

Comstock Metals Ltd.

Form 51-102F1

Management's Discussion and Analysis For the Six Months Ended March 31, 2016 Expressed in Canadian Dollars Unless Otherwise Noted

This Management Discussion and Analysis ("MD&A"), dated as of May 24, 2016, should be read in conjunction with the condensed consolidated interim financial statements for the six months ended March 31, 2016 of Comstock Metals Ltd. (also referred to as "Comstock" or the "Company", or "we" or "our") and other corporate filings available under Comstock's company profile on SEDAR at www.sedar.com and the Company's website, www.comstock-metals.com. We report our financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Overview and Overall Performance

Comstock Metals is primarily a gold exploration company with its shares traded on the TSX Venture Exchange under the symbol "CSL" and led by a technically focused management team engaged in the acquisition and exploration of projects in mining friendly jurisdictions. Comstock is currently engaged in the exploration and development of mineral properties in the White Gold District of the Yukon and the Athabasca Basin of Saskatchewan. For the funding of property acquisitions and exploration the Company depends on the issuance of shares from the treasury to investors and does not use long term debt. 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.

As of March 31, 2015 the Company had a working capital (deficiency) of \$(67,158) (September 30, 2015 - \$(21,274)) and cash on hand of \$28,682 (September 30, 2015 - \$26,284). As of the date of this report, 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, private placements of common shares, public offerings of common shares, convertible debt instruments and/or loans from which may or may not originate from insiders of the Company.

Board of Directors and Management Appointments and Resignations

Dr. David A. Terry

On April 25, 2016, Dr. David A. Terry joined the Company as President, CEO and a Director. Dr. Terry is a professional economic geologist, senior executive and corporate director with more than 25 years' of international experience in the mineral resources sector. He has played key roles in the successful acquisition, exploration and development of a number of precious and base metal deposits, primarily in North and South America, and has expertise in advanced project evaluation, M&A, corporate finance, and design and execution of effective exploration programs.

In the course of his career Dr. Terry has held executive positions and directorships with a number of publicly-listed and private mineral resource companies; he currently serves as a director of Golden Arrow Resources Corporation which is advancing its Chinchillas silver project in Argentina. Dr. Terry has also worked with a number of senior mining companies including Boliden Limited, Westmin Resources Limited, Hemlo Gold Mines Inc., Cominco Limited and Gold Fields Mining Corporation.

Dr. Terry holds a B.Sc. and Ph.D. in geology from Western University in Ontario and is a member of the Association of Professional Engineers and Geoscientists of British Columbia.

Dr K. Sethu Raman

On April 7, 2016, Dr K. Sethu Raman joined the Company as an advisor. Dr. Raman is a proven mine finder and a successful entrepreneur with more than 46 years of international experience in all phases of exploration, mine development, acquisitions and operations as well as experience in financial and legal areas. He has pioneered many new exploration concepts and strategies which have led to the discovery of eleven significant gold, silver, copper, zinc, phosphate and uranium deposits located near established mining camps, seven of which went on to become producing gold mines in Canada.

As President and CEO of Holmer Gold Mines Ltd (1985-2004) and Director and Advisor to Lake Shore Gold Corp (2004-2016), Dr. Raman has been the driving force behind the discovery and development of the Timmins West Gold mine in a previously unknown faulted extension of the Timmins Mining Camp. The surrounding area hosts several deposits and profitable mines operated by Lake Shore Gold with an annual production of 180,000 ounces of gold in 2014. On April 1, 2016 Lake Shore accepted a friendly \$945M takeover offer by Tahoe Resources Inc.

Dr. Raman previously spent 13 years with Campbell Chibougamau Mines/Campbell Resources and the Royex Gold Mining Group of companies controlled by Ned Goodman. He joined as a Research Geologist and held various management positions including Vice President from 1980 to 1986. Here he played a key role in the discovery and development of six gold mines in Quebec, Ontario and the Canadian Arctic increasing the market cap from \$25M to \$1B. Subsequently, these companies were sold to Home Stake Mining (now Barrick Gold) and Patino Mining Corp.

Dr. Raman holds a Ph.D. in Geology from Carleton University and a UNESCO Post-Graduate Diploma from the University of Vienna, Austria.

