

Comstock Mining Inc.
Form 424B5
February 09, 2012

Filed pursuant to Rule 424(b)(5)
Registration No. 333-175006

PROSPECTUS SUPPLEMENT (To Prospectus dated July 1, 2011)

7,894,737 Shares of Common Stock

We are offering 7,894,737 shares of our common stock, par value, \$0.000666 per share, pursuant to this prospectus supplement and the accompanying prospectus.

Our common stock is listed on the NYSE AMEX under the symbol **LODE**. The last reported sale price of our common stock on the NYSE AMEX on February 3, 2012 was \$1.84 per share.

We have granted the underwriters an option to purchase up to an additional 1,184,211 shares of our common stock at the public offering price, less the underwriting discounts and commissions, within 30 days from the date of this prospectus supplement to cover overallotments.

Investing in our common stock involves significant risk. Please read carefully the section entitled **Risk Factors beginning on page S-6 of this prospectus supplement.**

Neither the Securities and Exchange Commission (the **SEC or the **Commission**) nor any state securities commission has approved or disapproved of the common stock or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

	Per Share	Total
Public Offering Price	\$ 1.9000	\$ 15,000,000
Underwriting Discount	\$ 0.1172	\$ 925,263
Proceeds to Us, Before Expenses	\$ 1.7828	\$ 14,074,737

The underwriters expect that the shares of common stock will be available for delivery in book-entry form through the facilities of The Depository Trust Company on or about February 10, 2012.

Joint Book-Running Managers

Global Hunter Securities

Moelis & Company

**Aegis Capital
Corp**

The date of this prospectus supplement is February 9, 2012.

TABLE OF CONTENTS

TABLE OF CONTENTS

Prospectus Supplement

	Page
<u>About This Prospectus Supplement</u>	<u>S-ii</u>
<u>Where You Can Find More Information</u>	<u>S-ii</u>
<u>Incorporation of Certain Documents by Reference</u>	<u>S-ii</u>
<u>Forward-Looking Statements</u>	<u>S-iv</u>
<u>Prospectus Supplement Summary</u>	<u>S-1</u>
<u>Risk Factors</u>	<u>S-6</u>
<u>Use of Proceeds</u>	<u>S-10</u>
<u>Dilution</u>	<u>S-10</u>
<u>Capitalization</u>	<u>S-11</u>
<u>Price Range of Common Stock</u>	<u>S-12</u>
<u>Description of Common Stock</u>	<u>S-12</u>
<u>Certain Material U.S. Federal Income Tax Considerations to Non-U.S. Holders</u>	<u>S-13</u>
<u>Underwriting</u>	<u>S-16</u>
<u>Legal Matters</u>	<u>S-20</u>
<u>Experts</u>	<u>S-20</u>

Prospectus

	Page
<u>About This Prospectus</u>	<u>1</u>
<u>Where You Can Find More Information</u>	<u>2</u>
<u>Incorporation of Certain Documents by Reference</u>	<u>2</u>
<u>Summary</u>	<u>3</u>
<u>Forward Looking Statements</u>	<u>4</u>
<u>Risk Factors</u>	<u>4</u>
<u>Use of Proceeds</u>	<u>4</u>
<u>Selling Security Holders</u>	<u>5</u>
<u>Description of Securities</u>	<u>6</u>
<u>Plan of Distribution</u>	<u>6</u>
<u>Validity of the Securities</u>	<u>9</u>
<u>Experts</u>	<u>9</u>

TABLE OF CONTENTS

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is the prospectus supplement, which describes the terms of this offering and information concerning Comstock Mining Inc. The second part is the accompanying prospectus, which provides more general information, some of which may not apply to this offering. Generally, when we refer to this prospectus, we are referring to both parts of this document combined. If the description of this offering varies between the prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement, which supersedes the information in the accompanying prospectus. This prospectus supplement contains information about the securities offered in this offering and may add, update or change information in the accompanying prospectus. We may also authorize one or more free writing prospectuses (i.e., written communications concerning the offering that are not part of this prospectus supplement) that may contain certain material information relating to this offering. Before you invest in the common stock offered under this prospectus supplement, you should carefully read both this prospectus supplement and the accompanying prospectus together with additional information under the heading **Where You Can Find More Information** and **Incorporation of Certain Documents by Reference**.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and in the accompanying prospectus or any free writing prospectus that we may provide. We have not authorized anyone to provide you with different information. If anyone provides you with different or additional information, you should not rely on it. You should not assume that the information contained in this prospectus supplement, the accompanying prospectus, any free writing prospectus that we may provide or any document incorporated by reference is accurate as of any date other than the date mentioned on the cover page of these documents. We are not making offers to sell the securities in any jurisdiction in which an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make an offer or solicitation.

