



Comstock Metals Ltd.
Financial Statements
Year Ended September 30, 2021

Expressed in Canadian Dollars



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Comstock Metals Ltd.:

Opinion

We have audited the financial statements of Comstock Metals Ltd. (the "Company"), which comprise the statements of financial position as at September 30, 2021 and 2020, and the statements of comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes events or conditions that indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this audit's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Cherry Ho.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC

January 18, 2022

Comstock Metals Ltd.

Statements of financial position

(Expressed in Canadian dollars)

	Notes	September 30, 2021	September 30, 2020
ASSETS			
Current assets			
Cash		\$ 189,961	\$ 274,905
Other receivables		15,631	15,582
Prepaid expenses and deposits		12,809	18,645
		218,401	309,132
Non-current assets			
Investments	3	7	1,767,602
Equipment	4	610	824
Exploration and evaluation assets	5	2,751,595	2,701,391
		2,752,212	4,469,817
TOTAL ASSETS		\$ 2,970,613	\$ 4,778,949
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6, 8	\$ 111,283	\$ 62,462
TOTAL LIABILITIES		111,283	62,462
SHAREHOLDERS' EQUITY			
Share capital	7	18,099,906	20,429,912
Share subscriptions received	7	179,500	-
Share-based payment reserve	7	2,612,965	2,612,965
Deficit		(18,033,041)	(18,326,390)
TOTAL SHAREHOLDERS' EQUITY		2,859,330	4,716,487
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 2,970,613	\$ 4,778,949

Nature and continuance of operations (Note 1)

Commitments (Note 11)

Subsequent events (Note 13)

Approved on behalf of the Board:

(signed) "Steven Goldman"

(signed) "Arnold Tenney"

Comstock Metals Ltd.

Statements of comprehensive income (loss)

(Expressed in Canadian dollars)

	Notes	Year Ended	
		September 30, 2021	September 30, 2020
Expenses			
Amortization	4	\$ 214	\$ 314
Filing fees		17,300	22,963
Investor relations		4,649	9,367
Management fees	8	120,000	120,000
Office, administrative and miscellaneous	8	66,997	96,806
Professional fees		92,590	106,998
Rent	8	21,135	20,051
Share based compensation	7, 8	-	5,901
Travel		-	1,376
Loss from operations		(322,885)	(383,776)
Other items			
Interest income		1,348	1,978
Foreign exchange loss		(1,775)	(5,361)
Impairment of mineral property	5	-	(269,096)
Unrealized fair value gain (loss) on investments	3	602,243	(188,562)
Realized gain on disposal of investments	3	14,418	-
		616,234	(461,041)
Net and comprehensive income (loss)		\$ 293,349	\$ (844,817)
Earnings (Loss) per share – basic and dilutive	7	\$ 0.01	\$ (0.04)
Weighted average number of shares outstanding – basic and diluted	7	25,290,433	19,710,890

See accompanying notes to the financial statements

Comstock Metals Ltd.

Statements of changes in equity

(Expressed in Canadian dollars)

Share capital							
	Notes	Number of shares*	Amount	Obligation to issue shares	Share-based payment reserve	Deficit	Total
Balance at September 30, 2019		18,549,507	\$ 19,998,105	\$ -	\$ 2,607,064	\$ (17,481,573)	\$ 5,123,596
Share issued by private placement	7	3,391,239	254,343	-	-	-	254,343
Share issue costs	7	-	(14,379)	-	-	-	(14,379)
Exercise of warrants	7	2,557,906	191,843	-	-	-	191,843
Share based compensation	7	-	-	-	5,901	-	5,901
Net and comprehensive loss		-	-	-	-	(844,817)	(844,817)
Balance at September 30, 2020		24,498,652	\$ 20,429,912	\$ -	\$ 2,612,965	\$ (18,326,390)	\$ 4,716,487
Exercise of warrants	7	833,333	62,500	-	-	-	62,500
Return of capital	4,7	-	(2,385,256)	-	-	-	(2,385,256)
Share subscriptions received	7	-	-	179,500	-	-	179,500
Share issue costs	7	-	(7,250)	-	-	-	(7,250)
Net and comprehensive income		-	-	-	-	293,349	293,349
Balance at September 30, 2021		25,331,985	\$ 18,099,906	\$ 179,500	\$ 2,612,965	\$ (18,033,041)	\$ 2,859,330

* On May 26, 2020, the Company consolidated its issued and outstanding common shares on a 5 for 1 basis. All references to common shares in these financial statements have been adjusted to reflect this change. See also Note 7.