Steven Goldman

Steven Goldman joined the Board as a director effective February 22, 2016. Mr. Goldman is a senior partner in the Toronto law firm of Goldman Hine LLP. Before joining that firm, he successfully led the restructuring and turnaround of the Speedy Auto Service and Minute Muffler franchise systems as their President and CEO from December 2007 until December 2009.

Mr. Goldman graduated from Carleton University in 1976 (BA, President's Medal) and from Queen's University in 1980 (LLB/JD). Mr. Goldman was called to the Bar in Ontario in 1982. He is a member of the executive committee of the Ontario Bar Association's Franchise Law Section, the Law Society of Upper Canada, the American Bar Association Forum on Franchising, and the Institute of Corporate Directors. Until February 5, 2016, he was a director and member of the audit committee of Tribute Pharmaceuticals Inc. (TSX.V: TRX) which was acquired by Aralez Pharmaceuticals (Nasdaq: ARLZ).

He is also currently a director in Select Sands Corp. (TSX.V: SNS) and a former director of Alegro Health Corp. (now known as Centric Health Corp., TSX: CHH).

On February 22, 2016, The Company appointed Ehsan Dana as President, CEO and Director of the Company. Mr. Dana replaced Rasool Mohammad who assumed the role of Chairman of the Board. On April 4, 2016, Mr. Dana resigned and Rasool Mohammad assumed the role of interim President and CEO. To make room for the new Board appointments, Darren Urquhart agreed to step down from the Board, but continues to serve as the Company's CFO.

QV, Yukon

Comstock's flagship project is the QV Property in the Yukon Territory, which covers 16,335 hectares (40,000 acres) within the prolific White Gold District in the Yukon Territory, about 70 kilometres south of Dawson City. Comstock optioned the claims from Shawn Ryan, a Yukon-based prospector responsible for the initial identification of two of the prominent gold discoveries in the White Gold District, Kinross Gold's +1.0 million ounce White Gold project (previously named Golden Saddle) 10 km to the southeast and Kaminak Gold's 4.9 million ounce Coffee project 40 km to the south.

The QV project is contiguous to Kinross Gold's White Gold project and hosts a similar style mineralization as the White Gold deposit. The Company has completed 3,422 metres of drilling on the VG Zone in 17 diamond-drill holes outlining a 350 m by 350 m zone down to 250 m depth that remains open in all directions.

The 2011 program included a helicopter airborne magnetic and radiometric survey of 769 line-kilometres at 100 m spacing. Both the airborne survey and the soil surveys identified two gold trends. One trend is oriented north-easterly (QV grid) that measures 2,500 m by 500 m. The northeasterly trends are known to carry potentially economic grade gold mineralization, both at Kinross's White Gold and Kaminak's Coffee Project. The second anomalous zone, (Stewart grid) measuring 1,300m by 350m has a north-westerly trend, which parallels the known regional trends in the White Gold District.

The 2012 exploration program consisted of approximately 1.5 kilometres of trenching (twelve trenches over 4 zones), geological mapping, prospecting, rock sampling, and additional grid line soil sampling over soil anomalies defined in 2011. During the 2012 trenching program, visible gold associated with oxidized pyrite was discovered in a northeast trending quartz vein near the contact between orthogenesis (metamorphosed granite) and a metasedimentary unit, similar to the package of rocks that underlies the White Gold Deposit of Kinross Gold; this area was named the VG Zone. Additional visible gold was found in another quartz vein, 25 m from the initial visible gold-bearing vein. Several stages of quartz injection are evident with later stockwork veining cutting quartz veining and silicified wallrock and minor brecciation is also evident.

This northeasterly trending visible gold-bearing quartz vein returned 16.28 g/t Au by metallic screen gold assay, and the fine (-150 mesh) fraction returned 13.12 g/t gold (Au), indicating that most of the gold occurs as fine particles. The discovery trench, QVTR12-06, assayed 3.74 g/t Au over 75 m, (3.31 g/t over the entire length of the 95 metre long trench), with a maximum grade of 7.31 g/t Au over 5 m. Trench QVTR 12-15 assayed 3.77 g/t Au over 45m, QVTR 12-13 assayed 2.18 g/t Au over 85m and QVTR 12-12 assayed 1.63 g/t Au over 95m.

