

Comstock Mining Provides Strategic Updates; Opportunity Fund Successfully Launched and Acquisitions Closed, NYSE Listing

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VIRGINIA CITY, Jan. 08, 2020 - [Comstock Mining Inc.](#) (‘Comstock’ or the ‘Company’) (NYSE American: LODE) today provided updates on key components of the Company’s strategic objectives.

Strategic Focus, Corporate Realignment and Transformation

In 2019, the Comstock Board of Directors approved a transformational strategy focused on high-value, cash-generating, precious metal-based activities, (the ‘Strategic Focus’) including, but not limited to, precious-metal exploration, resource development, economic feasibility assessments, mineral production, and related ventures of environmentally friendly and economically enhancing mining and processing technologies. The Company has enabled the Strategic Focus with a legal entity realignment that is facilitating both the disposition of non-mining assets while positioning the development of its 100% owned mineral properties (for example, our Dayton Resource Area and our Spring Valley exploration targets) and a number of highly focused and strategic transactions, ventures and partnerships that facilitate the development of our other mineral properties (for example, Lucerne and our other mineral properties located in Storey County) while advancing investments in new ventures, like Mercury Clean Up LLC and Sierra Springs Opportunity Fund Inc., and its subsidiaries, that successfully acquired the Silver Springs Regional Airport and an adjacent 180,000+ square foot manufacturing facility called Sierra Clean Processing LLC.

A photo accompanying this announcement is available at <https://www.globenewswire.com/NewsRoom/AttachmentNg/6834143a-b3ed-4d2a-bc64-e9dd66e8e007>

Mr. Corrado De Gasperis, Executive Chairman and CEO stated, ‘Our realignment and transformation has repositioned the Company to first unlock unrealized shareholder value and then create and deliver new value from precious metal based innovations and developments, including our Dayton resource and the MCU joint venture.’

Value Proposition

Comstock’s foundational value starts with its land, water and mineral rights on and in the historic, world-class Comstock Lode district, and our planned growth is based on Comstock’s exploitation of existing mineral resources, planned resource developments, new, clean-technology-based ventures from its established and permitted platform.

This platform includes the 100% owned Comstock Processing LLC, that has crushing, leaching, processing, metallurgical labs and equipment, where the Company’s clean-technology platform, joint ventures and partnerships identify and enable opportunities for significant value growth, especially in the area of mercury remediation and reprocessing of residual-leached mineralized materials. The following table summarizes the components of Comstock’s announced strategies and a valuation buildup based on the estimated potential, future contributions to the value of the Company for each opportunity (with the low representing the most known and quantifiable and the high representing least known or most nascent):

| <i>(Dollars in millions)</i> | <i>Valuation Targets⁽¹⁾</i> | |
|---|--|-------------|
| | <i>Low</i> | <i>High</i> |
| <i>Strategic Value Proposition</i> | | |
| Investment in the Sierra Springs Opportunity Fund | \$ 2.5 | \$ 115.0+ |
| Mercury Clean-up & International Project #2 | 25.0 | 62.5+ |

| | | |
|---|----------|-----------|
| Mercury Clean-up & International Project #1 | 25.0 | 62.5+ |
| Mercury Clean-up & Comstock Project | 1.5 | 20.0+ |
| Leach Material Reprocessing & Comstock Project | 7.0 | 60.0+ |
| Dayton Mineral Resource Development | 40.0 | 120.0+ |
| Lucerne Mineral Resource Development | 24.0 | 60.0+ |
| Initial Consolidated Comstock Value Target Ranges | \$ 125.0 | \$ 500.0+ |

| | | |
|---|---------------------------|-------------|
| <i>(Dollars in millions)</i> | <i>Valuation Estimate</i> | |
| <i>Non-Mining Assets</i> | <i>Low</i> | <i>High</i> |
| Non-Mining Senior Water Rights | \$ 4.0 | \$ 4.5 |
| Non-Mining Land Values | 9.0 | 10.5 |
| Residual Land Values (post-reclamation) | 24.0 | 32.0 |
| Total Base Land Value | \$ 37.0 | \$ 47.0 |

Note (1): Valuation Targets represent management estimates (please see forward looking statements at the end of this release).

Mr. De Gasperis continued, "We made remarkable progress with numerous objectives completed during the fourth quarter of last year. During November, we closed on the sale of 50% of the membership interest in Comstock Mining LLC to Tonogold and effectively facilitated the launch of Sierra Springs Opportunity Fund Inc. In late December, Sierra Springs closed on its first acquisitions including the Silver Springs Regional Airport LLC and the 180,000 plus square foot Sierra Clean Processing LLC, manufacturing facility, both completed just before last year end. We also regained full compliance with our NYSE listing and further escrowed deposits on our non-mining asset sales in Silver Springs. The platform is now repositioned for tremendous growth and we are starting to close and realize the value of this progress."

Non-mining Asset Sales and the Northern Nevada Opportunity Zones

Last year, the U.S. Treasury confirmed that all of Storey County and significant parts of Silver Springs, NV, had been certified as Qualified Opportunity Zones. The Company owns non-mining assets in these locations, including substantial lands and senior water rights in Silver Springs, NV, and the Gold Hill Hotel in Storey County, NV.