References in this prospectus supplement and the accompanying prospectus to the terms **we**, **us**, **Comstock** or **the Company** or other similar terms mean Comstock Mining Inc. and its consolidated subsidiaries, unless we state otherwise or the context indicates otherwise.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational reporting requirements of the Securities Exchange Act of 1934. We file reports, proxy statements and other information with the SEC. Our Commission filings are available over the Internet at the SEC's website at <http://www.sec.gov>. You may read and copy any reports, statements and other information filed by us at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call 1-800-SEC-0330 for further information on the Public Reference Room.

We make available, free of charge, on our website at <http://www.comstockmining.com>, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports and statements as soon as reasonably practicable after they are filed with the SEC. The contents of our website are not part of this prospectus supplement or the accompanying prospectus, and the reference to our website does not constitute incorporation by reference into this prospectus supplement or the accompanying prospectus of the information contained at that site, other than documents we file with the Commission that are incorporated by reference into this prospectus supplement and the accompanying prospectus.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Commission allows us to incorporate by reference into this prospectus supplement and the accompanying prospectus the information in documents we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus supplement and the accompanying prospectus, and information that we file later with the Commission will automatically update and supersede this information. Any statement contained in any document incorporated or deemed to be incorporated by reference in this prospectus supplement and the accompanying prospectus shall be deemed to be modified or superseded to the extent that a statement contained in or omitted from this prospectus supplement or the accompanying prospectus, or in any other subsequently filed document that also is or is deemed to be incorporated by

S-ii

TABLE OF CONTENTS

reference, modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement or the accompanying prospectus.

We incorporate by reference the documents listed below and any future documents that we file with the Commission under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus supplement:

- (a) Our annual report on Form 10-K for the fiscal year ended December 31, 2010, filed with the Commission on April 15, 2011 (the 2010 Form 10-K);
- (b) Our quarterly report on Form 10-Q for the period ended March 31, 2011, filed with the Commission on May 16, 2011 (the First Quarter Form 10-Q);
- (c) Our quarterly report on Form 10-Q for the period ended June 30, 2011, filed with the Commission on September 2, 2011 (the Second Quarter Form 10-Q);
- (d) Amendment No. 1 to the Second Quarter Form 10-Q on Form 10-Q/A, filed with the Commission on September 2, 2011;
- (e) Our quarterly report on Form 10-Q, for the period ended September 30, 2011, filed with the Commission on November 14, 2011 (the Third Quarter Form 10-Q);
 - (f) Our current report on Form 8-K, filed with the Commission on December 23, 2011;
 - (g) Our current report on Form 8-K, filed with the Commission on December 21, 2011;
 - (h) Our current report on Form 8-K, filed with the Commission on October 6, 2011;
- (i) Our current report on Form 8-K containing Items 1.01 and 9.01, filed with the Commission on August 11, 2011;
 - (j) Our current report on Form 8-K, filed with the Commission on June 29, 2011;
 - (k) Our current report on Form 8-K, filed with the Commission on June 8, 2011;
 - (l) Our current report on Form 8-K, filed with the Commission on April 14, 2011;
 - (m) Our current report on Form 8-K, filed with the Commission on March 31, 2011;
 - (n) Our current report on Form 8-K/A, filed with the Commission on January 12, 2011;
 - (o) Our current report on Form 8-K, filed with the Commission on January 10, 2011;
 - (p) Our proxy statement on Schedule 14A, filed with the Commission on June 8, 2011; and
- (q) The description of our common stock contained in our Form 8-A (File No. 001-35200), filed with the Commission under Section 12 of the Exchange Act on June 8, 2011 (the Form 8-A).

