

Comstock Metals Ltd.
Condensed Consolidated Interim Financial Statements
Nine Months Ended June 30, 2015

Expressed in Canadian Dollars
(Unaudited)

NOTICE TO READER

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

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

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

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

	Notes	June 30, 2015	September 30, 2014
ASSETS			
Current assets			
Cash		\$ 77,309	\$ 164,535
GST receivable		-	4,075
Prepaid expenses		6,177	25,239
		83,486	193,849
Non-current assets			
Equipment	3	6,042	8,485
Exploration and evaluation assets	4	5,085,843	4,587,762
		5,091,885	4,596,247
TOTAL ASSETS		\$ 5,175,371	\$ 4,790,096
LIABILITIES			
Current liabilities			
Accounts payables and accrued liabilities	5, 7	\$ 101,446	\$ 98,195
Flow-through tax liability	6	-	28,641
TOTAL LIABILITIES		101,446	126,836
SHAREHOLDERS' EQUITY			
Share capital	6	9,065,866	8,581,866
Share-based payment reserve	6	1,009,668	1,009,668
Deficit		(5,001,609)	(4,928,274)
TOTAL SHAREHOLDERS' EQUITY		5,073,925	4,663,260
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 5,175,371	\$ 4,790,096

Nature and continuance of operations (Note 1)

Approved on behalf of the Board:

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

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

	Notes	Three months ended		Nine months ended	
		June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Expenses					
Depreciation		\$ 716	\$ 1,555	\$ 2,443	\$ 4,664
Filing fees		2,098	1,270	18,620	12,928
Investor relations		419	2,168	2,962	31,694
Management fees	7	-	46,800	-	200,400
Office and administrative	7	9,884	31,317	43,042	161,226
Professional fees		3,400	8,800	16,906	22,566
Rent	7	-	13,000	13,800	38,600
Travel		-	-	388	3,070
		\$ (16,517)	\$ (104,910)	\$ (98,161)	\$ (475,148)
Other items					
Interest income		-	2,381	-	7,083
Flow-through liability reversed	6	-	-	28,641	64,574
Flow-through tax penalty		-	(3,600)	(3,815)	(4,707)
		-	(1,219)	24,826	66,950
Comprehensive loss for the period		\$ (16,517)	\$ (106,129)	\$ (73,335)	\$ (408,198)
Loss per share – basic and diluted		\$ -	\$ -	\$ -	\$ (0.01)

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

	Notes	Share capital		Share-based payment reserve	Deficit	Total
		Number of shares	Amount			
Balance at October 1, 2013		78,979,754	\$ 8,571,866	\$ 1,009,668	\$ (2,636,108)	\$ 6,945,426
Loss for the period		-	-	-	(408,198)	(408,198)
Balance at June 30, 2014		78,979,754	\$ 8,571,866	\$ 1,009,668	\$ (3,044,306)	\$ 6,537,228
Balance at October 1, 2014		79,229,754	\$ 8,581,866	\$ 1,009,668	\$ (4,928,274)	\$ 4,663,260
Shares issued for settlement of debt	6	8,066,667	484,000	-	-	484,000
Loss for the period		-	-	-	(73,335)	(73,335)
Balance at June 30, 2015		87,296,421	\$ 9,065,866	\$ 1,009,668	\$ (5,001,609)	\$ 5,073,925

See accompanying notes to the condensed consolidated interim financial statements

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

	Nine month period ended	
	June 30, 2015	June 30, 2014
Operating activities		
Net loss	\$ (73,335)	\$ (408,198)
Adjustments for non-cash items:		
Depreciation	2,443	4,664
Flow-through tax penalty	-	3,600
Flow-through liability reversed	(28,641)	(64,574)
Non-cash management fees	-	60,000
Non-cash administrative fees	-	60,000
Non-cash interest income	-	(632)
Changes in non-cash working capital items:		
GST receivable	4,075	45,981
Prepaid expenses	19,062	916
Accounts payable and accrued liabilities	16,039	(257,315)
Net cash flows used in operating activities	(60,357)	(555,558)
Investing activities		
Accrued interest	-	(6,451)
Expenditures on equipment	-	(1,673)
Expenditures on exploration and evaluation assets	(26,869)	(354,338)
Net cash flows used in investing activities	(26,869)	(362,462)
Decrease in cash	(87,226)	(918,020)
Cash, beginning	164,535	1,172,787
Cash, ending	\$ 77,309	\$ 254,767
Non-cash transactions		
Shares issued for settlement of debt	\$ 484,000	\$ -