Comstock Metals Ltd.

Statements of cash flows

(Expressed in Canadian dollars)

	Year Ended	
	September 30, 2021	September 30, 2020
Operating activities		
Net income (loss)	\$ 293,349	\$ (844,817)
Adjustments for non-cash items:		
Amortization	214	314
Share based compensation	-	5,901
Unrealized fair value (gain) loss on investment	(602,243)	188,562
Realized gain on sale of investments	(14,418)	-
Impairment of exploration and evaluation assets	-	269,096
Changes in non-cash working capital items:		
Receivables	(49)	(5,082)
Prepaid expenses and deposits	5,836	880
Accounts payable and accrued liabilities	41,076	16,908
Net cash flows used in operating activities	(276,235)	(368,238)
Investing activities		
Expenditures on exploration and evaluation assets	(42,459)	(6,390)
Net cash flows used in investing activities	(42,459)	(6,390)
Financing activities		
Share subscriptions received	179,500	-
Shares issued for private placements	-	254,343
Share issue costs	(7,250)	(14,379)
Proceeds from exercise of warrants	62,500	191,843
Return of capital transaction costs	(1,000)	-
Net cash flows provided by financing activities	233,750	431,807
(Decrease) Increase in cash	(84,944)	57,179
Cash, beginning	274,905	217,726
Cash, ending	\$ 189,961	\$ 274,905
Non-cash transactions and supplemental disclosures		
Return of capital	\$ 2,385,256	\$ -

See accompanying notes to the financial statements

Comstock Metals Ltd.

Notes to the Financial Statements

(Expressed in Canadian dollars unless otherwise noted)

For the year ended September 30, 2021

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. The Company’s shares are traded on the TSX Venture Exchange (the “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 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 September 30, 2021, 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. These financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments could be material.

On March 11, 2020, the World Health Organization declared a global pandemic of a novel coronavirus identified as “COVID-19”. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. Central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak could result in delays in the course of business, including potential delays to its exploration programs and difficulties in financing. The Company is closely monitoring the impact of the pandemic.

Comstock Metals Ltd.

Notes to the Financial Statements

(Expressed in Canadian dollars unless otherwise noted)

For the year ended September 30, 2021

2. Significant accounting policies and basis of preparation

The audited financial statements were authorized for issue on January 18, 2022 by the directors of the Company.

Statement of compliance to International Financial Reporting Standards

These 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").

Basis of preparation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

Significant estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amount of net assets, liabilities, and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and assumptions where there are significant risk of material adjustments to assets and liabilities in future accounting periods include the amortization of equipment, recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and stock-based compensation and other equity-based payments, and the recoverability of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applied in preparing the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- The classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses.
- The determination of whether or not to impair exploration and evaluation assets.

Foreign currency translation

The functional currency is determined using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Canadian dollars which is the Company's functional and presentation currency.

Comstock Metals Ltd.

Notes to the Financial Statements

(Expressed in Canadian dollars unless otherwise noted)

For the year ended September 30, 2021

2. Significant accounting policies and basis of preparation (cont.)

Transactions and balances:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive income in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Equipment

Equipment is stated at historical cost less accumulated amortization and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of comprehensive loss.

Amortization is calculated on a declining balance method to write off the cost of the assets to their residual values over their estimated useful lives, using the following rates:

Class of equipment	Amortization rate
Computer hardware	50%
Computer software	50%
Camp equipment	20%
Office furniture and equipment	20%

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant, and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Comstock Metals Ltd.

Notes to the Financial Statements

(Expressed in Canadian dollars unless otherwise noted)

For the year ended September 30, 2021

2. Significant accounting policies and basis of preparation (cont.)

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of the options is determined using the Black-Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Financial assets/liabilities	Classification
Cash	FVTPL
Other receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Investments	FVTPL

Comstock Metals Ltd.

Notes to the Financial Statements

(Expressed in Canadian dollars unless otherwise noted)

For the year ended September 30, 2021

2. Significant accounting policies and basis of preparation (cont.)

Financial instruments (cont.)

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss in the period in which they arise.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk of the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of comprehensive loss.