We will not, however, incorporate by reference in this prospectus supplement or the accompanying prospectus any documents or portions thereof that are not deemed filed with the SEC, including any information furnished pursuant to Item 2.02 or Item 7.01 of our current reports on Form 8-K unless, and except to the extent, specified in such current reports. Without limiting the generality of the preceding sentence, Item 7.01 of our current report on Form 8-K, filed June 29, 2011 (as amended on Form 8-K/A on January 25, 2012) and our current report on Form 8-K, filed November 2, 2011 (as amended on Form 8-K/A on January 25, 2012) are not incorporated by reference into this prospectus supplement or the accompanying prospectus.

TABLE OF CONTENTS

We will provide you with a copy of any of these filings (other than an exhibit to these filings, unless the exhibit is specifically incorporated by reference into the filing requested) at no cost if you submit a request to us by writing or telephoning us at the following address and telephone number:

Comstock Mining Inc.
P.O. Box 1118
Virginia City, Nevada 89440
Attention: Investor Relations
Telephone: (775) 847-5272

FORWARD-LOOKING STATEMENTS

The information appearing under **Statement Regarding Forward Policy Statements** in the 2010 Form 10-K and the Third Quarter Form 10-Q, is hereby incorporated by reference.

S-iv

TABLE OF CONTENTS

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. This summary may not contain all of the information that you should consider before investing in our common stock. We urge you to read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference carefully, including the section entitled **Risk Factors** and the financial statements and other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus.

The Company

The Company is a Nevada-based, gold and silver mining company with extensive, contiguous property in the historic Comstock and Silver City mining districts (collectively, the **Comstock District**). The Comstock District is located within the western portion of the Basin and Range Province of Nevada, between Reno and Carson City. The Company began acquiring properties and developing projects in the Comstock District in 2003. Since then, the Company has consolidated a substantial portion of the Comstock District, secured permits, built an infrastructure and brought its initial exploration projects into test mining production. The Company produced over 12,000 ounces of gold and over 53,000 ounces of silver in 2004-2006, at our existing heap leach processing facilities. Our test mining activities were concluded in January 2007, when, based on our longer-term production plans, we prioritized land consolidation and mine planning.

The goal of our strategic plan is to deliver stockholder value by validating qualified resources (measured and indicated) and reserves (probable and proven) of 3,250,000 gold equivalent ounces by 2013, and commence commercial mining and processing operations with annual production rates of at least 20,000 gold equivalent ounces with respect to the Company's existing exploration targets.

Because of the Comstock District's historical significance, the geology is well known and has been extensively studied by the Company, our advisors and many independent researchers. We believe that we have amassed the largest known library of historical and current data and detailed surface mapping of Comstock District properties. We use such data in conjunction with our drilling programs to expand our understanding of the Comstock District's structural geology as well as its broader geological footprint.

In excess of 1,100 reverse circulation (RC) and core holes have been drilled by the Company and its predecessors. The data provided has furthered our knowledge of the region's mineralization and provided the information used to develop a starter mine plan in our Lucerne Resource Area. In our exploration and development campaigns, all drilling, surface and down-hole surveying, hole abandonment, geologic logging, sampling, and assays were performed to industry-recognized standards. We also have drill results from over 300 holes at the Dayton-Alhambra-Kossuth claims in our Dayton Resource Area.

Our Lucerne Resource Area, the proposed site of our first commercial mining activities, is located in Storey County, Nevada, approximately three miles south of Virginia City, Nevada and 30 miles southeast of Reno, Nevada. Our Dayton Resource Area, the proposed site for our second commercial mining activities, is located in Lyon County Nevada, approximately six miles south of Virginia City. Access to the properties is by State Route 342, a paved highway.

We continue acquiring additional properties in the Comstock District, expanding our footprint and creating opportunities for exploration and mining. The Company now owns or controls approximately 6,099 acres of lode mining claims in the Comstock District. The acreage is comprised of 999 acres of patented claims (private lands) and 5,100 acres of unpatented claims, which the Bureau of Land Management (BLM) administers. The Company also owns a heap leach processing facility that will be redesigned and modified to accommodate our new production plans.