Based on the success of the 2012 trenching results, a late season 2012 drill program was designed to test the VG Zone over a length of 260 metres along strike and up to 240 metres down dip. The 1,334 m drill program in 8 holes intersected thick zones of quartz-sericite-carbonate altered quartz-biotite gneiss, feldspar augen gneiss, and feldspar porphyry dikes with stockwork quartz veining, breccias, disseminated and vein hosted pyrite, and, locally, visible gold. The alteration and mineralization appears to be hosted along a north-east trending fault zone, with a shallow 30° dip to the northwest, and overlays intensely potassic and iron altered footwall units. Seven out of the eight diamond-drill holes intersected near-surface gold mineralization, and hole QV12-004 intersected 2.34 grams per tonne gold (g/t Au) over 89.85 metres (m) starting at 43.75 m, including 3.04 g/t Au over 45.5 m.

The 2013 Phase I drill program consisted of 2,088 metres in nine drill holes including one significant step-out drill hole 650 m along strike to the west. The 2013 drilling has extended the VG Zone down-dip and along strike, but it remains open to the east, to the west and down-dip to the north. Gold mineralization is hosted within units of massive, silicified gneiss cut by swarms of quartz vein stockworks and breccia, with disseminated and vein controlled pyrite and occasionally visible gold. With drill-defined dimensions of 350 by 350 metres the VG Zone is one of the larger gold-systems in the White Gold District. The Company also evaluated various regional targets on the QV property. Field evaluation of the Stewart and Shadow targets, five kilometres to the northeast and twelve kilometres to the north of the VG Zone respectively, are suggestive of an intrusion associated mineralized system where significant gold-in-soil and gold-in-rock anomalies have also been defined.

The mapping and prospecting programs focused on structures and mineralization parallel to the Telegraph Fault which hosts the VG Zone as previously reported (July 22 and August 1, 2013 News Releases). Sampling was completed on the VG North structure, 1200 metres north of the VG Zone, the Adit Fault, 450 metres south of the VG Zone and the Shadow Zone, 14 kilometres north of the VG Zone. Gold mineralization with similar grades and geological setting to the VG Zone was confirmed in these structures. Mapping completed on the Adit Fault showing the host to be a biotite schist with sericite alteration and quartz veining associated with an east-west trending vertical fault (Adit Fault) and low angle shears dipping approximately 30 degrees to the north-northeast. Channel samples previously reported (August 1, 2013 News Release) 4.67 g/t Au. Additional significant results from the immediate area included grab samples yielding 2.90 g/t Au, 5.61 g/t Au and 3.31 g/t Au.

On the Shadow Zone, two structures have been interpreted from magnetic data and surface mapping. Anomalous soil and rock sampling expanded the Shadow Zone target to a 2,500 m by 1,400 m area, highlighted by a peak gold-in-soil result of 514 ppb gold. Trench sampling in 2012 returned 88 m of 0.33 g/t Au (as reported December 11, 2012). The highest rock grab sample result from 2013 returned 1.51g/t Au. The mineralization at the Shadow Zone is hosted in felsic intrusive and augen gneiss rocks. The zone and structures display similar characteristics to the VG Zone.

On July 8, 2014 the Company announced a National Instrument ("NI") 43-101 compliant Inferred Mineral Resource of 230,000 ounces of gold (4.4 million tonnes at a grade of 1.65 g/t Au at a 0.5 g/t Au cut-off grade (COG)), at the VG zone, on its QV Project, White Gold District, Yukon Territory. The VG Zone remains open along strike and down dip and other targets exist on the QV Project with potential for intrusion-related or orogenic gold mineralization.

The 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. On September 30, 2015, the Company and the optionor agreed to settle the two \$25,000 annual cash payments due on June 22, 2015 and 2016 in return for the issuance of 400,000 common shares of the Company.