Comstock Metals Ltd.

Notes to the Financial Statements

(Expressed in Canadian dollars unless otherwise noted)

For the year ended September 30, 2021

2. Significant accounting policies and basis of preparation (cont.)

Impairment of assets

The carrying amount of the Company's assets (which includes equipment and exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Cash

Cash include cash on hand, deposits held at call with banks, and bank overdrafts.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive loss or equity is recognized in other comprehensive loss or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Comstock Metals Ltd.

Notes to the Financial Statements

(Expressed in Canadian dollars unless otherwise noted)

For the year ended September 30, 2021

2. Significant accounting policies and basis of preparation (cont.)

Income taxes (cont.)

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Flow-through shares:

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability ("flow-through tax liability"). Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through tax liability will be reversed. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a flow-through tax recovery.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

Comstock Metals Ltd.

Notes to the Financial Statements

(Expressed in Canadian dollars unless otherwise noted)

For the year ended September 30, 2021

2. Significant accounting policies and basis of preparation (cont.)***Earnings (loss) per share***

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Under this method, the basic and diluted loss per share for the year ended September 30, 2020 were the same, as the effect of common shares issuable upon the exercise of warrants and stock options of the Company would be anti-dilutive.

For the year ended September 30, 2021, the exercise price of the outstanding options and warrants was greater than the weighted average share price and therefore diluted income per share equals basic income per share.

Share capital

The Company records proceeds from the issuance of its common shares as equity. Incremental costs directly attributable to the issue of new common shares are shown in equity as a deduction, net of tax, from the proceeds. Common shares issued for consideration other than cash are valued based on their market value at the date that shares are issued.

Proceeds from unit placements are allocated between share and warrants using the residual method.

Comstock Metals Ltd.

Notes to the Financial Statements

(Expressed in Canadian dollars unless otherwise noted)

For the year ended September 30, 2021

3. Investments

Name	Type	September 30, 2021		September 30, 2020	
		Number	Fair Value	Number	Fair Value
E3 Metals Corp.	common shares	-	\$ -	1,000,000	\$ 425,000
White Gold Corp.	common shares	-	-	1,387,210	1,290,105
White Gold Corp.	warrants	350,625	7	350,625	52,497
Total Investments			\$ 7		\$ 1,767,602

On August 8, 2018, the Company entered into a joint venture agreement with E3 Metals Corp. (TSXV: ETMC) ("E3 Metals") to acquire and develop prospective mineral assets in the battery metal space. On August 20, 2018 (the "Closing Date"), the Company purchased 1,000,000 units ("Units") in E3 Metals' private placement in consideration of a payment of \$400,000. Each Unit consisted of one common share in the capital of E3 Metals and one common share purchase warrant (a "Warrant"). The Warrants expired unexercised during the year ended September 30, 2019.

On February 28, 2019, the Company sold its QV mineral property to White Gold Corp. (TSXV: WGO) ("White Gold") for net proceeds that included 1,387,210 common shares of White Gold then trading with a fair value of \$1,969,838 at \$1.42 per share and 350,625 share purchase warrants of White Gold to acquire one common share for 3 years at an exercise price equal to \$1.50.

Return of capital

At the Company's Annual and Special General Meeting on October 19, 2020, the Company's shareholders approved a motion to distribute the Company's investments in the 1,387,210 common shares of White Gold and 1,000,000 common shares of E3 Metals to the Company's shareholders on a pro-rata basis by way of a return of capital (the "Investments" - See also Note 7). On November 13, 2020 (the "Record Date"), the Company distributed the Investments to its shareholders. The closing price of White Gold was \$0.84 and the closing price of E3 Metals was \$1.22 on the Record Date. As a result, the Company's capital was reduced by a total of \$2,385,256. The Company recorded a realized gain of \$14,418 and unrealized gain of \$602,243 on the disposal of the Investments from the return of capital.

The Company retained its 350,625 warrants in White Gold. As of September 30, 2021, the warrants were fair valued at \$7 (September 30, 2020 - \$52,497) using the Black-Scholes Option Pricing Model and the following assumptions: Expected life: 0.41 years; Risk free rate: 0.52%; Expected volatility: 49%; Expected dividend rate: 0% and Expected forfeiture rate: 0%.

The Company accounts for its investments at FVTPL.

