

**Comstock Metals Ltd.**  
**Condensed Consolidated Interim Financial Statements**  
**Six Months Ended March 31, 2015**

**Expressed in Canadian Dollars**  
**(Unaudited)**

#### **NOTICE TO READER**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Comstock Metals Ltd.  
Consolidated statements of financial position  
(Expressed in Canadian dollars – unaudited)

	Notes	March 31, 2015	September 30, 2014
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 53,800	\$ 164,535
GST receivable		25,918	4,075
Prepaid expenses		11,053	25,239
		90,771	193,849
<b>Non-current assets</b>			
Equipment	3	6,758	8,485
Exploration and evaluation assets	4	5,077,677	4,587,762
		5,084,435	4,596,247
<b>TOTAL ASSETS</b>		<b>\$ 5,175,206</b>	<b>\$ 4,790,096</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payables and accrued liabilities	5	\$ 84,764	\$ 98,195
Flow-through tax liability	6	-	28,641
<b>TOTAL LIABILITIES</b>		<b>84,764</b>	<b>126,836</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	6	9,065,866	8,581,866
Share-based payment reserve	6	1,009,668	1,009,668
Deficit		(4,985,092)	(4,928,274)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>5,090,442</b>	<b>4,663,260</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 5,175,206</b>	<b>\$ 4,790,096</b>

**Nature and continuance of operations (Note 1)**

Approved on behalf of the Board:

<u>"Rasool Mohammad"</u>	Rasool Mohammad
<u>"Darren Urquhart"</u>	Darren Urquhart

Comstock Metals Ltd.  
Consolidated statements of comprehensive loss  
(Expressed in Canadian dollars – unaudited)

	Notes	Three month periods ended		Six month periods ended	
		March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
<b>Expenses</b>					
Depreciation		\$ 810	\$ 1,554	\$ 1,727	\$ 3,109
Filing fees		4,487	7,731	16,522	11,658
Investor relations		764	19,285	2,543	29,526
Management fees	7	-	106,800	-	153,600
Office and administrative	7	26,291	84,412	33,158	129,909
Professional fees		10,630	5,100	13,506	13,766
Rent	7	-	12,850	13,800	25,600
Travel		-	648	388	3,070
		\$ (42,982)	\$ (238,380)	\$ (81,644)	\$ (370,238)
<b>Other items</b>					
Interest income		-	1,272	-	4,702
Flow-through liability reversed	6	-	-	28,641	64,574
Flow-through tax penalty		(2,665)	(1,107)	(3,815)	(1,107)
		(2,665)	165	24,826	68,169
<b>Comprehensive loss for the period</b>		<b>\$ (45,647)</b>	<b>\$ (238,215)</b>	<b>\$ (56,818)</b>	<b>\$ (302,069)</b>
<b>Loss per share – basic and diluted</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Comstock Metals Ltd.  
Consolidated statements of changes in equity  
(Expressed in Canadian dollars – unaudited)

	Notes	Share capital		Share-based payment reserve	Deficit	Total
		Number of shares	Amount			
<b>Balance at October 1, 2013</b>		<b>78,979,754</b>	<b>\$ 8,571,866</b>	<b>\$ 1,009,668</b>	<b>\$ (2,636,108)</b>	<b>\$ 6,945,426</b>
Loss for the period		-	-	-	(302,069)	(302,069)
<b>Balance at March 31, 2014</b>		<b>78,979,754</b>	<b>\$ 8,571,866</b>	<b>\$ 1,009,668</b>	<b>\$ (2,938,177)</b>	<b>\$ 6,643,357</b>
<b>Balance at October 1, 2014</b>		<b>79,229,754</b>	<b>\$ 8,581,866</b>	<b>\$ 1,009,668</b>	<b>\$ (4,928,274)</b>	<b>\$ 4,663,260</b>
Shares issued for settlement of debt	6	8,066,667	484,000	-	-	484,000
Loss for the period		-	-	-	(56,818)	(56,818)
<b>Balance at March 31, 2015</b>		<b>87,296,421</b>	<b>\$ 9,065,866</b>	<b>\$ 1,009,668</b>	<b>\$ (4,985,092)</b>	<b>\$ 5,090,442</b>