S-1

TABLE OF CONTENTS

Strategic Plan

In April 2010, the Board approved a strategic plan designed to restructure and recapitalize the Company, accelerate mine development and production and continue exploration. Since then, we have accomplished all of the key milestones contemplated by the strategic plan within the time frame contemplated to date, including:

operational and management restructuring, including the appointment of a new chief executive officer, chief accounting officer, controller, vice president of strategic resource planning, vice president of operations, metallurgical process manager, senior mine planner and director of environmental and regulatory management;

the 200:1 reverse stock split of all common shares outstanding;

the acquisition of ownership or control of more than 1,800 acres, leading to substantial increases in the Company's measured, indicated and inferred resources;

balance sheet restructuring, including the exchange of approximately \$29.4 million of secured convertible indebtedness for convertible preferred equity;

an equity capital raise of approximately \$35.75 million through the issuance of convertible preferred equity;

listing of the Company's common stock on the NYSE Amex LLC exchange; and

obtaining key required permits for exploration and drilling purposes.

As part of the strategic plan, the Company has scheduled the exploration and development drilling intended to validate mine design and identify qualified resources and reserves with three intermediate objectives of validating measured and indicated resources containing 1,000,000 gold equivalent ounces, 1,500,000 gold equivalent ounces, and 2,000,000 gold equivalent ounces, respectively, and the long term planned objective of 3,250,000 gold equivalent ounces to be achieved in 2013, with an annual run rate of at least 20,000 gold equivalent ounces with respect to the Company's existing exploration targets. The Company has already met the first two intermediate exploration objectives. The Company has scheduled the start of production operations in 2012.

Related Party Transactions

Northern Comstock LLC

On October 20, 2010, the Company entered into an operating agreement to form Northern Comstock LLC (Northern Comstock) with Mr. Winfield, a shareholder of the Company, and an entity controlled by Mr. Winfield, DWC Resources, Inc. (DWC). As part of the operating agreement, the Company obtained the exclusive rights of production and exploration on certain property formerly owned by DWC in Storey County, Nevada (the DWC Property) and two parcels leased by Mr. John Winfield in Storey County, Nevada from the Sutro Tunnel Company (the Sutro Property) and Virginia City Ventures (the VCV Property).

As part of the operating agreement, the Company obtained the exclusive rights of production and exploration on certain parcels in Storey County, Nevada. The terms of the operating agreement provide that on each anniversary of the operating agreement, up to and including the thirty-ninth (39th) anniversary, the Company will make contributions in the amount of \$862,500, in the form of Series A-1 convertible preferred stock or cash upon request of Northern Comstock. If an event of default occurs under the operating agreement, the additional capital contributions could be accelerated and the entire unpaid amount of the Company's capital contribution, up to the aggregate 34,500 shares of Series A-1 convertible preferred stock (approximately 53 million shares of common stock as converted), could become issuable immediately. The Company has made the first two capital contributions and therefore there are capital contributions of 32,775 shares of Series A-1 convertible preferred stock (approximately 50.3 million shares of common stock as converted) remaining. The operating agreement further requires the Company to make certain capital expenditures of not less than \$750,000 over five years with respect to each parcel.

TABLE OF CONTENTS

Mineral production from the DWC-contributed property is subject to a royalty on a sliding scale to DWC. At gold prices over \$750 per ounce, production of the first 500,000 ounces is subject to a 3% NSR. Production over 500,000 ounces is subject to a 6% NSR.

Mineral production on the Sutro property is subject to a royalty on a sliding scale to John Winfield. At gold prices over \$250 per ounce, production of the first 500,000 ounces is subject to a 1% NSR. Production over 500,000 ounces is subject to a 2% NSR.

Under the terms of the operating agreement, all operating activities from the minerals or finished products produced from the parcel are conducted by the Company and recognized in the Company's consolidated financial statements.

The Company has no right to receive periodic or liquidating distributions related to any amounts contributed to Northern Comstock. The payments to Northern Comstock do not result in the acquisition of any equity interest in Northern Comstock as there is no entitlement to receive future distributions or changes in the fair value of the net assets of Northern Comstock.

Tax Indemnification

On October 20, 2010, the Company exchanged senior secured convertible and senior indebtedness owed to Mr. Winfield and certain entities affiliated with Mr. Winfield (the Winfield Group) for shares of Series A-1 convertible preferred stock. As part of the exchange, the Company agreed to indemnify the Winfield Group for any amounts as part of the exchange that are determined to be taxable as ordinary income to each member of the Winfield Group.