Comstock Metals Ltd.

Notes to the Financial Statements

(Expressed in Canadian dollars unless otherwise noted)

For the year ended September 30, 2021

4. Equipment

	Computer hardware	Computer software	Camp equipment	Office furniture and equipment	Total
Cost:					
At September 30, 2020	\$ 5,565	\$ 10,305	\$ 2,140	\$ 508	\$ 18,518
At September 30, 2021	\$ 5,565	\$ 10,305	\$ 2,140	\$ 508	\$ 18,518
Amortization:					
At September 30, 2019	\$ 5,378	\$ 10,037	\$ 1,588	\$ 377	\$ 17,380
Charge for the period	78	110	102	24	314
At September 30, 2020	5,456	10,147	1,690	401	17,694
Charge for the period	46	65	83	20	214
At September 30, 2021	\$ 5,502	\$ 10,212	\$ 1,773	\$ 421	\$ 17,908
Net book value:					
At September 30, 2020	\$ 109	\$ 158	\$ 450	\$ 107	\$ 824
At September 30, 2021	\$ 63	\$ 93	\$ 367	\$ 87	\$ 610

Comstock Metals Ltd.

Notes to the Financial Statements

(Expressed in Canadian dollars unless otherwise noted)

For the year ended September 30, 2021

5. Exploration and evaluation assets

	Preview SW	Corona (Mexico)	Total September 30, 2021	Total September 30, 2020
Property acquisition costs				
Balance, beginning of year	\$ 2,695,000	\$ 1	\$ 2,695,001	\$ 2,811,001
Impairment write-down	-	-	-	(116,000)
Balance, end of year	2,695,000	1	2,695,001	2,695,001
Exploration and evaluation costs				
Balance, beginning of year	6,390	-	6,390	153,096
Costs incurred during period:				
Camp and field costs	1,446	-	1,446	5,080
Geological and geophysics	33,258	-	33,258	1,310
Maps and reports	15,500	-	15,500	-
Impairment write-down	-	-	-	(153,096)
Balance, end of year	56,594	-	56,594	6,390
Total	\$ 2,751,594	\$ 1	\$ 2,751,595	\$ 2,701,391

Preview SW, Saskatchewan, Canada

On September 13, 2016, the Company and Select Sands Corp. (“Select Sands”) completed a transaction pursuant to which the Company purchased the Preview SW gold project located in Saskatchewan in exchange for 3.8 million common shares in the capital of the Company and the assumption of certain option obligations. During the year ended September 30, 2019, the Company recognized an impairment of \$4,541,812 on the Preview SW gold project to reduce its value to \$2,695,000 based on the result of an independent fair market valuation performed by an arm’s length certified business valuation consultant.

Pursuant to the agreement, the option obligations associated with the project include: payment of \$60,000 upon receipt of a positive feasibility study and issuance of such number common shares of the Company, determined by dividing \$87,500 by the closing price of the Company’s common shares on Exchange on the day before the acceptance by the Exchange of the transaction with Select Sands, upon making a production decision as well as a 2.5% NSR of which 1% of the NSR can be purchased for \$1,000,000 at any time prior to a production decision and the remaining 1.5% NSR can be purchased for \$2,000,000.

Subsequent to September 30, 2021, the Company entered into a Letter of Intent (“LOI”) to dispose of the project (Note 13)

Corona Property, Mexico

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 wrote down the carrying value to \$1. On December 7, 2015, Golden Goliath Resources Ltd. (“Golden Goliath”), 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. During the year ended September 30, 2019, the option agreement was completed and exercised by Fresnillo PLC.

The Company retains a 0.5% NSR on the Corona property.

Comstock Metals Ltd.

Notes to the Financial Statements

(Expressed in Canadian dollars unless otherwise noted)

For the year ended September 30, 2021

5. Exploration and evaluation assets (cont.)***Rawhide Property option agreement***

On April 3, 2018, the Company entered into an option agreement whereby it could acquire a 100% interest in five mining claims comprising 42 claim units (662 ha) located in the Gowganda area of the historic Greater Cobalt Mining Camp of northern Ontario, comprising the Rawhide cobalt-silver property (the "Rawhide Property"). During 2020, the Company determined that it was in its best interests not to pursue the Rawhide Property and ceased making any further payments. The Rawhide Property option was terminated. The Company recorded an impairment charge of \$269,096 reducing the carrying cost of the Rawhide Property option to \$NIL during the year ended September 30, 2020.

