



Comstock Metals Ltd.
Condensed Interim Financial Statements
Three Months Ended December 31, 2020

Expressed in Canadian Dollars
(UNAUDITED)

NOTICE TO READER

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

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of the management. The Company's independent auditor has not performed a review of these condensed interim financial statements.

Comstock Metals Ltd.

Interim statements of financial position
(Expressed in Canadian dollars - Unaudited)

	Notes	December 31, 2020	September 30, 2020
ASSETS			
Current assets			
Cash		\$ 257,354	\$ 274,905
Other receivables		8,326	15,582
Prepaid expenses and deposits		11,625	18,645
		277,305	309,132
Non-current assets			
Investments	3	23,348	1,767,602
Equipment	4	762	824
Exploration and evaluation assets	5	2,704,089	2,701,391
		2,728,199	4,469,817
TOTAL ASSETS		\$ 3,005,504	\$ 4,778,949
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6, 8	\$ 59,858	\$ 62,462
TOTAL LIABILITIES		59,858	62,462
SHAREHOLDERS' EQUITY			
Share capital	7	18,107,156	20,429,912
Share-based payment reserve	7	2,612,965	2,612,965
Deficit		(17,774,475)	(18,326,390)
TOTAL SHAREHOLDERS' EQUITY		2,945,646	4,716,487
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 3,005,504	\$ 4,778,949

Nature and continuance of operations (Note 1)

Commitments (Note 11)

Approved on behalf of the Board:

"Steven Goldman"

"Arnold Tenney"

Comstock Metals Ltd.

Interim statements of comprehensive loss
(Expressed in Canadian dollars - Unaudited)

	Notes	Three months ended	
		December 31, 2020	December 31, 2019
Expenses			
Amortization	4	\$ 62	\$ 91
Filing fees		7,417	2,213
Investor relations		529	6,604
Management and director fees	8	30,000	30,000
Office, administrative and miscellaneous	8	15,987	19,723
Professional fees		27,303	14,609
Rent	8	5,561	4,619
Share based compensation	7, 8	-	5,901
Loss from operations		(86,859)	(83,760)
Other items			
Interest income		534	997
Foreign exchange loss		(1,763)	-
Realized gain on investments	3	14,418	-
Unrealized fair value gain on investments	3	625,585	175,112
		638,774	176,109
Net and comprehensive income		\$ 551,915	\$ 92,349
Basic and diluted earnings per share	7	\$ 0.02	\$ 0.00

Comstock Metals Ltd.
 Statements of changes in equity
 (Expressed in Canadian dollars)

	Notes	Share Capital		Share-based payment reserve	Deficit	Total
		Number of shares*	Amount			
Balance at October 1, 2019		18,369,507	\$ 19,998,105	\$ 2,607,064	\$ (17,481,573)	\$ 5,123,596
Share based compensation	7	-	-	5,901	-	5,901
Net and comprehensive income		-	-	-	92,349	92,349
Balance at December 31, 2019		18,369,507	\$ 19,998,105	\$ 2,612,965	\$ (17,389,224)	\$ 5,221,846
Balance at October 1, 2020		24,498,652	\$ 20,429,912	\$ 2,612,965	\$ (18,326,390)	\$ 4,716,487
Return of capital	3, 7	-	(2,385,256)	-	-	(2,385,256)
Proceeds from exercise of warrants	7	833,333	62,500	-	-	62,500
Net and comprehensive income		-	-	-	551,915	551,915
Balance at December 31, 2020		25,331,985	\$ 18,107,156	\$ 2,612,965	\$ 17,774,475	2,945,646

* 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.
Interim statements of cash flows
(Expressed in Canadian dollars - Unaudited)

	Three months ended	
	December 31, 2020	December 31, 2019
Operating activities		
Net income	\$ 551,915	\$ 92,349
Adjustments for non-cash items:		
Amortization	62	91
Share based compensation	-	5,901
Realized gain on investments	(14,418)	-
Unrealized fair value gain on investments	(625,585)	(175,112)
Changes in non-cash working capital items:		
Receivables	7,256	3,272
Prepaid expenses and deposits	7,020	(12,202)
Accounts payable and accrued liabilities	(5,301)	(5,889)
Net cash flows used in operating activities	(79,051)	(91,590)
Investing activities		
Expenditures on exploration and evaluation assets	-	(345)
Net cash flows used in investing activities	-	(345)
Financing activities		
Proceeds from exercise of warrants	62,500	-
Return of capital brokerage fees	(1,000)	-
Net cash flows received from investing activities	61,500	-
Decrease in cash	(17,551)	(91,935)
Cash, beginning	274,905	217,726
Cash, ending	\$ 257,354	\$ 125,791
Non-cash transactions and supplemental disclosures		
Return of capital	\$ 2,385,256	\$ -

Comstock Metals Ltd.

