

Acquires Strategic Lands, Significantly Reduces All Liabilities and Delivers Cost Reductions

VIRGINIA CITY, NV--(Marketwired - August 04, 2016) - [Comstock Mining Inc.](#) (the "Company") (NYSE MKT: LODE) today announced selected unaudited financial results for the fiscal quarter ended June 30, 2016.

Selected Strategic and Financial Highlights

- Completed strategic land and water rights acquisition, estimated to exceed \$10 million in value.
- Completed the "Lot 51" land acquisition from the Bureau of Land Management (BLM).
- Received a major Right of Way Grant Permit from the BLM for Lucerne hauling.
- Accelerated cost reduction activities to exceed \$8 million per annum, lowest in our peer group.
- Reduced overall debt and other obligations by over \$4.7 million since fiscal year-end.
- Reduced current liabilities by over \$3.5 million since fiscal year-end.
- Reduced bonding requirements by approximately \$4 million since fiscal year-end.
- Paid off the Company's revolving credit facility.
- Designated non-mining assets for sale anticipated to generate proceeds in excess of \$7 million.
- Encountered significant higher-grade intercepts from the Lucerne underground exploration.
- Progressed the Dayton Mine plans for permitting and future production.
- Expanded strategic plans for evaluating and acquiring properties inside and outside the district.

Selected Financial Highlights - Six-months Ended June 30, 2016 ("the six-month period")

- Mining revenue was \$3.4 million, for the six-month period, with gold and silver yields topping 87% and 60%, respectively. Costs applicable to mining were \$2.7 million, net of silver credits.
- General and administrative expenses were \$2.0 million for the six-month period, a 41% improvement driven by cost reduction activities and lower payroll and administrative expenses.
- Exploration and mine development expense was \$3.4 million for the six-month period, a 203% increase, primarily from underground exploration and development associated with Lucerne.
- Net loss was \$6.9 million for the six-month period, resulting from lower mining revenues and increased exploration and mine development expenses for Lucerne.
- Net cash used in operations was \$3.2 million for the six-month period, resulting primarily from increased exploration and mine development expenditures.
- Net cash provided by investing activities was \$1.6 million for the six-month period, resulting primarily from land and equipment sales, including net gains of approximately \$0.6 million.
- Total long-term debt and capital lease obligations at June 30, 2016, were \$8.6 million, a 35% reduction as compared to \$13.3 million at December 31, 2015.
- Cash and cash equivalents at June 30, 2016, were \$0.8 million.

Selected Financial Highlights - Three-months Ended June 30, 2016 (the "three-month period")

- Mining revenue was \$1.5 million for the three-month period, resulting from lower production and lower average pricing. Costs applicable to mining were \$1.3 million, net of silver credits.
- General and administrative expenses were \$0.9 million for the three-month period, a 28% improvement driven by cost reduction activities and lower payroll and administrative expenses.
- General and administrative expenses will continue to decline from actions already taken.
- Net loss was \$2.9 million for the three-month period, resulting primarily from lower mining revenues and increased exploration and mine development expenses for Lucerne.

"We have completed our organizational transformation, including significant cost and liability reductions with our partners, that puts us among, if not at, the lowest cost in our peer group. These actions, coupled with our planned non-mining land sales, will allow us to deliver a debt-free balance sheet with assets, infrastructure and permits that are positioned for growth," stated Corrado De Gasperis, President and CEO of [Comstock Mining Inc.](#)

Operating Costs and Cost Reductions

During the first six months of 2016, the Company transformed its operations from a predominantly fixed-cost, labor-based mining infrastructure, to a strategically partnered network of expert exploration, development, permitting and mining technical resources, both internal and external. This has created a best-in-class team of experts and a mostly variable cost structure for all future drilling, development and mining ventures. These partnerships include American Mining and Tunneling LLC, American Drilling Corporation, and a strong complement of supporting engineering, metallurgical and mining equipment providers where we have now established with preferred relationships.

Actual costs applicable to mining were \$2.7 million, net of silver credits, a 61% reduction from the comparable period in 2015, primarily a result of significantly lower fixed labor and processing cost from our completed organizational transformation. Costs applicable to mining for the first six months of 2016, and 2015, include depreciation of \$1.3 million and \$3.1 million, respectively.

Accordingly, 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, exceeding an annualized rate of over \$8 million.

Mr. DeGasperis continued: "We now have a leading, Nevada-based gold and silver development platform, positioned for accelerated resource growth and development, de-risked and permitted for future production. We are keen to participate in this rapidly improving gold and silver market."

Production

The Company stacked over 13,000 tons of mineralized material during the second quarter. This additional material, when combined with recently improved metallurgical yield estimates of over 87% for gold, increases our estimated recoverable gold ounces remaining on the pad. The Company now expects that the leaching process and resulting gold and silver pours will continue into the fourth quarter of 2016, with revenue in the third quarter expected to be approximately \$1 million.

During the first six months of 2016, the Company poured 2,957 ounces of gold and 51,569 ounces of silver. During the three months ended June 30, 2016, the Company poured 1,255 ounces of gold and 22,131 ounces of silver.