These two, adjacent qualified opportunity zones are located on growing, high volume, logistical highways, railways and airports, with the State of Nevada investing over \$125 million in the new USA Parkway and the four-lane expansion of Highway 50, all converging in Silver Springs, NV.

A photo accompanying this announcement is available at <https://www.globenewswire.com/NewsRoom/AttachmentNg/a19a6833-7617-4f7d-bae6-7a1dda2be422>

Sierra Springs Opportunity Fund Inc. ("SSOF") was formed to capitalize on the extraordinary, explosive growth of high-tech industries in northern Nevada, and its qualified opportunity zones, and has already purchased the Silver Springs Regional Airport and an adjacent, 180,000 plus square foot manufacturing complex, and secured the rights to thousands of developable acres of land and other assets, including an agreement to purchase Comstock's Silver Springs properties and water rights, all within the immediate proximity of the Tahoe Reno Industrial (TRI) Center.

A photo accompanying this announcement is available at <https://www.globenewswire.com/NewsRoom/AttachmentNg/76df942f-0267-4c8c-b194-7d0526cf3e8b>

Comstock expects its ownership, on a fully diluted basis, to be approximately 9% of the SSOF.

Non-mining Asset Sales and Repositioned Financial Position

The Company has agreed to sell and escrowed its two properties in Silver Springs, and over 200 acre-feet of senior water rights for just over \$10 million and has received an additional \$300,000 deposit toward the purchase of these non-mining properties. The closing dates for these sales is now January 31, 2020. The Company has already reduced its debenture down to approximately \$4.9 million, and upon completion of the non-mining asset sales, the Company's remaining debt will be eliminated, plus initial funding for the Company's planned growth initiatives.

The following sequence of *pro formas* represents the near-term transition of Comstock's financial position over the next 6 months, giving effect to the elimination of debts and other obligations, including the Northern Comstock JV obligations and transitioning to a debt free, JV obligation-free, well-funded Company, positioned for growth.

| <i>(US\$ in thousands, except per share data)</i> | <i>Pro Forma Lucerne Sale (50%) 12/31/2019</i> | <i>Pro Forma Post Silver Springs Sales 1/31/2020</i> | <i>Pro Forma Lucerne & Daney Sales 6/30/2020</i> |
|---|--|--|--|
| Cash and Cash Equivalents | \$ | \$,015 | \$,500 |
| Assets Held For Sale and Cash Payments Due | | | |
| Lucerne Properties | \$ | \$69 | \$69 |
| Industrial Land & Water (Silver Springs) | | 2739 | -0- |
| Commercial Land (Downtown Silver Springs) ⁽¹⁾ | | 3590 | -0- |
| Daney Ranch and Gold Hill Hotel | | 2,625 | 2,625 |
| <i>Total Assets Held For Sale</i> | \$ | \$,723 | \$,704 |
| Cash Obligation Due-From-Tonogold | \$ | \$,275 | \$,550 |
| Tonogold Convertible Preferred Stock ⁽²⁾⁽³⁾⁽⁴⁾ | | 9,050 | 9,150 |
| <i>Total Assets Intended for Sale/Monetization</i> | \$ | \$4,058 | \$6,404 |
| Debt and Other Obligations | | | |
| Senior Secured Debenture | \$ | \$,929 | \$0- |
| Northern Comstock JV | | 7,102 | 7102 |
| Equipment Financing (CAT) | | 699 | 669 |
| Total Debt and Other Obligations | \$ | \$2,730 | \$,771 |
| Total Common Shares Outstanding | 27,236,489 ⁽⁵⁾ | 27,236,489 ⁽⁵⁾ | 27,236,489 ⁽⁵⁾ |

1. Represents the acquisition of the non-mining asset (160-acre Downtown Silver Springs) parcel in December 2019, contracted to sell in January 2020.
2. Represents Convertible Preferred Stock received from Tonogold with a stated value of \$4,750 and a fair-market-valued of \$5,650 as of September 30, 2019.
3. Represents Convertible Preferred Stock received from Tonogold with a stated value of \$6,000 and a fair-market-valued of \$9,050 as of December 31, 2019.
4. Represents an additional \$100,000 of Convertible Preferred Stock at the stated value due to be received from Tonogold in January 2020.
5. Includes 1,842,446 restricted common shares privately placed in December, 2019, for proceeds of \$550,000.

Comstock Mining LLC and Tonogold Closing

Tonogold now has a 50% membership interest in Comstock Mining LLC, the entity that owns the Lucerne mine. The transaction alone is expected to deliver well over \$24 million (\$11.2 million in cash, \$6.1 million in stock and over \$7 million in assumed liabilities) of tangible value to Comstock. The agreement also subsidizes \$2.2 million in annualized savings and retains a 1.5% NSR royalty on Lucerne plus future rents payable under a Lease-Option for using the Company's processing facilities. These agreements are expected to and may deliver additional value to Comstock of \$20-\$35 million based on Tonogold's final mine plans. The remaining \$5.275 million in cash owed to the Company represents a secured obligation of Tonogold with payments continuing through June 2020. The \$6.1 million in Tonogold Convertible Preferred Stock is valued at over \$9 million at December 31, 2019.