Such indemnified amounts would include (i) any federal, state and local income tax, penalties and interest such member is actually obligated to pay out-of-pocket as a result of such determination, after taking into account (a) all increases in federal, state and local income taxes actually payable as a result of the receipt of any such indemnity payment and (b) the deduction to which such member would be entitled for federal income tax purposes for state and local income taxes paid. The Company may at its option, pay the indemnity amount either in cash or in a number of common shares equal to the indemnity amount divided by the average of the volume weighted average closing prices of common shares for the five consecutive trading days ending on the trading day that is immediately prior to the date of such payment. As of September 30, 2011, the Company has recorded a liability of \$3,861,340 for this tax indemnification at the amount which is probable of being indemnified by the Company.

Recent Developments

As of February 1, 2012, 1,810 shares of the Company's Series A-2 Convertible Preferred Stock have been converted into 2,780,338 shares of common stock. As of February 1, 2012, 5,852 shares of the Company's Series B Convertible Preferred Stock have been converted into 3,546,667 shares of Common Stock.

In October 2011, the Company received a unanimous approval from the Storey County Board of Commissioners passing Special Use Permit 2011-016 that granted the Company authorization to further develop its exploration drilling in the southern portion of the county.

On December 31, 2011, the Nevada Division of Environmental Protection (NDEP) authorized expanded exploration drilling for the Company's two major targets in Lyon County, the Dayton Resource Area and the Spring Valley Area by issuing Reclamation Permit No. 0315 authorizing exploration drilling on up to 19.75 acres of property. NDEP's issuance of Reclamation Permit No. 0315 has been appealed to the Nevada State Environmental Commission by the Comstock Residents Association, and the appeal has been set for a public hearing on February 16, 2012. Together with the Special Use Permit issued by Storey County in October of 2011, the receipt of Permit No. 0315, if the appeal

by the Comstock Residents Association is ultimately denied, will be a major step toward obtaining the governmental authorizations needed for the Company's proposed exploratory drilling programs in the Dayton Resource Area and Spring Valley Area.

In January 2012, the Company exercised its option to purchase four patented lode claims totaling 95 acres known as the Dayton. The Company made a \$500,000 upfront payment and the seller financed \$2,500,000 of the purchase price with a 0% interest seller's note, payable in quarterly installments of up to \$125,000 until July 1, 2017, when the balance of the note is due in full.

S-3

TABLE OF CONTENTS

On Monday, January 23, 2012, the Company commenced its 2012 exploration drilling program. The program began with Phase 1 drilling in Spring Valley, with one Reverse Circulation and one Core drilling rig. Additional drilling rigs are expected to arrive in February and March to accelerate the program. The Spring Valley program is designed to follow-up on the Company's successful 2009 drilling program and to verify the continuity of the Dayton geologic model southward beyond State Route 341 into predominately unexplored land. If initial results warrant, a Phase 2 infill program may be accelerated and scheduled later in 2012, to assess the potential of Spring Valley as an additional Resource Area.

After the initial drilling in Spring Valley, the 2012 drilling program will focus on three significant areas: 1) Definition drilling in the Lucerne starter mine area; 2) Multiple phases of drilling in the east side of the Lucerne Resource Area; and 3) in-fill drilling in the Dayton Resource Area. The 2012 drilling is designed to obtain the necessary information to develop economic mine plans. In the Lucerne Resource Area, that mine plan will likely expand the currently permitted boundaries of the starter mine already scheduled for production in 2012. In the Dayton Resource Area, a second mine plan will be evaluated for potential parallel development.

On January 26, 2012, the Bureau of Air Pollution Control of NDEP held a public hearing relating to the Lucerne Resource Area and recommended the issuance of a Class I air quality permit for the Company. The Company anticipates the issuance of the final permit in the middle to end of February. Receipt of the air quality permit will be a pivotal step toward construction activities and the commencement of mining. Once the permit is issued, the Company will likely have approximately five months of remaining construction activities including land clearing, excavation and leveling primarily associated with pre-stripping, mine preparation and stock piling, the installation of the crushing facility, the installation of the expanded Merrill Crowe facility, and the completed expansion of its heap leach and process solution ponds.