Mineral Resource Estimate Methodology

From the 17 diamond drill holes (DDH) completed in 2012 and 2013, 16 (3,278 m) were used to construct a 3D resource model for the VG Zone. The model is comprised of 3 sub-parallel, geology-guided grade shells (at a nominal COG of 0.4 g/t gold). Assays within these zones were capped at 7 g/t au and composited into 2-meter lengths for estimation by block model. A 20 meter (Easting), 20 meter (Northing) and 10 meter (Vertical) block model was constructed using commercially-available software (GEMS®). Grades for the blocks were estimated with Inverse Distance Squared (ID2) method using the modelled zones as hard boundaries. Density values for the model were assigned based on the average value from 63 density determinations carried out by Comstock using weight in air/weight in water method.

All reported Mineral Resources for the VG Zone are classified in the Inferred Mineral Resources category. To limit the reported estimate to material considered potentially minable by open pit mining, a resource constraining pit shell was constructed using a gold price of US\$1,300/ounce for gold, and cost and recovery assumptions used in previous NI 43-101 Technical Reports for the White Gold deposit 10 km to the south. Only the portions of the modeled zones at VG that fall within this pit are reported here as Mineral Resources at a COG of 0.5 g/t gold.

To demonstrate the relatively low sensitivity of the Inferred Mineral Resource estimate to changes in COG, tabulations at various COGs are listed below with the base case at a COG of 0.5 g/t gold highlighted.

VG Zone Inferred Mineral Resource Estimate at a 0.5 g/t Gold cut-off grade

Cut-off Grade Gold (g/t)	Tonnes	Gold Grade (g/t)	Contained Gold (Ounces)
0.3	4,480,000	1.62	230,000
0.4	4,420,000	1.64	230,000
0.5	4,390,000	1.65	230,000
0.6	4,340,000	1.66	230,000
0.8	3,970,000	1.75	220,000
1.0	3,520,000	1.86	210,000
1.2	2,990,000	1.99	190,000
1.5	2,210,000	2.22	160,000
2.0	1,130,000	2.72	100,000

The Technical Report (NI 43-101) was posted on SEDAR on August 21, 2014 and is available there in full for review.

Detailed maps of the property and exploration results as well as photographs may be found on the Company's website: http://comstock-metals.com/projects/yukon/qv_project/

Grassick (Patterson Lake NE), Saskatchewan, Canada

In November 2014, the Company staked claims in the Cree-Key Lake and Patterson Lake areas of the Athabasca Basin of Saskatchewan. A number of the Company's claims lay uptrend along similar corridors as Fission Uranium's Patterson Lake South (PLS) deposit, hosting 108 million lbs U₃O₈ in Indicated and Inferred resources, and Nexgen Energy's recent Arrow discovery. Comstock intends to embark on a staged and systematic exploration program starting with an airborne geophysics reconnaissance survey aiming to delineate "conductors" that could carry Uranium mineralization along the above mentioned corridors. This would be followed by additional ground work which could delineate high potential drill targets for further testing. The Cree-Key Lakes claims have lapsed whereas the Patterson South Uranium claims are active.

Walhalla Property, Yukon

The Walhalla Property, consists of 1,988 quartz claims covering approximately 41,800 hectares located 120 km southeast of Dawson City, in the White Gold District immediately east of and contiguous with Pacific Ridge's Mariposa Project. Previous work on the property identified strong anomalous gold zones in soils as well as anomalous pathfinder elements such as arsenic and barium.

Under the terms of the LOI, the purchase consideration payable by the Company for the Walhalla Property will be (i) \$300,000 cash costs incurred by vendor(s) to acquire the claims (paid), (ii) issue 500,000 common shares of the Company (issued), and (iii) issue an additional 500,000 common shares of the Company upon the determination of an NI 43-101-compliant 500,000 ounce gold resource on the Walhalla Property.

During the year ended September 30, 2014, the Company recognized impairment of \$521,309 to write down the property to \$1. The Company has allowed these claims to lapse.

Mexico

The Corona Gold-Silver Project is in the Ocampo-Uruachic District of western Chihuahua, Mexico - a centre of gold and silver production for over 300 years. As a result of Fresnillo PLC's discovery of the Orisyvo gold deposit (Indicated & inferred resources: 2.72 million ounces of gold in oxides and 6.51 million ounces of gold in sulphides), the Uruachic district has drawn the attention of a number of gold exploration companies in addition to Comstock.

During the year ended September 30, 2013, the Company completed all option requirements and earned a 50% 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.