Comstock Processing LLC and Mercury Clean Up LLC

During 2019, Comstock Processing LLC, entered into a definitive agreement with Mercury Clean Up LLC ("MCU"), in collaboration with Oro Industries Inc. ("Oro"), for the manufacture and global deployment of mercury remediation systems with proprietary mechanical, hydro, electro-chemical and oxidation processes to reclaim, treat and remediate mercury, and the entrapped precious metals, from soils, waste and tailings.

Comstock and MCU have secured the necessary permits and are beginning to mobilize equipment to commence drilling and sampling. The state-of-the-art mercury remediation equipment is scheduled to begin arriving on site this month and the Company is targeting domestic and international opportunities with estimated annualized revenues of \$100 million each. Comstock has ownership options for 25% of MCU and other rights that can result in Comstock receiving up to 62.5% of the profits for each of these mercury remediation opportunities. Securing these mercury remediation opportunities could result in profits of \$25-\$62.5 million, per project, for the Company.

Corporate Update and NYSE Compliance with Continued Listing Standards

Last week, the Company received a letter from the NYSE American LLC (the "Exchange"), stating that the Company was in full compliance with the Exchange's continued listing standards set forth in Part 10 of the Exchange's Company Guide. The Exchange specifically noted that the Company has resolved the Company's previously announced low selling price deficiency. Effective January 3, 2020, the "bc" designation, signifying below-compliance with NYSE American listing standards was removed from the Company's trading symbol.

Mr. De Gasperis, concluded, "We are positioned for value growth and we delivered on our commitment to maintain the NYSE American listing standards and we could not be prouder of our commitment to and collaboration with this world-class platform and the regulatory protections it provides for all of our shareholders. We look forward to delivering on our strategic value propositions and updating our investors on all of our progress throughout 2020.

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 that is currently commercializing environment-enhancing, precious-metal-based technologies, products and processes for precious metal recovery. 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 completed its first phase of production. 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 Company's goal is to grow per-share value by commercializing environment-enhancing, precious-metal-based products and processes that generate predictable cash flow (throughput) and increase the long-term enterprise value of our northern Nevada based platform.

Forward-Looking Statements

This press release and any related calls or discussions may include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, are forward-looking statements. 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. Forward-looking statements include statements about matters such as: consummation of all pending transactions; project, asset or Company valuations; future industry market conditions; future explorations, acquisitions, investments and asset sales; future performance of and closings under various agreements; future changes in our exploration activities; future estimated mineral resources; future prices and sales of, and demand for, our products; future impacts of land entitlements and uses; future permitting activities and needs therefor; future production capacity and operations; future operating and overhead costs; future capital expenditures and their impact on us; future impacts of operational and management changes (including changes in the board of directors); future changes in business strategies, planning and tactics and impacts of recent or future changes; future employment and contributions of personnel, including consultants; future land sales, investments, acquisitions, joint ventures, strategic alliances, business combinations, operational, tax, financial and restructuring initiatives; the nature

and timing of and accounting for restructuring charges and derivative liabilities and the impact thereof; contingencies; future environmental compliance and changes in the regulatory environment; future offerings of equity or debt securities; the possible redemption of debentures and associated costs; future working capital, costs, revenues, business opportunities, debt levels, cash flows, margins, earnings and growth.

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, many of which are unforeseeable and beyond our control and 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 set forth in our filings with the SEC and the following: counterparty risks; capital markets' valuation and pricing risks; adverse effects of climate changes or natural disasters; global economic and capital market uncertainties; the speculative nature of gold or mineral exploration, including risks of diminishing quantities or grades of qualified resources; operational or technical difficulties in connection with exploration or mining activities; contests over title to properties; potential dilution to our stockholders from our stock issuances and recapitalization and balance sheet restructuring activities; potential inability to comply with applicable government regulations or law; adoption of or changes in legislation or regulations adversely affecting businesses; permitting constraints or delays; decisions regarding business opportunities that may be presented to, or pursued by, us or others; the impact of, or the non-performance by parties under agreements relating to, acquisitions, joint ventures, strategic alliances, business combinations, asset sales, leases, options and investments to which we may be party; changes in the United States or other monetary or fiscal policies or regulations; interruptions in production capabilities due to capital constraints; equipment failures; fluctuation of prices for gold or certain other commodities (such as silver, zinc, cyanide, water, diesel fuel and electricity); changes in generally accepted accounting principles; adverse effects of terrorism and geopolitical events; potential inability to implement business strategies; potential inability to grow revenues; potential inability to attract and retain key personnel; interruptions in delivery of critical supplies, equipment and raw materials due to credit or other limitations imposed by vendors or others; assertion of claims, lawsuits and proceedings; potential inability to satisfy debt and lease obligations; 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 list our securities on any securities exchange or market; inability to maintain the listing of our securities; 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. Except as may be required by securities or other law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Neither this press release nor any related calls or discussions constitutes an offer to sell, the solicitation of an offer to buy or a recommendation with respect to any securities of the Company, the fund or any other issuer.

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