Notes to the Condensed Interim Financial Statements

(Expressed in Canadian dollars - Unaudited)

For the three months ended December 31, 2020

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 (“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 December 31, 2020, 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.

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 is unknown at this time, as is the efficacy of any interventions. The Company is closely monitoring the impact of the pandemic on all aspects of its business but anticipates that COVID-19 may impact the Company’s ability to raise financing.

Comstock Metals Ltd.

Notes to the Condensed Interim Financial Statements

(Expressed in Canadian dollars - Unaudited)

For the three months ended December 31, 2020

2. Significant accounting policies and basis of preparation

The condensed interim financial statements were authorized for issue on February 26, 2020 by the directors of the Company.

Statement of compliance to International Financial Reporting Standards

These condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"), and its interpretations, using accounting policies consistent with International Financial Reporting Standards ("IFRS") and accordingly, certain information and note disclosure included in the annual financial statements prepared in accordance with IFRS have been omitted or condensed. These condensed interim financial statements should be read in conjunction with the Company's September 30, 2020 audited annual financial statements.

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 valuation expenditures or operating expenses.

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 Condensed Interim Financial Statements

(Expressed in Canadian dollars - Unaudited)

For the three months ended December 31, 2020

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 Condensed Interim Financial Statements

(Expressed in Canadian dollars - Unaudited)

For the three months ended December 31, 2020

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 Condensed Interim Financial Statements

(Expressed in Canadian dollars - Unaudited)

For the three months ended December 31, 2020

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 Condensed Interim Financial Statements

(Expressed in Canadian dollars - Unaudited)

For the three months ended December 31, 2020

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 Condensed Interim Financial Statements

(Expressed in Canadian dollars - Unaudited)

For the three months ended December 31, 2020

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 Condensed Interim Financial Statements

(Expressed in Canadian dollars - Unaudited)

For the three months ended December 31, 2020

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

IFRS 16 – Leases. IFRS 16 Leases replaces IAS 17 Leases

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Company has adopted IFRS 16 Leases effective for fiscal years beginning October 1, 2019. The Company does not have any leases and has determined that the new policy will not have an impact on its financial statements.

3. Investments

Name	Type	December 31, 2020		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	23,348	350,625	52,497
Total Investments			\$ 23,348		\$ 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 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 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 \$625,585 on the disposal of the Investments from the return of capital.

The Company retained its 350,625 warrants in White Gold. The warrants were fair valued at \$23,348 (September 30, 2020 - \$52,497) using the Black-Scholes Option Pricing Model and the following assumptions: Expected life: 1.16 years; Risk free rate: 0.28%; Expected volatility: 66%; Expected dividend rate: 0% and Expected forfeiture rate: 0%.

The Company accounts for its investments at FVTPL.

Comstock Metals Ltd.

Notes to the Condensed Interim Financial Statements

(Expressed in Canadian dollars - Unaudited)

For the three months ended December 31, 2020

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 December 31, 2020	\$ 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	14	20	23	5	62
At December 31, 2020	\$ 5,470	\$ 10,167	\$ 1,713	\$ 406	\$ 17,756
Net book value:					
At September 30, 2020	\$ 109	\$ 158	\$ 450	\$ 107	\$ 824
At December 31, 2020	\$ 95	\$ 138	\$ 427	\$ 102	\$ 762

Comstock Metals Ltd.

Notes to the Condensed Interim Financial Statements

(Expressed in Canadian dollars - Unaudited)

For the three months ended December 31, 2020

5. Exploration and evaluation assets

	Preview SW	Corona (Mexico)	Total December 31, 2020	Total September 30, 2020
Property acquisition costs				
Balance, beginning of period	\$ 2,695,000	\$ 1	\$ 2,695,001	\$ 2,811,001
Impairment write-down	-	-	-	(116,000)
Balance, end of period	2,695,000	1	2,695,001	2,695,001
Exploration and evaluation costs				
Balance, beginning of period	6,390	-	153,096	153,096
Costs incurred during period:				
Camp and field costs	-	-	-	5,080
Geological and geophysics	2,698	-	2,698	1,310
Impairment write-down	-	-	-	(153,096)
Balance, end of period	9,088	-	9,088	6,390
Total	\$ 2,704,088	\$ 1	\$ 2,704,089	\$ 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. The fair value of the 3.8 million shares was \$4,940,000. 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 Assets 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.