On December 7, 2015, Golden Goliath Resources Ltd., which holds the other 50% interest in the Corona property, announced that it had signed an option agreement with Fresnillo PLC that includes the Corona property. Under the terms of the agreement, Fresnillo PLC may earn a 100% interest (subject to a 1% NSR half of which may be purchased for US\$500,000) in the Corona property as well six other properties held by Golden Goliath by making cash payments totaling US\$3 million over 3 years and by paying all mining rights (property taxes) and conducting all assessment work required to keep the properties in good standing. Comstock estimates its potential share of these option payments to be US\$214,286 if all option payments are made by Fresnillo PLC over the three year period. Fresnillo PLC has the right to terminate the option agreement at any time.

Results of Operations for the Six Months Ended March 31, 2016

For the six months ended March 31, 2016, the Company incurred a comprehensive loss of \$194,704 (2015 – \$56,818). The increased loss is mainly due to the granting and vesting of stock options valued at \$147,765 during the current period.

Significant differences between the two periods include:

- Management fees increased to \$11,613 (2015 - \$Nil) due to the Company hiring a new CEO during the current period.
- Office and administrative decreased to \$11,401 (2015 - \$33,158) due to lower administrative wages and fewer office personnel.
- Professional fees decreased to \$2,518 (2015 - \$13,506) due to less corporate activity in the current period.
- Share-based compensation increased to \$147,765 (2015 - \$Nil) due to the granting of 6,850,000 stock options to directors, management and advisors in the current period.
- Flow-through liability reversed and recorded a tax recovery of \$Nil in Other items (2015 period – \$28,641).

As at March 31, 2016 and September 30, 2015, exploration and evaluation assets totaled \$5,093,178.

Cash Flows

For the six months ended March 31, 2016, the Company's net cash flows from (used in) operating activities were \$2,398 compared to \$(104,820) in the comparative 2015 period. The Company received a \$42,535 refund of an exploration deposit from the Saskatchewan government in the current period.

Net cash used in investing activities for the six months ended March 31, 2016 was \$Nil compared to \$5,915 in the comparative period. The Company has reduced spending on its exploration and evaluation assets in light of current market conditions.

The Company's cash increased (decreased) by \$2,298 during the six months ended March 31, 2016 compared to \$(110,735) in the comparative period. The Company's cash balance as of March 31, 2016 was \$28,682 compared to \$53,800 at March 31, 2015.

Financing

On January 15, 2015, the Company settled an aggregate of \$484,000 of exploration related indebtedness through the issuance of 1,613,333 common shares at a deemed price of \$0.30 per common share and fair value of \$0.05 per share. All common shares issued were subject to a hold period of four months and one day from the date of issuance.

Summary of Quarterly Results

This table sets forth selected quarterly financial information for each of the last eight quarters:

Three Months Ended	Mar. 31 2016 \$	Dec. 31 2015 \$	Sept. 30 2015 \$	Jun. 31 2015 \$	Mar. 31 2015 \$	Dec. 31 2014 \$	Sept. 30 2014 \$	Jun. 30 2014 \$
Total revenues	-	-	-	-	-	-	-	-
Net and comprehensive (loss) profit	(195,704)	(11,610)	381,722	(16,517)	(45,647)	(11,171)	(1,883,968)	(106,129)
Net loss per share – Basic and diluted	\$(0.01)	\$(0.00)	\$0.02	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.11)	\$(0.01)

The above quarterly results were prepared in accordance with International Financial Reporting Standards ("IFRS") and are restated for the 5 to 1 share consolidation completed on May 16, 2016. See also Subsequent Events.

Liquidity

As of March 31, 2016 the Company had a working capital (deficiency) of \$(67,158) (September 30, 2015 - \$(21,274)) and cash on hand of \$28,682 (September 30, 2015 - \$26,284). This working capital (deficiency) consisted primarily of cash less accounts payable and accrued liabilities.

The Company will need to raise additional funds by private placement for general administrative expenses for the next twelve months.

Capital Resources

The Company has financed its operations primarily by the issuance of share capital. The continued operations of the Company are largely dependent on the sale of equity securities to raise capital. To alleviate pressure on cash reserves until additional financing can be obtained, the Company continues to reduce expenditures on mineral properties other than the QV Property and minimize operating expenses.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements.