The Company has completed a preliminary economic analysis for the starter mine and anticipates annual operating expenses, including mining, processing and mine administration costs of approximately \$12 million per year assuming that the starter mine processes 1 million tons per year.

Company Information

The Company's executive offices are located at 1200 American Flat Road, Virginia City, Nevada 89440 and its telephone number is (775) 847-5272. The Company's mailing address is P.O. Box 1118, Virginia City, Nevada 89440. The Company's website address is www.comstockmining.com. The Company's website and the information contained on, or that can be accessed through, the website is not part of this prospectus.

S-4

TABLE OF CONTENTS

The Offering

Common stock

7,894,737 shares of \$0.000666 par value, per share of common stock

Over-allotment option

We have granted to the underwriters an over-allotment option to purchase up to 1,184,211 additional shares of our common stock at the public offering price, less the underwriting discount. The option may be exercised in whole or in part at any time within 30 days following the date of this prospectus supplement. Unless specifically stated otherwise, the information contained in this prospectus supplement assumes that the underwriters will not exercise the over-allotment option.

Price per share

\$1.90

Common stock outstanding before and after this offering

38,111,430 shares of common stock will be outstanding after this offering, based on 30,216,693 shares of common stock outstanding as of February 1, 2012.

Use of proceeds

We will use the net proceeds from this offering for exploration and development of our primary target areas, that is the Lucerne, Dayton and Spring Valley Resource Areas, as well as for working capital and general corporate purposes. See Use of Proceeds.

Risk factors

You should carefully read and consider the information set forth in Risk Factors beginning on page_S-6 of this prospectus supplement before investing in our common stock.

NYSE AMEX symbol

LODE

S-5

TABLE OF CONTENTS

RISK FACTORS

Investing in our common stock involves significant risk. Prior to making a decision about investing in our common stock, you should carefully consider the specific risk factors included below, as well as the risk factors discussed under the heading "Risk Factors" in the 2010 Form 10-K and in the Third Quarter Form 10-Q, which are incorporated by reference in this prospectus supplement and the accompanying prospectus and may be amended, supplemented or superseded from time to time by other reports we file with the Commission in the future. The risks and uncertainties we have described are not the only ones we may face. Additional risks and uncertainties not currently known to us or that we currently deem immaterial may also affect our operations. If any of these risks actually occurs, our business, results of operations and financial condition could suffer. In that case, the trading price of our common stock decline, and you could lose all or a part of your investment.

Risks Relating to the Company, the Company's Common Stock and this Offering

You may lose all or part of your investment.

If we are unable to find and mine adequate quantities of gold and silver ore, it is unlikely that the cash generated from our internal operations will suffice as a primary source of the liquidity necessary for anticipated working capital requirements. There is no assurance that the Company's initiatives to improve its liquidity and financial position will be successful. Accordingly, there is substantial risk that the Company will be unable to continue as a going concern. In the event of insolvency, liquidation, reorganization, dissolution or other winding up of the Company, the Company's creditors and preferred stockholders would be entitled to payment in full out of the Company's assets before holders of common stock would be entitled to any payment and the claims on such assets may exceed the value of such assets.

Restrictions imposed by the terms of the Company's preferred stock may inhibit growth.

The certificates of designation of our preferred stock substantially limit the ability of the Company to incur debt or redeem capital stock or pay dividends to common shareholders among other things. Such restrictions could significantly impact the Company's ability to go into production and generate cash flows.

You will be a minority stockholder of the Company.

Prior to the completion of this Offering, including its ownership of preferred shares and warrants of the Company, the Winfield Group owns approximately 38.0% of the economic interests of the Company's capital stock and approximately 75.8% of the voting security interests, in each case on an as converted basis. As a result, the ability of holders of common stock to determine the management and policies of the Company will be significantly limited.

The terms of the Operating Agreement of Northern Comstock LLC may significantly dilute your ownership interests.