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 Condensed Interim Financial Statements

(Expressed in Canadian dollars - Unaudited)

For the three months ended December 31, 2020

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 is now terminated. The Company took 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

	December 31, 2020	September 30, 2020
Trade payables (Note 8)	\$ 32,358	\$ 36,462
Accrued liabilities	27,500	26,000
	\$ 59,858	\$ 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 December 31, 2020, 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 Condensed Interim Financial Statements

(Expressed in Canadian dollars - Unaudited)

For the three months ended December 31, 2020

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 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.

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.

The Company issued 2,557,906 common shares from the exercise of 2,557,906 warrants. The Company received total proceeds of \$191,843 from the exercise of the warrants.

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.

Comstock Metals Ltd.

Notes to the Condensed Interim Financial Statements

(Expressed in Canadian dollars - Unaudited)

For the three months ended December 31, 2020

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

The changes in options during the three months ended December 31, 2020 and 2019 are as follows:

	December 31, 2020		December 31, 2019	
	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	-	-	(416,000)	\$ 0.80
Options outstanding and exercisable, ending	1,127,000	** \$ 0.30	1,247,000	\$ 0.70

* 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 December 31, 2020 was modified by the Company's Return of Capital.

No stock options were granted or exercised during the three months ended December 31, 2020 and 2019. The Company recognized \$Nil (2019 - \$5,901) of share-based compensation from the vesting of options in the current period.

The following options were outstanding and vested as of December 31, 2020:

Expiry date	Outstanding*	Vested*	Exercise price**
March 17, 2021	58,000	58,000	\$0.56
April 7, 2021	24,000	24,000	\$0.56
August 15, 2021	127,000	127,000	\$0.79
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
	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.

**The exercise price as of December 31, 2020 was modified by the Company's Return of Capital.

At December 31, 2020, the weighted average remaining contractual life of outstanding options was 2.02 years (2019 – 2.95 years).

Comstock Metals Ltd.

Notes to the Condensed Interim Financial Statements

(Expressed in Canadian dollars - Unaudited)

For the three months ended December 31, 2020

7. Share capital (cont.)***Warrants***

The changes in warrants during the three months ended December 31, 2020 and 2019 are as follows:

	December 31, 2020		December 31, 2019	
	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
Exercised	(833,333)	\$ 0.075	-	-
Expired	-	-	(2,501,334)	\$ 0.90
Warrants outstanding, ending	-	-	2,450,680	\$ 0.50

* 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 December 31, 2020. During the three months ended December 31, 2020, the Company received \$62,500 from the exercise of 833,333 warrants (2019 – \$Nil). The weighted average remaining contractual life of warrants outstanding was Nil years (December 31, 2019 – 0.51 years).

Basic and diluted loss per share

The calculation of basic and diluted earnings per share for the three months ended December 31, 2020 was based on the income attributable to common shareholders of \$551,915 (2019 – \$92,349) and the weighted average number of common shares outstanding of 26,167,130 (2019 – 18,549,506).

Diluted earnings per share for the three months ended December 31, 2020 includes the effect of 1,127,000 stock options (2019 – 1,247,000) and Nil share purchase warrants (2019 – 4,952,014).

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.

Comstock Metals Ltd.

Notes to the Condensed Interim Financial Statements

(Expressed in Canadian dollars - Unaudited)

For the three months ended December 31, 2020

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 three months ended December 31, 2020 and 2019:

Key management personnel compensation

	December 31, 2020	December 31, 2019
Administration, director and consulting fees	\$ 19,500	\$ 19,500
Management fees	30,000	30,000
Share-based compensation to directors and officers	-	5,749
	\$ 49,500	\$ 55,249

Related party balances included in accounts payable and accrued liabilities

	December 31, 2020	September 30, 2020
Due to officers and directors for consulting fees	\$ 5,650	\$ 8,650
Due to company with a common director and officer	4,542	1,548
	\$ 10,192	\$ 10,198

The Company paid \$4,542 for shared rent and office services (2019 - \$5,716) to a company with a common director and officer during the three months ended December 31, 2020.

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.

Comstock Metals Ltd.

Notes to the Condensed Interim Financial Statements

(Expressed in Canadian dollars - Unaudited)

For the three months ended December 31, 2020

9. Financial instruments and risk management (cont.)

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.

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 December 31, 2020.

Comstock Metals Ltd.

Notes to the Condensed Interim Financial Statements

(Expressed in Canadian dollars - Unaudited)

For the three months ended December 31, 2020

11. Commitments

Agreement with President and CEO

On May 15, 2019, the Company signed a new 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.

On May 15, 2020, the Company renewed its consulting agreement with its CEO for another one-year term. The agreement terms remain unchanged except that either party may terminate the agreement on three months written notice.