6. Accounts payable and accrued liabilities

	September 30, 2021	September 30, 2020
Trade payables (Note 8)	\$ 91,283	\$ 36,462
Accrued liabilities	20,000	26,000
	\$ 111,283	\$ 62,462

7. Share capital***Authorized share capital***

The Company's share capital consists of an unlimited number of common shares without par value.

Common share consolidation

On May 26, 2020, the Company consolidated its issued and outstanding common shares on a 5 for 1 basis which resulted in 18,549,507 shares outstanding post-consolidation. All references to common shares, stock options, warrants and (loss) earnings per share in these financial statements have been adjusted to reflect this change.

Issued share capital

At September 30, 2021, there were 25,331,985 issued and fully paid common shares (September 30, 2020 24,498,652).

Return of capital

At the Company's Annual and Special General Meeting held on October 19, 2020, the Company's shareholders approved a motion to distribute the Company's investments in the 1,000,000 common shares of White Gold and 1,387,210 common shares of E3 Metals (See also Note 3) to the Company's shareholders on a pro-rata basis by way of a return of capital. The Company retained its 350,625 warrants in White Gold. On the Record Date, the Company distributed the Investments to its shareholders. The closing price of White Gold was \$0.84 and the closing price of E3 Metals was \$1.22 on the Record Date. As a result, the Company's capital was reduced by a total of \$2,385,256.

Comstock Metals Ltd.

Notes to the Financial Statements

(Expressed in Canadian dollars unless otherwise noted)

For the year ended September 30, 2021

7. Share capital (cont.)***Return of capital (cont.)***

Under the Exchange rules, the Company is required to reprice its options and warrants to reflect the reduction in the Company's capital by the fair value of the Investments in proportion to the Company's market capitalization as determined by the Company's closing share price of \$0.17 and 25,331,985 common shares issued and outstanding on the Record Date. The Company had no warrants outstanding on the Record Date. The Company repriced its outstanding options on the Record Date as per the following table:

Expiry date	Options Outstanding*	Options Vested*	Original Exercise price*	Exercise Price Modifier	Modified Options Exercise price
17-Mar-21	58,000	58,000	\$1.25	0.446118415	\$0.56
7-Apr-21	24,000	24,000	\$1.25	0.446118415	\$0.56
15-Aug-21	127,000	127,000	\$1.78	0.446118415	\$0.79
1-Mar-22	240,000	240,000	\$0.98	0.446118415	\$0.43
30-May-23	240,000	240,000	\$0.35	0.446118415	\$0.16
15-Jun-23	130,000	130,000	\$0.25	0.446118415	\$0.11
4-Apr-24	308,000	308,000	\$0.25	0.446118415	\$0.11
	1,127,000	1,127,000			

* On May 26, 2020, the Company consolidated its issued and outstanding common shares on a 5 for 1 basis. All references to common shares in these financial statements have been adjusted to reflect this change.

Private Placements**Year ended September 30, 2021**

On March 12, 2021 and as amended on September 28, 2021, the Company announced a non-brokered private placement for an aggregate of up to \$388,900 comprising up to 2,225,000 units ("Units") and up to 1,715,000 flow-through units ("FT Units"). Each Unit will be priced at \$0.09 and will consist of one common share in the capital of the Company (a "Share") and one common share purchase warrant (a "Warrant"). Each Warrant will entitle the holder thereof to purchase one additional common share of the Company (a "Share") at an exercise price of \$0.12 per Share for a period of 24 months from the closing date. Each FT Unit will be priced at \$0.11 and consist of one flow-through common share in the capital of the Company (a "FT Share") and one common share purchase warrant (a "FT Warrant"). Each FT Warrant will entitle the holder thereof to purchase one additional non flow-through common share of the Company at an exercise price of \$0.12 per Share for a period of 24 months from the closing date. Using the residual method, there was no value allocated to the warrants issued as part of the units.

The expiry date of the Warrants is subject to an acceleration provision that provides that if the closing price of the Company's common shares is equal to or greater than \$0.24 for a period of 10 consecutive trading days, the Company has the right to accelerate the expiry date of the Warrants by giving written notice to the holders of the Warrants with the revised expiry date being 30 days from the date of the notice to the warrant holders. The acceleration of the Warrant expiry date may not be triggered prior to February 2, 2022.