The Operating Agreement of Northern Comstock LLC provides for capital contributions by the Company in the form of Series A-1 preferred stock, unless Northern Comstock LLC requests payment in cash. The Operating Agreement

provides for additional capital contributions over 39 years and contributions of 862.5 shares of Series A-1 preferred stock would be made on the anniversary of the Operating Agreement each year, if no requests for contributions in cash were made. If an event of default occurs under the Operating Agreement, the additional capital contributions could be accelerated and the entire unpaid amount of the Company's capital contribution, up to the aggregate 34,500 shares of Series A-1 preferred stock (approximate 53.1 million shares of common stock on an as-converted basis) issuable under the Operating Agreement, could become issuable immediately at the option of Northern Comstock LLC. In addition the Operating Agreement provides that each time more than 200,000 gold equivalent ounces of measured and indicated resources are validated, the capital contributions for such year will be accelerated to \$5 million or 5,000 shares of Series A-1 preferred stock.

S-6

TABLE OF CONTENTS

The Company may issue additional common stock or other equity securities in the future that could dilute the ownership interest of existing shareholders.

The Company is currently authorized to issue up to 3,950,000,000 shares of Common Stock, of which 30,216,693 shares were issued and outstanding as of February 1, 2012, and 50,000,000 shares of preferred stock, of which 59,206 shares of convertible preferred stock were issued and outstanding as of February 1, 2012. To maintain its capital at desired levels or to fund future growth, the Company's board of directors may decide from time to time to issue additional shares of common stock, or securities convertible into, exchangeable for or representing rights to acquire shares of common stock. The sale of these securities may significantly dilute its shareholders' ownership interest as a shareholder and the market price of the common stock. New investors in other equity securities issued by the Company in the future may also have rights, preferences and privileges senior to its current shareholders that may adversely impact its current shareholders.

Our ability to execute our strategic plans depends upon our success in obtaining a variety of required mining and environmental permits whose issuance may be opposed by third-parties.

We do not possess all of the mining and environmental permits or other governmental approvals (including approvals from the Nevada State Engineer) necessary to conduct the full extent of the operations contemplated by our strategic plan. Those operations will be delayed, hindered or prevented to the extent that we are unable to obtain the necessary permits and approvals in a timely fashion or at all. This inability may occur due to a variety of factors, including opposition by third parties, such as members of the public or environmental groups. For example, a citizens' group is appealing the issuance of the NDEP Reclamation Permit for the Dayton Consolidated Exploration Project. We expect that future permit and approval applications and issuances will meet with similar opposition. Notwithstanding the fact that the issuing agencies will be prepared to support their actions, we may encounter delays and added costs if permits and approvals are challenged. These risks are particularly significant with respect to our future projects which at present are largely unpermitted in contrast to our Lucerne Project which is substantially permitted.

Because our land holdings are within the Carson River Mercury Superfund Site, our operations are subject to certain soil sampling and potential remediation requirements, which will result in added costs and delays; and we are also potentially subject to further costs as the result of on-going government investigations and future remediation decisions.

Substantially all of our land holdings are within the Carson River Mercury Superfund Site (CRMS) Study Area and portions are within the risk area boundaries identified by NDEP and the United States Environmental Protection Area (USEPA). These risk areas have been defined due to the known or suspected presence of certain contaminants of concern, including mercury, arsenic and lead. To comply with the agencies' requirements for excavating in these areas, the Company will conduct a pre-excavation soil sampling pursuant to a plan that has been approved by the NDEP. This sampling is intended to demonstrate the absence of contamination before initiating excavation for mining, processing or other operations in that area. If contamination above agency-established levels of concern are encountered, the Company intends to excavate and process such materials for metals recovery wherever feasible. If metals recovery is not feasible, the Company may avoid or defer excavation in that area or remove the materials for disposal. Through this sampling program and, if necessary, removal of contaminated materials, the Company intends to enable the NDEP and USEPA to better define the Carson River Superfund Site and the currently designated risk

The Company may issue additional common stock or other equity securities in the future that could dilute the owner

areas so as to eventually exclude our land holdings from such areas and from the Site itself to the maximum extent feasible. The NDEP and USEPA are continuing to study the ecological and human health risks that may be presented by contaminated sediments in certain portions of the Carson River watershed and downstream areas. The agencies' studies indicate that these contaminants are primarily associated with historic mining tailings that have been redistributed into these waterways. The agencies have not adopted a remedial plan for these sediments nor have they decided whether remediation will be undertaken. Thus, there is no assurance that the Company will not be asked to undertake additional investigatory or remediation activities or to pay for such activities by the agencies or that future changes in CRMS-related requirements will not negatively affect our operations.

S-7