Transactions with Related Parties

The Company incurred the following transactions with directors and officers of the Company or corporations controlled by them for the six months ended March 31, 2016 and 2015.

	March 31, 2016	March 31, 2015
Rent	\$ -	\$ 13,800

Key management personnel and directors' compensation

	March 31, 2016	March 31, 2015
Administration fees	\$ 6,000	\$ 22,000
Management fees	\$ 11,613	\$ -
Share-based compensation	\$ 121,879	\$ -

Related party balances

	March 31, 2016	March 31, 2015
Due to company controlled by an officer	11,402	-
Due to former CEO	11,613	-
	\$ 23,015	\$ -

Proposed Transactions

As is typical of the mineral exploration and development industry, the Company is continually reviewing potential acquisition and joint venture transactions and opportunities that could enhance shareholder value. At present there are no transactions being contemplated by management or the board that would affect the financial condition, results of operations and cash flows, other than in the normal course of the Company's business.

Subsequent Events

Subsequent to March 31, 2016:

On May 16, 2016, the Company and Select Sands Corp. (TSX.V: SNS) ("Select Sands") jointly announced that they have entered into a letter of intent in respect of a proposed purchase by the Company of Select Sands' Preview SW gold project located in the La Ronge district of Saskatchewan and Select Sands' early-stage Old Cabin property in Ontario (together the "Assets"). Under the terms of the letter of intent, the Company would acquire the Assets in exchange for 20 million common shares in the capital of the Company and the assumption of certain liabilities associated with the Assets.

On May 16, 2016, the Company consolidated its issued and outstanding common shares on a 5 for 1 basis which resulted in 17,459,284 shares outstanding post-consolidation. All references to common shares in the condensed consolidated interim financial statements have been adjusted to reflect this change.

The Company announced a non-brokered private placement financing to raise gross proceeds of up to CDN\$1,500,000 (the "Offering") to fund exploration on the Company's properties and for general corporate purposes. The Company will have an option to increase the size of the financing by up to 20%. The Company intends to raise up to CDN\$1,500,000 by issuing units and flow through shares, on a post-consolidated basis, as follows:

- \$1,250,000 gross proceeds by issuing up to 10,416,667 units ("Units") at a price of CAD\$0.12 per Unit (the "Unit Offering"), subject to the above noted option to increase the size of the Unit Offering. Each Unit will consist of one common share and one non-transferable common share purchase warrant (a "Warrant"). Each whole Warrant will be exercisable into a common share of the Company for a period of 24 months from the closing date at an exercise price of \$0.18. The Warrants issued as part of the Unit Offering will be subject to an acceleration clause, whereby, if the weighted average trading price of the Company's common shares on the Exchange (or such other exchange on which the common shares may trade) is at a price equal to or greater than \$0.36 for a period of 20 consecutive trading days, the Company will have the right to accelerate the expiry date of the Warrants. If Comstock exercises such right, Comstock will give written notice to the holders of the Warrants that the Warrants will expire 30 days from the date of notice to the Warrant holders. Such notice by the Company to the holders of the Warrants may not be given until 4 months and one day after the closing date.
- \$250,000 gross proceeds by issuing up to 1,666,667 common shares on a flow-through basis ("FT Shares"), at a price of \$0.15 per FT Share (the "FT Offering"). Each FT Share will be issued on a "flow-through basis" (a "FT Share") pursuant to the Income Tax Act of Canada.

Both the Unit Offering and the FT Offering are subject to receipt of applicable regulatory approvals, including the approval of the Exchange. The securities issued by Comstock in connection with the Unit Offering and the FT Offering will be subject to a four month hold period as prescribed by applicable securities laws. Finders fees may be paid on a portion of the offerings.

The Company granted 520,000 stock options with a \$0.15 exercise price and five year term to the CEO of the Company. The Company also granted 120,000 stock options with a \$0.25 exercise price and five year term to an advisor and cancelled 120,000 stock options with a \$1.50 exercise price owned by a director.

520,000 options granted to the former CEO with an exercise price of \$0.25 expired unexercised. An additional 13,000 stock options with a \$1.60 exercise price expired unexercised.