Comstock Metals Ltd.

Notes to the Financial Statements

(Expressed in Canadian dollars unless otherwise noted)

For the year ended September 30, 2021

7. Share capital (cont.)***Private Placements (cont.)***

As of September 30, 2021, the Company had received \$179,500 in share subscriptions and incurred \$7,250 in share issue costs (see also Note 13).

Year ended September 30, 2020

On May 28, 2020, the Company closed a non-brokered private placement and issued 3,391,239 units (the "Units") priced at \$0.075 per Unit for gross proceeds of \$254,343 (the "Offering"). The Units issued under the Offering consist of one common share of the Company and one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant is exercisable for a period of 36 months from closing into one common share at an exercise price of \$0.075. The Company paid share issuance costs in the amount of \$14,379.

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 10 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 30 days following cessation of the optionee's position with the Company.

The changes in options during the years ended September 30, 2021 and 2020 are as follows:

	September 30, 2021		September 30, 2020	
	Number of options*	Weighted average exercise price	Number of options*	Weighted average exercise price
Options outstanding, beginning	1,127,000	\$ 0.67	1,663,000	\$ 0.70
Expired	(209,000)	\$ 0.70	(536,000)	\$ 0.83
Options outstanding and exercisable, ending	918,000	** \$ 0.21	1,127,000	\$ 0.67

* On May 26, 2020, the Company consolidated its issued and outstanding common shares on a 5 for 1 basis. All references to common shares in these financial statements have been adjusted to reflect this change.

**The ending weighted average exercise price as of September 30, 2021 was modified by the Company's Return of Capital.

No stock options were granted or exercised during the years ended September 30, 2021 and 2020 (see also Note 13). The Company recognized \$Nil (2020 - \$5,901) of share-based compensation from the vesting of options in the current year.

Comstock Metals Ltd.

Notes to the Financial Statements

(Expressed in Canadian dollars unless otherwise noted)

For the year ended September 30, 2021

7. Share capital (cont.)**Stock options (cont.)**

The following options were outstanding and vested as of September 30, 2021:

Expiry date	Outstanding*	Vested*	Exercise price**
March 1, 2022	240,000	240,000	\$0.43
May 30, 2023	240,000	240,000	\$0.16
June 15, 2023	130,000	130,000	\$0.11
April 4, 2024	308,000	308,000	\$0.11
	918,000	918,000	

* On May 26, 2020, the Company consolidated its issued and outstanding common shares on a 5 for 1 basis. All references to common shares in these financial statements have been adjusted to reflect this change.

**The exercise price as of September 30, 2021 was modified by the Company's Return of Capital.

At September 30, 2021, the weighted average remaining contractual life of outstanding options was 1.63 years (2020 – 2.27 years).

Warrants

The changes in warrants during the years ended September 30, 2021 and 2020 are as follows:

	September 30, 2021		September 30, 2020	
	Number of warrants*	Weighted average exercise price	Number of warrants*	Weighted average exercise price
Warrants outstanding, beginning	833,333	\$ 0.075	4,952,014	\$ 0.70
Issued	-	-	3,391,239	0.075
Exercised	(833,333)	\$ 0.075	(2,557,906)	0.075
Expired	-	-	(4,952,014)	0.70
Warrants outstanding, ending	-	-	833,333	\$ 0.075

* On May 26, 2020, the Company consolidated its issued and outstanding common shares on a 5 for 1 basis. All references to common shares in these financial statements have been adjusted to reflect this change.

There are no warrants outstanding as of September 30, 2021 (see also Note 13). During the year ended September 30, 2021, the Company received \$62,500 from the exercise of 833,333 warrants (2020 – \$191,843 from 2,557,906 warrants). The weighted average remaining contractual life of warrants outstanding was Nil years (September 30, 2020 – 2.66 years).

Comstock Metals Ltd.

Notes to the Financial Statements

(Expressed in Canadian dollars unless otherwise noted)

For the year ended September 30, 2021

7. Share capital (cont.)***Basic and diluted earnings (loss) per share***

The calculation of basic and diluted earnings (loss) per share for the year ended September 30, 2021 was based on the income (loss) attributable to common shareholders of \$293,349 (2020 – \$(844,817)) and the weighted average number of common shares outstanding of 25,290,433 (2020 – 19,710,890).

