

Comstock Mining Inc.
Form DEF 14A
April 02, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant Filed by a Party other than the Registrant
Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under Rule 14a-12

COMSTOCK MINING INC.
(Name of registrant as specified in its charter)
(Name of person(s) filing proxy statement, if other than the registrant)

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- No fee required.
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 - (3) Filing Party:
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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting of shareholders of Comstock Mining Inc. will be held at the historic Delta Saloon banquet facility, 18 C Street, Virginia City, NV 89440, on Thursday, May 7, 2015, at 9 a.m. Pacific Daylight Time (“PDT”), to:

1. Elect the five- named nominees to the Board of Directors for the ensuing year or, if earlier, until their successors are duly elected and qualified;
2. Ratify the appointment of Deloitte & Touche LLP, as our independent registered public accounting firm, for the fiscal year ending December 31, 2015;
3. Approve a non-binding advisory resolution for the compensation of our named executive officers;
4. Conduct any other business that may properly come before the meeting or any adjournments or postponements thereof.

Holders of shares of Comstock Mining Inc. common stock and convertible preferred stock of record at the close of business on March 19, 2015, may vote at the meeting.

UNLESS YOU PROVIDE SPECIFIC INSTRUCTIONS AS TO HOW TO VOTE, BROKERS MAY NOT VOTE YOUR SHARES OF COMMON STOCK OR CONVERTIBLE PREFERRED STOCK ON THE ELECTION OF DIRECTORS OR THE NON-BINDING ADVISORY RESOLUTION RELATING TO THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS.

To ensure your vote is counted, please vote your shares promptly by completing, signing, dating and returning the enclosed proxy card in the postage-paid envelope provided, or by telephone or internet, regardless of whether you plan on attending the meeting.

If you are present at the meeting, you may vote in person even if you have already voted your proxy by mail, telephone or internet.

Seating at the meeting will be available on a first-come, first-served basis. To ensure that you have a seat, please arrive early.

By Order of the Board of Directors
Judd Merrill, Chief Financial Officer and Secretary
April 2, 2015

PROXY STATEMENT
FOR ANNUAL MEETING OF SHAREHOLDERS
COMSTOCK MINING INC.
TO BE HELD MAY 7, 2015

APPROXIMATE DATE OF MAILING – APRIL 2, 2015

This Proxy Statement (the “Proxy”) sets forth certain information about the accompanying proxy for the 2015 Annual Meeting (the “Meeting”) of shareholders of Comstock Mining Inc., or any adjournments or postponements thereof, for the purposes set forth in the accompanying Notice of Annual Meeting. The Board of Directors has designated the historic Delta Saloon banquet facility at 18 C Street, Virginia City, NV 89440, as the place of the Meeting. The Meeting will be called to order at 9 a.m., PDT, on Thursday, May 7, 2015.

The Board of Directors solicits this proxy and urges you to vote immediately. Unless the context otherwise indicates, references to “Comstock,” “we,” “us,” “our” or “the Company” means Comstock Mining Inc.

Our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 (the “Annual Report”), is being mailed concurrently with this Proxy to our shareholders. Our Annual Report is not incorporated by reference into this Proxy and shall not be considered a part of this Proxy or soliciting materials, unless otherwise specifically stated herein.

QUESTIONS AND ANSWERS FOR ANNUAL MEETING

Q: Who is asking for my vote and why am I receiving this document?

A: The Board of Directors asks that you vote on the matters listed in the Notice of Annual Meeting of shareholders that are more fully described in this Proxy.

We are providing this Proxy and related proxy card to our shareholders in connection with the solicitation by the Board of Directors of proxies to be voted at the Meeting. A proxy, if duly executed and not revoked, will be voted in accordance with the specific instructions noted on the proxy and, if it does not contain specific instructions, will be voted in accordance with the recommendations of the Board of Directors set forth in this Proxy.

Q: Who is entitled to vote?

A: You may vote if you owned shares of our common stock (“Common Stock”) or convertible preferred stock (“Preferred Stock”) on March 19, 2015, the date established by the Board of Directors under Nevada law and our by-laws for determining shareholders entitled to notice of and to vote at the Meeting. On the record date, there were outstanding 89,800,513 shares of Common Stock and 48,599 shares of Preferred Stock. Each share of Common Stock outstanding on the record date is entitled to one vote. Each share of Preferred Stock outstanding on the record date is entitled to one vote for each share of Common Stock that such Preferred Stock

may be converted into on the record date, except with respect to Series A-1 Convertible Preferred Stock held by Mr. John V. Winfield, the Chairman of our Board of Directors, and entities that he controls (the "Winfield Group"), which entitles the Winfield Group to five votes for each share of Common Stock that such Preferred Stock may be converted into on the record date.