Critical Accounting Estimates

Mineral properties consist of exploration and mining concessions, options and contracts. Acquisition and exploration costs are capitalized and deferred until such time as the property is put into production, or the property is disposed of either through sale or abandonment. If put into production, the costs of acquisition and exploration will be written off over the life of the property, based on estimated economic reserves. Proceeds received from the sale of any interest in a property will be credited against the carrying value of the property, with any excess included in operations for the year. If a property is abandoned, the acquisition and deferred exploration costs will be written off to operations.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry norms for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property may be subject to unregistered prior agreements and non-compliance with regulatory requirements. The Company is not aware of any disputed claims of title.

Recorded costs of mineral properties and deferred exploration expenditures are not intended to reflect present or future values of mineral properties. The costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount.

Management reviews capitalized costs on its mineral properties on a periodic basis and will recognize impairment in value based upon current exploration results and upon management's assessment of the future probability of profitable revenues from the property or from sale of the property.

The Company measures the cost of the service received for all stock options made to consultants, employees and directors based on an estimate of fair value at the date of grant. The Company uses the Black-Scholes option pricing model to estimate the fair value of each stock option at the date of grant. Stock options which vest immediately are recorded at the date of grant. Stock options that vest over time are recorded over the vesting period using the straight line method. Stock options issued to outside consultants that vest over time are valued at the grant date and subsequently re-valued on each vesting date and expensed as services are rendered. Stock based compensation is recognized as expensed or, if applicable, capitalized to mineral property costs with a corresponding increase in contributed surplus. On exercise of the stock option, consideration received and the estimated fair value previously recorded in contributed surplus is recorded as share capital.

Financial Instruments and Other Instruments

The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk. As of the date hereof, the Company's investment in resource properties has full exposure to commodity risk, both upside and downside. As the metal prices move so does the underlying value of the Company's metal projects.

Outstanding Share Data as of the Report Date

As of the date of this report, there was an aggregate of 17,459,284 common shares issued, 3,753,066 warrants outstanding at a weighted average exercise price of \$2.50 and 1,711,000 stock options outstanding at a weighted average exercise price of \$0.46.

Risks and Uncertainties

The Company is subject to a number of risks and uncertainties due to the nature of its business. The Company's exploration and development activities expose the Company to various financial and operational risks that could have a significant impact on its level of operating cash flows in the future. Readers are advised to study and consider risk factors stressed below.

The following are identified as main risk factors that could cause actual results to differ materially from those stated in any forward-looking statements made by, or on behalf of, the Company.

General Resource Exploration Risks and Competitive Conditions

The resource exploration industry is an inherently risky business with significant capital expenditures and volatile metals markets. The marketability of any minerals discovered may be affected by numerous factors that are beyond the Company's control and which cannot be predicted, such as market fluctuations, mineral markets and processing equipment, and changes to government regulations, including those relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. This industry is intensely competitive and there is no guarantee that, even if commercial quantities are discovered, a profitable market will exist for their sale. The Company competes with other junior exploration companies for the acquisition of mineral claims as well for the engagement of qualified contractors. Metal prices have fluctuated widely in recent years, and they are determined in international markets over which the Company has no influence.

Governmental Regulation

Regulatory standards continue to change, making the review process longer, more complex and therefore more expensive. Exploration and development on the Company's properties are affected by government regulations relating to such matters as environmental protection, health, safety and labour, mining law reform, restrictions on production, price control, tax increases, maintenance of claims, and tenure. There is no assurance that future changes in such regulations couldn't result in additional expenses and capital expenditures, decreasing availability of capital, increased competition, reserve uncertainty, title risks, and delays in operations. The Company relies on the expertise and commitment of its management team, advisors, employees and contractors to ensure compliance with current laws.

Approval

The Board of Directors of Comstock Metals Ltd. has approved the contents of this Management Discussion and Analysis.

Additional Information

Additional information concerning the Company and its operations is available on SEDAR at www.sedar.com and on the Company website at www.comstock-metals.com

Cautionary Note Regarding Forward Looking Statements

This MD&A includes some statements that may be considered "forward-looking statements". All statements in this discussion that address the Company's expectations about future exploration and development are forward-looking statements. Although the Company believes the expectations presented in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploration successes, availability of capital and financing, and general economic, market, and business conditions. Readers are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.