During the first six months of 2016, the Company realized an average price of \$1,193.04 per ounce of gold and a \$14.58 average sales price per ounce of silver. In comparison, commodity market prices in the first half of 2016 averaged \$1,220.28 per ounce of gold and \$15.80 per ounce of silver.

Current Exploration Projects - District-wide

During the second quarter of 2016, the Company expanded its exploration planning to include longer-term exploration targets across the broader Comstock District where multiple miles of additional mineralized strike zones have been identified and added to the Company's exploration planning activities. This includes the Company's the northeastern properties within the Occidental Group, the Northern properties referred to as the Gold Hill Group and the southern portion of the Dayton Resource Area, extending further south into the Spring Valley Group (refer to Figure 1).

Lucerne Exploration And Development

The Company encountered longer mineralized intercepts (10 to 40 feet thick) from bays 3 through 6 as it moved north of the Succor structural intersection and within and bordering the PQ mass. The intervals show continuity laterally and vertically along the structural contact. Using this data previous data, multiple grade shells were produced. Starting with cross sections and level plans, the shells were developed three-dimensionally and refined to form the base of the block model used for internal planning and resource development. (Figure 2)

Although the developed grade shells were promising, they have not yet been incorporated into an economic mine plan. The Company considers the initial 800 feet of advance within the Harris Drift as a first phase of development toward a longer-term exploration and development objective targeting a three quarter mile long mineralized corridor that includes the Lucerne (including the PQ target), Succor, Woodville, and Chute zone 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 next target in conjunction with the PQ zone based on its location (perpendicular and adjacent to the PQ). The Succor Vein Target has a strike length of greater than 1000 feet, an estimated true width averaging 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. Future drill programs are being developed with a phased approach to scope and extend the Succor and Woodville targets.

Dayton Exploration and Development

The Dayton Resource area represents the Company's second largest known resource and is located approximately 2 miles south of the Lucerne. The Company plans to conduct definition drilling and geotechnical core programs within the Dayton Resource area for the purposes of expanding the known resource, development a mine plan with established reserves and permitting the mine for the Company's second phase of surface mining and production. The Dayton has extensive structural definition from North to South and extending into the Company's Spring Valley target area. (Figure 3).

Spring Valley

Spring Valley is located south of State Route 341. Limited drilling has identified favorable mineralized zones. The exploration of Spring Valley will include phased drilling programs that will continue southerly from SR341 with a remarkable total a strike length of approximately 8,000 feet.

Occidental Group

The Occidental vein is a parallel vein system to the original Comstock Lode and is considered by the Company to be underexplored and a top exploration target, with historic, near surface, high grade production. The Occidental vein system also has a significant strike length of over 7,600 feet on lands controlled by the Company. Detailed geologic assessment and mapping is ongoing to best define future drilling and development of this exploration target.

Corporate and Outlook

The Company recently announced that the BLM, Sierra Front Field Office approved a major Right-of-Way for the Company, permitting a dedicated and expanded haul road from the Lucerne mine to the Company's centralized processing facilities. The Lucerne Haul Road permit provides exclusivity for hauling, enhancing expansion, efficiencies and safety. The approval required compliance with the National Historic Preservation Act and the National Environmental Policy Act (NEPA), including the successful approval of an expansive environmental assessment.

The Company also recently announced that the BLM has conveyed ownership of the parcel known locally as "Lot 51." The BLM's action legally recognizes Lot 51 as private property and marks the successful completion of a multi-year process to acquire this strategic land from the BLM that enables an expanded and efficient haul route from the Lucerne mine.

Mr. De Gasperis commented, "These outstanding achievements conclude two major federal processes resulting in a patent and major permit and deeply strengthens our mining foundation in the District. Our organization is expert at complex permitting and effectively advancing mine development projects in Nevada. We could not be more thankful to our team and the BLM for cooperating so effectively on this tremendous achievement."

The Company expects to operate with less than 15 employees, including with expert land, permitting, geology and metallurgical engineering professionals. General and administrative costs, however, are expected to continue declining significantly, from actions already taken and now delivering cost savings annually of over \$8.0 million.

The Company plans to sell non-mining related lands, buildings and water rights estimated to be worth more than \$10 million over the next twelve months, anticipated to result in proceeds of more than \$7 million. These proceeds will pay down or eliminate current debt obligations and strengthen the financial position of the Company. These actions are anticipated to eliminate substantially all of the Company's debt obligations in the next twelve months.

During the second half of 2016, the Company also plans on commencing the permitting for the Dayton Mine. The Company has developed grade shells with higher average grades and believes the Dayton to have economically feasible potential and plans on further developing those mine plans in the latter half of 2016. Future infill drilling is expected to further expand the reserve potential for the Dayton mine.

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

Conference Call

The Company will host a conference call today, August 4, 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:

<http://www.comstockmining.com/investors/investor-library>

About Comstock Mining Inc.

[Comstock Mining Inc.](#) is a Nevada-based, gold and silver mining company with extensive, contiguous property in the Comstock District and is an emerging leader in sustainable, responsible mining. 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 evaluating and acquiring properties inside and outside the district expanding its footprint and exploring all of our existing and prospective 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 continuing to acquire mineralized and potentially mineralized properties, exploring, developing and validating qualified resources and reserves (proven and probable) that enable 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. 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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