See accompanying notes to the condensed consolidated interim financial statements

Comstock Metals Ltd.  
Consolidated statements of cash flows  
(Expressed in Canadian dollars – unaudited)

	Six month period ended	
	March 31, 2015	March 31, 2014
<b>Operating activities</b>		
Net loss	\$ (56,818)	\$ (302,069)
Adjustments for non-cash items:		
Depreciation	1,727	3,109
Flow-through liability reversed	(28,641)	(64,574)
Non-cash management fees	-	60,000
Non-cash administrative fees	-	60,000
Non-cash interest income	-	(632)
Changes in non-cash working capital items:		
GST receivable	(21,843)	44,929
Prepaid expenses	14,186	(784)
Accounts payable and accrued liabilities	13,431	(256,269)
<b>Net cash flows used in operating activities</b>	<b>(104,820)</b>	<b>(456,291)</b>
<b>Investing activities</b>		
Accrued interest	-	(4,140)
Expenditures on equipment	-	(1,673)
Expenditures on exploration and evaluation assets	(5,915)	(210,427)
<b>Net cash flows used in investing activities</b>	<b>(5,915)</b>	<b>(216,240)</b>
Decrease in cash	(110,735)	(672,531)
Cash, beginning	164,535	1,172,787
<b>Cash, ending</b>	<b>\$ 53,800</b>	<b>\$ 500,256</b>
<b>Non-cash transactions</b>		
Shares issued for settlement of debt	\$ 484,000	\$ -

**1. Nature and continuance of operations**

Comstock Metals Ltd. (the “Company” or “Comstock”) was incorporated on December 13, 2007 under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada and Mexico. The Company’s shares are traded on the TSX Venture Exchange (“Exchange”) under the symbol “CSL”.

The head office, registered office, principal address and records office of the Company are located at 850 West Hastings Street, Suite 310, Vancouver, British Columbia, Canada, V6C 1E1.

These unaudited condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at March 31, 2015, the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, loans from directors and companies controlled by directors and or private placement of common shares.

**2. Significant accounting policies and basis of preparation**

The financial statements were authorized for issue on May 27, 2015 by the directors of the Company.

***Statement of compliance***

These unaudited condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). Therefore, these financial statements comply with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”.

These interim financial statements do not include all of the information required of a full annual financial statements and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these financial statements be read in conjunction with the audited annual financial statements of the Company for the year ended September 30, 2014.

***Basis of consolidation***

These consolidated financial statements include the accounts of the company and its controlled entity. Details of the controlled entity are as follows:

	Country of incorporation	Percentage owned*	
		March 31, 2015	September 30, 2014
Minera Comstock, S.A., de C.V.	Mexico	100%	100%

\*Percentage of voting power is in proportion to ownership.

Comstock Metals Ltd.  
Notes to the Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian dollars - unaudited)  
For the six month periods ended March 31, 2015 and 2014

**3. Equipment**

	Computer hardware	Computer software	Camp equipment	Office furniture and equipment	Total
<b>Cost:</b>					
At September 30, 2014	\$ 5,565	\$ 10,305	\$ 2,140	\$ 508	\$ 18,518
At March 31, 2015	\$ 5,565	\$ 10,305	\$ 2,140	\$ 508	\$ 18,518
<b>Amortization:</b>					
At September 30, 2014	\$ 2,851	\$ 6,440	\$ 599	\$ 143	\$ 10,033
Charge for the period	636	906	150	35	1,727
At March 31, 2015	\$ 3,487	\$ 7,346	\$ 749	\$ 178	\$ 11,760
<b>Net book value:</b>					
At September 30, 2014	\$ 2,714	\$ 3,865	\$ 1,541	\$ 365	\$ 8,485
At March 31, 2015	\$ 2,078	\$ 2,959	\$ 1,391	\$ 330	\$ 6,758



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**4. Exploration and evaluation assets**

