015, an improvement of over 80% when compared to the previous disclosed target of \$3 million. The Company incurred approximately \$0.2 million in severance costs during the first three months of 2016, associated with organizational cost reductions in all areas.

"We have amassed, rezoned and permitted one of the largest land positions in the economically booming Northern Nevada

Reno-Tahoe industrial quadrant while simplifying our capital structure and continuing to drive significant efficiencies across all of our fixed operating and administrative costs. We are protecting this incredible leverage on gold and silver resource development through the lowest possible administrative and operating cost structure, and we are now ahead of schedule in delivering these savings," stated Corrado De Gasperis, President and CEO of [Comstock Mining Inc.](#)

Exploration

During the 2016 first quarter, the Company advanced its exploration and development in the Lucerne area, primarily in the Quartz Porphyry (PQ) target and to a lesser extent, the Succor target area. Lucerne activity included underground core drilling, underground drift (tunnel) development, and underground sampling. We also advanced the Dayton areas exploration activities with certain surface and underground sampling. The Company plans to conduct additional, near term, exploration scope drilling within the Succor target area and certain core drilling for the Dayton resource area during the 2016 second half. Based on those results, additional infill drilling in the Succor and Dayton would follow with the objective of adding to internal mine planning and development efforts. Additional scope drilling of priority targets includes the northern PQ extension and the Woodville target areas.

From a district wide perspective, the company has added the southern portion of the Dayton, Spring Valley, Occidental, and Northern (Upper Gold Hill) targets to its longer term planning objectives, as shown in Figure 1 (attached).

As of March 2016, approximately 12,380 feet of HQ-3 and NQ core have been produced from six drill bays in the Harris Drift. The core locations and orientations were specifically designed to infill and expand the areas of known, high-grade mineralization identified from previous surface drilling programs, as shown in Figure 2 (attached).

The Company continued encountering longer mineralized intercepts (10 to 40 feet thick) from bays 3 through 6, as it advanced drilling to the north of the Succor structural intersection, within and bordering the PQ mass. The intervals show better continuity laterally and vertically along the structure.

Drill results from Bays 1 through 6 are summarized in Table1.

With completion of drilling, core logging and assaying through Drill Bay 6, the cross sections and level plans were developed, reviewed, updated and digitized. The model was further refined as these sections were tied together to form a three-dimensional triangulation using Maptek Vulcan software.

Using the geologic model and assay data as a base, multiple grade shells were produced. These shells form the base of the block model used for internal planning, resource and reserve development. The block model uses the grade shells to constrain grade estimation and sampling to specific areas. Grades are then estimated in those areas keeping grades in ranges identified by the statistical analysis of the drill assays, as shown in Figure 3 (attached).

The Company considers the initial 800 feet of advance within the Harris Drift as a first phase of development towards a longer-term exploration and development objective targeting a three quarter mile long mineralized corridor that includes the PQ, Succor, Woodville, and high-grade Chute zone target systems. Most of these systems remain open to the north and east and particularly at depth.

A second phase of development was completed by advancing a crosscut out of Drill Bay 2 to a total length of 450 feet, toward the structural intersection of the Silver City fault zone and Succor vein zone. The design of the crosscut is geared toward favorable underground drilling position. The Succor represents an important target in conjunction with the PQ based on its location (perpendicular and adjacent to the PQ), past production history and the results from the Company's 2011, and 2012, reverse circulation drill programs.

The Succor Vein Target has a strike length of greater than 1,000 feet, an average true width of 15 feet and an average dip of 55 degrees. The structure has reported historic mining grades of approximately 0.620 ounces per ton of recovered gold equivalent grade and is open to the east and at depth, along the entire structure. The proposed drilling holes shown in Figure 3 (attached) are designed to extend the depth of known mineralization.

Exploration and Development of Dayton Surface and Underground Targets

The technical staff also completed underground mapping, sampling, and surveying in a number of historic mine tunnels on and near the Dayton resource area. Once sampling was completed, the workings were surveyed to model the size and location of the openings. The samples were then assayed at the Company's own metallurgical laboratory for gold and silver.

This underground sampling program has not only provided a wealth of assay information but it has also provided critical information for furthering the geologic understanding of the Dayton. In some cases structures identified on the surface can be

traced underground and in other cases structures that do not have obvious surface expression are identified.