1. Nature and continuance of operations

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

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

These unaudited condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at June 30, 2015, the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, loans from directors and companies controlled by directors and or private placement of common shares.

2. Significant accounting policies and basis of preparation

The financial statements were authorized for issue on August 31, 2015 by the directors of the Company.

Statement of compliance

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

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

Basis of consolidation

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

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

*Percentage of voting power is in proportion to ownership.

Comstock Metals Ltd.
Notes to the Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars - unaudited)
For the nine months ended June 30, 2015

3. Equipment

	Computer hardware	Computer software	Camp equipment	Office furniture and equipment	Total
Cost:					
At September 30, 2014	\$ 5,565	\$ 10,305	\$ 2,140	\$ 508	\$ 18,518
At June 30, 2015	\$ 5,565	\$ 10,305	\$ 2,140	\$ 508	\$ 18,518
Amortization:					
At September 30, 2014	\$ 2,851	\$ 6,440	\$ 599	\$ 143	\$ 10,033
Charge for the period	896	1,276	220	51	2,443
At June 30, 2015	\$ 3,747	\$ 7,716	\$ 819	\$ 194	\$ 12,476
Net book value:					
At September 30, 2014	\$ 2,714	\$ 3,865	\$ 1,541	\$ 365	\$ 8,485
At June 30, 2015	\$ 1,818	\$ 2,589	\$ 1,321	\$ 314	\$ 6,042

Comstock Metals Ltd.
Notes to the Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars - unaudited)
For the nine months ended June 30, 2015

4. Exploration and evaluation assets

	Canada			Mexico		Total for nine month period ended June 30, 2015	Total for year ended September, 2014
	Kermode and QV	Walhalla	Grassick	Corona			
Property acquisition costs							
Balance, beginning of period	\$ 598,886	\$ 1	\$ -	\$ 1	\$ 598,888	\$ 960,708	
Additions	25,000	-	-	-	25,000	200,000	
Impairment write-down	-	-	-	-	-	(561,820)	
Balance, end of period	623,886	1	-	1	623,888	598,888	
Exploration and evaluation costs							
Balance, beginning of period	3,988,874	-	-	-	3,988,874	4,948,957	
Costs incurred during period:							
Assays and drilling (recovery)	(12,787)	-	11,200	-	(1,587)	59,740	
Camp and field costs	-	-	70,900	-	70,900	2,060	
Claim maintenance	-	-	-	-	-	19,249	
Consulting	-	-	-	-	-	13,530	
Drilling	-	-	-	-	-	950	
Geochemical	-	-	83,225	-	83,225	37,697	
Geological and geophysics	-	-	134,692	-	134,692	73,894	
Helicopter	-	-	-	-	-	2,191	
Maps and reports	-	-	19,000	-	19,000	4,485	
Project supervision	-	-	63,750	-	63,750	-	
Supplies and equipment	-	-	1,233	-	1,233	1,107	
Travel and accommodation	628	-	-	-	628	1,060	
Trenching	-	-	-	-	-	11,075	
Wages and benefits	1,240	-	100,000	-	101,240	33,174	
Impairment write-down	-	-	-	-	-	(1,220,295)	
Balance, end of period	3,977,955	-	484,000	-	4,461,955	3,988,874	
Total	\$ 4,601,841	\$ 1	\$ 484,000	\$ 1	\$ 5,085,843	\$ 4,587,762	