	Canada			Mexico		Total for six month period ended March 31, 2015	Total for year ended September, 2014
	Kermode and QV	Walhalla	Grassick	Corona			
<b>Property acquisition costs</b>							
Balance, beginning of period	\$ 598,886	\$ 1	\$ -	\$ 1	\$ 598,888	\$ 960,708	
Additions	-	-	-	-	-	200,000	
Impairment write-down	-	-	-	-	-	(561,820)	
<b>Balance, end of period</b>	<b>598,886</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>598,888</b>	<b>598,888</b>	
<b>Exploration and evaluation costs</b>							
Balance, beginning of period	3,988,874	-	-	-	3,988,874	4,948,957	
Costs incurred during period:							
Assays and drilling	4,047	-	11,200	-	15,247	59,740	
Camp and field costs	-	-	70,900	-	70,900	2,060	
Claim maintenance	-	-	-	-	-	19,249	
Consulting	-	-	-	-	-	13,530	
Drilling	-	-	-	-	-	950	
Geochemical	-	-	83,225	-	83,225	37,697	
Geological and geophysics	-	-	134,692	-	134,692	73,894	
Helicopter	-	-	-	-	-	2,191	
Maps and reports	-	-	19,000	-	19,000	4,485	
Project supervision	-	-	63,750	-	63,750	-	
Supplies and equipment	-	-	1,233	-	1,233	1,107	
Travel and accommodation	628	-	-	-	628	1,060	
Trenching	-	-	-	-	-	11,075	
Wages and benefits	1,240	-	100,000	-	101,240	33,174	
Impairment write-down	-	-	-	-	-	(1,220,295)	
<b>Balance, end of period</b>	<b>3,994,789</b>	<b>-</b>	<b>484,000</b>	<b>-</b>	<b>4,478,789</b>	<b>3,988,874</b>	
<b>Total</b>	<b>\$ 4,593,675</b>	<b>\$ 1</b>	<b>\$ 484,000</b>	<b>\$ 1</b>	<b>\$ 5,077,677</b>	<b>\$ 4,587,762</b>	

**4. Exploration and evaluation assets (cont'd)**

The following is a description of the Company's exploration and evaluation assets and the related spending commitments:

***Kermode and QV Property, Yukon, Canada***

During the year ended September 30, 2014, the Company completed all option requirements and earned a 100% interest in the property.

The Kermode and QV Property is subject to a 2.0% Net Smelter Royalty ("NSR") to the optionor. The Company has the right to acquire 1.0% of the NSR for a payment of \$2,500,000. Commencing June 22, 2015, the Company must also make annual cash advance payments of \$25,000 to the optionor until the commencement of commercial production (the "Advance Royalty"). The Advance Royalty is deductible against the NSR. The Company may pay the Advance Royalty in cash or by issuing common stock of the Company based on the average closing price of its shares in the 10 trading days prior to the due date of the Advance Royalty.

***Walhalla Property, Yukon, Canada***

On July 27, 2012, the Company entered into a binding Letter of Intent ("Walhalla LOI") with Seafield Explorations Ltd. ("Seafield") to purchase a 75% interest in a joint venture with Volcanic Minerals Ltd for the development of mineral claims of the Walhalla Property. The property will be acquired for the following consideration:

Date	Cash payments	Share issuances
On Date of Transaction Completion	\$300,000 (paid)	500,000 (issued)
Upon 43-101 Technical Report with 500,000 ounce gold resource		500,000
		1,000,000

This purchase is a related party transaction because the Company shares a common director with Seafield.

During the year ended September 30, 2014, the Company recognized impairment of \$521,309 to write down the property to \$1.

***Grassick, Saskatchewan, Canada***

In November 2014, the Company staked claims in the Cree-Key Lakes and Patterson South areas of Saskatchewan.

***Corona Property, Mexico***

During the year ended September 30, 2013, the Company completed all option requirements and earned a 60% interest in the Corona Property.

During the year ended September 30, 2014, the Company recognized impairment of \$1,260,806 to write down the property to \$1.