Diluted earnings per share for the year ended September 30, 2021 does not include the effect of 918,000 stock options and Nil share purchase warrants because the stock options were not in the money. Diluted loss per share for the year ended September 30, 2020 does include the effect of 1,127,000 stock options and 833,333 share purchase warrants as the effect would be anti-dilutive.

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

8. Related party transactions

The Company incurred the following transactions with respect to officers and directors of the Company or corporations controlled by them during the years ended September 30, 2021 and 2020:

Key management personnel compensation

	September 30, 2021	September 30, 2020
Administration, director and consulting fees	\$ 78,000	\$ 78,000
Management fees	120,000	120,000
Share-based compensation to directors and officers	-	5,749
	\$ 198,000	\$ 203,749

Related party balances included in accounts payable and accrued liabilities

	September 30, 2021	September 30, 2020
Due to officers and directors for consulting fees	\$ 37,470	\$ 8,650
Due to company with a common director and officer	5,272	1,548
	\$ 42,742	\$ 10,198

The Company paid \$19,155 for shared rent and office services (2020 - \$18,987) to a company with a common director and officer during the year ended September 30, 2021.

Comstock Metals Ltd.

Notes to the Financial Statements

(Expressed in Canadian dollars unless otherwise noted)

For the year ended September 30, 2021

9. Financial instruments and risk management

The Company's financial instruments consist of cash, other receivables, accounts payable and investments.

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's cash is measured using level 1 inputs. The fair value of the Company's investment in the shares of a public company is measured using level 1 inputs. The fair value was determined by reference to the underlying share price quoted on the open market at the reporting date. The fair value of the Company's investment in the warrants of a public company is measured using level 3 inputs. The fair value was determined by through calculation using the Black–Scholes Option Pricing Model at the reporting date (Note 3).

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk and interest risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation causing the other party to incur a financial loss. The Company is exposed to credit risks arising from its cash. The Company manages credit risk by placing cash with major Canadian financial institutions. Management believes that credit risk is low.

Interest Rate Risk

Interest rate risk is the risk that an investment's value will change due to a change in the level of interest rates. The Company's exposure to interest rate risk relates to its ability to maintain the current rate of interest on its cash equivalents. Management believes the interest rate risk to be minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. To manage liquidity risk, the Company reviews additional sources of capital to continue its operations and discharge its commitments as they become due. Management believes liquidity risk is high.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. The Company's functional currency is the Canadian dollar. The Company does not use any form of derivative or hedging instruments to reduce its foreign currency risk.

Comstock Metals Ltd.

Notes to the Financial Statements

(Expressed in Canadian dollars unless otherwise noted)

For the year ended September 30, 2021

10. Capital management

The Company identifies capital as cash and share capital. The Company manages its capital structure and makes adjustments to it depending on the funds available to the Company for acquisition, exploration and development of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management.

The properties in which the Company has interests are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration and pay for on-going general and administrative expenses, the Company will use existing working capital and raise additional capital as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the small size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements and there were no changes in its approach to capital management during the year ended September 30, 2021.

11. Commitments

Agreement with President and CEO

On May 15, 2021 and 2020, the Company renewed its consulting agreement with a company owned and controlled by its President and CEO (the "CEO") for a 12-month term. Under the agreement, the CEO is to be paid \$10,000 per month or \$15,000 per month when a private placement occurs. The CEO shall also receive a bonus of 3% of the value of any material asset sale that occurs during his term. In the event that no such material asset sale occurs during his term, the CEO shall be eligible to earn a bonus of up to \$50,000 as determined by the Company's other board members.

Comstock Metals Ltd.