4. Exploration and evaluation assets (cont'd)

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

Kermode and QV Property, Yukon, Canada

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

The Kermode and QV Property is subject to a 2.0% Net Smelter Royalty ("NSR") to the optionor. The Company has the right to acquire 1.0% of the NSR for a payment of \$2,500,000. Commencing June 22, 2015, the Company must also make annual cash advance payments of \$25,000 to the optionor until the commencement of commercial production (the "Advance Royalty"). The Advance Royalty is deductible against the NSR. The Company may pay the Advance Royalty in cash or by issuing common stock of the Company based on the average closing price of its shares in the 10 trading days prior to the due date of the Advance Royalty. The Company has not yet made payment of the Advance Royalty that was due June 22, 2015. The Company and the optionor are presently negotiating the payment terms of the Advance Royalty.

Walhalla Property, Yukon, Canada

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

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

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

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

Grassick, Saskatchewan, Canada

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

Corona Property, Mexico

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

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

5. Accounts payable and accrued liabilities

	June 30, 2015	September 30, 2014
Trade payables	\$ 94,966	\$ 67,408
Accrued liabilities	-	24,307
Flow-through tax penalty payable	6,480	6,480
	\$ 101,446	\$ 98,195

6. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At June 30, 2015 there were 87,296,421 (September 30, 2014 - 79,229,754) issued and fully paid common shares.

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

During the year ended September 30, 2014, the Company issued 250,000 common shares with a fair value of \$10,000 pursuant to the Kermode QV Property agreement (Note 4).

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the nine month period ended June 30, 2015 was based on the loss attributable to common shareholders of \$73,335 (2014 - \$408,198) and the weighted average number of common shares outstanding of 84,134,760 (2014 - 78,979,754).

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

Stock options

The changes in options during the nine month period ended June 30, 2015 are as follows:

	June 30, 2015	
	Number of options	Weighted average exercise price
Options outstanding, beginning	3,765,000	\$ 0.26
Options cancelled	(1,265,000)	\$ 0.27
Options expired	(730,000)	\$ 0.21
Options outstanding, ending	1,770,000	\$ 0.27
Options exercisable, ending	1,770,000	\$ 0.27

6. Share capital (cont'd)

At June 30, 2015, the weighted average remaining life of options outstanding was 2.01 years.

The changes in options during the nine month period ended June 30, 2014 are as follows:

	June 30, 2014	
	Number of options	Weighted average exercise price
Options outstanding, beginning	3,890,000	\$ 0.26
Options expired	(125,000)	\$ 0.30
Options outstanding, ending	3,765,000	\$ 0.26
Options exercisable, ending	3,765,000	\$ 0.26

At June 30, 2014, the weighted average remaining life of options outstanding was 2.50 years.

Warrants

The changes in warrants during the nine month period ended June 30, 2015 are as follows:

	June 30, 2015	
	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning	19,633,931	\$ 0.39
Warrants expired	(703,600)	0.15
Warrants outstanding, ending	18,930,331	\$ 0.40

At June 30, 2015, the weighted average remaining life of warrants outstanding was 2.09 years. Subsequent to June 30, 2015, 165,000 warrants expired unexercised.

There were no changes in warrants during the nine month period ended June 30, 2014:

	June 30, 2014	
	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning	20,343,438	\$ 0.29
Warrants expired	(315,789)	0.20
Warrants outstanding, ending	20,027,649	\$ 0.29

At June 30, 2014, the weighted average remaining life of warrants outstanding was 2.93 years.

7. Related party transactions

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

	Nine month periods ended	
	June 30, 2015	June 30, 2014
Rent	\$ 13,800	\$ 38,600

7. Related party transactions (cont'd)

Key management personnel compensation

	Nine month periods ended	
	June 30, 2015	June 30, 2014
Administration fees	\$ 28,000	\$ 119,910
Management fees	-	200,400
	<u>\$ 28,000</u>	<u>\$ 320,310</u>

As of June 30, 2015, there is \$8,000 (June 30, 2014 - \$Nil) included in accounts payable and accrued liabilities owing to directors and officers of the Company or corporations controlled by them.