**5. Accounts payable and accrued liabilities**

	March 31, 2015	September 30, 2014
Trade payables	\$ 78,284	\$ 67,408
Accrued liabilities	-	24,307
Flow-through tax penalty payable	6,480	6,480
	<u>\$ 84,764</u>	<u>\$ 98,195</u>

**6. Share capital**

***Authorized share capital***

Unlimited number of common shares without par value.

***Issued share capital***

At March 31, 2014 and there were 87,296,421 (September 30, 2014 - 79,229,754) issued and fully paid common shares.

On January 15 2015, the Company settled an aggregate of \$484,000 of indebtedness through the issuance of 8,066,667 common shares at a deemed price of \$0.06 per common share. All common shares issued were subject to a hold period of four months and one day from the date of issuance.

During the year ended September 30, 2013, the Company recognized a flow-through tax liability of \$64,574 upon issuance of the 5,669,118 flow-through shares. During the six month period ended March 31, 2014, the Company renounced \$963,750 in exploration expenditures and recorded a flow-through tax recovery of \$64,574, representing expenditures incurred to that date. During the six month period ended March 31, 2014, the Company recorded a flow-through tax recovery of \$28,641 as the remaining expenditures were incurred.

***Basic and diluted loss per share***

The calculation of basic and diluted loss per share for the six month period ended March 31, 2015 was based on the loss attributable to common shareholders of \$56,818 (2014 - \$302,069) and the weighted average number of common shares outstanding of 82,553,930 (2014 - 78,979,754).

Diluted loss per share did not include the effect of 1,770,000 stock options and 18,930,331 share purchase warrants as the effect would be anti-dilutive.

***Stock options***

The changes in options during the six month period ended March 31, 2015 are as follows:

	March 31, 2015	
	Number of options	Weighted average exercise price
Options outstanding, beginning	3,765,000	\$ 0.26
Options cancelled	(1,265,000)	\$ 0.27
Options expired	(730,000)	\$ 0.21
Options outstanding, ending	<u>1,770,000</u>	<u>\$ 0.27</u>
Options exercisable, ending	<u>1,770,000</u>	<u>\$ 0.27</u>

**6. Share capital (cont'd)**

At March 31, 2015, the weighted average remaining life of options outstanding was 2.19 years.

The changes in options during the six month period ended March 31, 2014 are as follows:

	March 31, 2014	
	Number of options	Weighted average exercise price
Options outstanding, beginning	3,890,000	\$ 0.26
Options expired	(125,000)	\$ 0.30
Options outstanding, ending	3,765,000	\$ 0.26
Options exercisable, ending	3,765,000	\$ 0.26

At March 31, 2014, the weighted average remaining life of options outstanding was 2.74 years.

**Warrants**

The changes in warrants during the six month period ended March 31, 2015 are as follows:

	March 31, 2015	
	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning	19,633,931	\$ 0.39
Warrants expired	(703,600)	0.15
Warrants outstanding, ending	18,930,331	\$ 0.40

At March 31, 2015, the weighted average remaining life of warrants outstanding was 2.34 years.

There were no changes in warrants during the six month period ended March 31, 2014:

	March 31, 2014	
	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning	20,343,438	\$ 0.29
Warrants outstanding, ending	20,343,438	\$ 0.29

At March 31, 2014, the weighted average remaining life of warrants outstanding was 3.13 years.

**7. Related party transactions**

The Company incurred the following transactions with directors and officers of the Company or corporations controlled by them.

	Six month periods ended	
	March 31, 2015	March 31, 2014
Rent	\$ 13,800	\$ 25,600

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7. **Related party transactions** (cont'd)

***Key management personnel compensation***

	Six month periods ended	
	March 31, 2015	March 31, 2014
Administration fees	\$ 22,000	\$ 101,190
Management fees	-	153,600
	<u>\$ 22,000</u>	<u>\$ 254,790</u>

As of March 31, 2015, there is \$2,000 (March 31, 2014 - \$Nil) included in accounts payable and accrued liabilities owing to directors and officers of the Company or corporations controlled by them.