Corporate and Outlook

Production during 2016 is currently limited to processing of existing leach pad materials. Considering the improved estimates of gold and silver recoveries, that is, 87.55% for gold and 59.5% for silver, the current leach cycle will continue well into the third quarter, likely through September 2016, or later. All operating costs associated with hauling, crushing and other ancillary activities have been reduced or eliminated as we transition the full organizational focus toward the discovery, development and establishment of reserves from Lucerne and Dayton, and the additional district-wide targets, including the southern portion of the Dayton, Spring Valley, the Occidental Lode, and the Northern (Upper Gold Hill) targets to its longer term objectives for future mining. During our exploration and development activities in 2016, we expect to operate with less than 15 employees. General and administrative costs are also expected to decline significantly, now resulting in savings in all non-mining costs of over \$5.5 million during 2016, as compared to 2015, a more than 80% improvement as compared to the original non-mining cost reduction target of \$3 million.

On April 1, 2016, the Company fully repaid the outstanding revolving credit facility and other debt obligations with payments of \$1.5 million. The primary focus for the remainder of 2016, in addition to our exploration and development, is to reduce or eliminate the remaining obligations associated with land and equipment financing. The Company plans on selling non-core, non-mining related lands and buildings, resulting in expected net proceeds of at least \$5 million. These proceeds will pay down or eliminate current debt obligations and strengthen the financial position of the Company. The Company also plans on selling surface mining equipment, no longer required in our mine plans, valued at up to over \$3 million and eliminating the financing obligations associated with Caterpillar Finance. These actions should eliminate substantially all of the Company's debt obligations in 2016.

The Company commenced the underground drift tunnel and drilling, associated with the first underground exploration phase of a PQ geological target in September 2015, and completed drift-sampling, drilling and metallurgical test work of the PQ target during the first quarter. The Succor vein system has been prioritized as the easterly extension of the first phase of development beyond the high-grade PQ target. This will positively expand the scope of Phase 1, through the second half of 2016.

The existing drift tunnels will enable efficient scope drilling of these extensions, including the PQ target, the Succor vein systems and the historic Woodville Bonanza system. These initial targets represent the core of a broader geological corridor where the Company is currently drilling. Previous surface drilling in the area, including the Succor-Holman drilling from 2015 has suggested that a greater than 1,000 feet of mineralized strike in the Succor zone lying generally adjacent to and below the PQ target has the potential to yield high-grade gold and silver. The current program is designed to efficiently define that potential. The Company also completed the drifting to the Succor vein system and commenced geological sampling in the second quarter, on the Succor target, to assess its potential for building a more comprehensive Lucerne mine plan. Scope drilling for the Succor is planned for the third quarter.

During the second half of 2016, the Company will also commence limited core drilling in Dayton, sufficient to finalize the parameters of a mine plan and commence initial permitting for the Dayton Mine during the second half of 2016. The Company has developed grade shells with higher average grades and believes the Dayton to have economically feasible potential and plans on developing those mine plans in the latter half of 2016. Subsequent infill drilling is expected to expand the reserve potential for the Dayton mine plans.

The Company will report the results of the Lucerne and Dayton exploration and development programs, as they become available.

Mr. De Gasperis concluded, "While the PQ did not deliver a stand alone mine plan, our lower cost structure and much higher metallurgical yields position us well for future exploration and ultimate development of mine plans, including a PQ contribution that can exploit the existing infrastructure, permits and social license profitably. We are also evaluating the broader district and look forward to reviewing a longer term, exploration plan that includes the southern Dayton, Spring Valley, the extensive Occidental Lode strike, the Chute Zone and dozens of other targets cross the district."

Conference Call

The Company will host a conference call today, May 5, 2016, 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:

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 and is an emerging leader in sustainable, responsible mining, including concurrent and accelerated reclamations, soil sampling, voluntary air monitoring, cultural asset protection and historical restorations. 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 maximize intrinsic stockholder value realized, per share, by validating qualified resources and reserves (proven and probable) from our first two resource areas, Lucerne and Dayton, and significantly grow the commercial development of our operations through extended, long-lived mine 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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