Notes to the Financial Statements

(Expressed in Canadian dollars unless otherwise noted)

For the year ended September 30, 2021

12. Income taxes

A reconciliation of taxes at statutory tax rates with the reported taxes is as follows:

	September 30, 2021	September 30, 2020
Earnings (loss) before income taxes	\$ 293,349	\$ (844,817)
Corporate tax rate	27%	27%
Expected tax owing (recovery) at statutory tax rates	79,204	(228,101)
Non-deductible items	(162,606)	52,505
Share issuance costs	(1,958)	(3,882)
Other	(22,551)	(221,260)
Change in valuation allowance	107,911	400,738
	\$ -	\$ -

The significant components of the Company's deferred tax assets are as follows:

	September 30, 2021	September 30, 2020
Equipment	\$ 5,487	\$ 5,429
Exploration and evaluation assets	2,330,592	2,330,592
Share issuance costs	7,932	16,431
Non-capital loss carry-forwards	1,568,983	1,452,631
	3,912,994	3,805,083
Valuation allowance	(3,912,994)	(3,805,083)
Net deferred tax assets	\$ -	\$ -

As of September 30, 2021, the Company has non-capital losses of approximately \$5,810,000 (2020 - \$5,380,000) to carry forward to reduce future year's taxable income, which expire between 2030 and 2041, and mineral resource pools of \$11,383,000 that have no expiry. Deferred tax benefits which may arise as a result of these losses have not been recognized in these financial statements, as their realization is not anticipated to occur, and accordingly, the Company has recorded a valuation allowance for the deferred tax asset arising from these tax loss carry-forwards.

13. Subsequent events***Private Placement Closing***

On October 1, 2021, the Company closed its non-brokered private placement of Units and FT Units for aggregate gross proceeds of \$388,900 (see also Note 7). The Company issued an aggregate of 1,715,000 FT Units and 2,225,000 Units pursuant to the offerings.

The Company paid finder's fees totaling \$13,398 and issued 125,300 broker warrants as compensation to a finder that assisted with the offerings. Each broker warrant entitles the holder thereof to acquire one common share at a price of \$0.09 per share at any time on or before October 1, 2023.

The securities issued under this private placement are subject to four-month hold period that expires on February 2, 2022.

Comstock Metals Ltd.

Notes to the Financial Statements

(Expressed in Canadian dollars unless otherwise noted)

For the year ended September 30, 2021

13. Subsequent events (cont.)

Stock Options Grant

On October 25, 2021, the Company issued an aggregate of 1,200,000 stock options with each option being exercisable into one common share at an exercise price of \$0.09 at any time on or before the October 25, 2026. The options vested immediately upon grant.

Preview SW Gold Project Proposed Transaction

On December 14, 2021, the Company and MAS Gold Corp. ("MAS Gold" – TSX.V: MAS) signed a non-binding letter of intent under which Comstock agreed to sell 100% of its interest in its Preview SW gold deposit and property ("Preview SW Gold Project" – see also Note 5) to MAS Gold in consideration of the issuance of 30,000,000 common shares in MAS Gold.

On January 13, 2022, the Company and MAS Gold signed a definitive agreement pursuant to which Comstock has agreed to sell 100% of its interest in its Preview SW Gold Project and property to MAS Gold in consideration of the issuance of 30,000,000 common shares in MAS Gold (the "Proposed Transaction"). Upon the closing of the Proposed Transaction, Comstock will have the right to appoint one director to MAS Gold's board for a minimum of two years, and has agreed to appoint Steven Goldman, CEO of Comstock as its board representative on the MAS board. Comstock will also provide additional funding in the amount of \$200,000, to be expended in first quarter of 2022 in conjunction with input from MAS Gold, advancing its Preview SW Property prior to closing of the Proposed Transaction. In connection with the signing of the definitive agreement, it is anticipated that shareholders of Comstock holding an aggregate of at least 51% of the outstanding common shares in the capital of Comstock will enter into voting support agreements with MAS Gold and Comstock pursuant to which they will agree to vote their Comstock shares in favour of the Proposed Transaction. Closing is anticipated in the second half of March, 2022 after both companies' hold their annual general meetings ("AGM"). MAS Gold anticipates holding its AGM on February 26, 2022. Comstock anticipates holding its AGM in March, 2022.

Comstock engaged Red Cloud Klondike Strike Inc. as an advisor to this transaction and will pay advisory fees based on the Proposed Transaction's value equal to 5% of the first \$2,000,000 and 3.5% thereafter (the "Advisory Fee"). The Company's CEO is also entitled to receive a 3% bonus based on the Proposed Transaction's value (the "Bonus" – see also Note 11). It is anticipated that the Advisory Fee and Bonus will be paid using a portion of the MAS Gold shares received by the Company.

Completion of the Proposed Transaction is subject to a number of conditions including, but not limited to, Exchange acceptance and shareholder approval. There can be no assurance that the Proposed Transaction will be completed as proposed or at all.