Q: What is a proxy?

A: A proxy is your legal designation of another person to vote your stock. If you designate someone in writing as your proxy or proxy holder, that document is also called a proxy or a proxy card. Messrs. William J. Nance and Robert

A. Reseigh have been designated as proxies or proxy holders for the Meeting. Proxies properly executed and received by our Secretary prior to the Meeting and not revoked will be voted in accordance with the terms thereof.

Q: What is a voting instruction?

A: A voting instruction is the instruction form you receive from your bank, broker or its nominee if you hold your shares of Common Stock in street name. The form instructs you on how to direct your bank, broker or its nominee, as record holder, to vote your shares of Common Stock.

Q: What am I voting on at the Meeting?

A: You will be voting on the following matters at the Meeting:

• Election of the five named nominees to the Board of Directors;

• Ratification of Deloitte & Touche LLP as the Company's independent registered public accounting firm;

• Approval of a non-binding advisory resolution relating to the compensation of our named executive officers; and

• Any other business that may properly come before the Meeting or any adjournments or postponements thereof.

Q: How many votes must be present to hold the Meeting?

A: In order for the Meeting to be conducted, one-third of the outstanding shares of Common Stock as of the record date must be represented in person or by proxy at the Meeting. This is referred to as a quorum. Abstentions, withheld votes and shares held of record by a bank, broker or its nominee ("broker shares") that are voted on any matter (including an abstention or withheld vote by broker shares) are included in determining the number of votes present. Broker shares that are not voted on any matter will not be included in determining whether a quorum is present.

Q: What vote is needed to elect directors?

A: The election of each nominee for director requires the affirmative vote of the holders of a plurality of the shares of Common Stock and Preferred Stock voted in the election of directors.

Q: What vote is needed to ratify the appointment of Deloitte & Touche LLP?

A: The ratification of the appointment of Deloitte & Touche LLP requires that votes cast in favor exceed the number of votes cast in opposition.

Q: What vote is needed to approve the non-binding advisory resolution relating to the compensation of our named executive officers?

A: The approval of the non-binding advisory resolution relating to the compensation of our named executive officers requires that votes cast in favor exceed the number of votes cast in opposition. Because your vote is advisory in nature, it will not be binding on the Company or the Board of Directors. However, the Board of Directors will review the results of the voting on this resolution and consider them when making future decisions on executive compensation.

Q: What are the voting recommendations of the Board of Directors?

A: The Board of Directors recommends that shareholders vote "FOR" all of the proposed nominees for director, "FOR" the ratification of the appointment of Deloitte & Touche LLP and "FOR" a non-binding advisory resolution approving the compensation of our named executive officers.

Q: How do I vote?

A: Registered shareholders (shareholders who hold Common Stock or Preferred Stock in certificated form as opposed to through a bank, broker, or other nominee) may vote in person at the Meeting or by proxy. Registered shareholders may submit their proxies by completing, signing and dating the enclosed proxy card and returning it in the enclosed postage-paid envelope.

Shareholders who hold Common Stock through banks, brokers or other nominees (street name shareholders) who wish to vote at the Meeting should be provided voting instructions on the instruction form provided to them from the institution that holds their shares. If this has not occurred, please contact the institution that holds your shares. Street name shareholders may also be eligible to vote their shares electronically by following the voting instructions provided by the bank, broker or other nominee that holds the shares, using either the toll-free telephone number or the Internet address provided on the voting instruction form, or otherwise complete, date and sign the voting instruction form and return it promptly in the enclosed postage-paid envelope.

The deadline for votes received by mail is 5:00 p.m., PDT, on May 6, 2015.

Q: Can I attend the Meeting?

The Meeting is open to all holders of our Common Stock and Preferred Stock as of the record date, March 19, 2015. However, space is limited and seating at the Meeting will be available on a first-come, first-served basis. You A: may vote by attending the Meeting and voting in person. Even if you plan to attend the Meeting, however, we encourage you to vote your shares by proxy. We will not permit cameras, recording devices or other electronic devices at the Meeting.

Q: Can I change or revoke my vote?

A: Any shareholder giving a proxy may change or revoke it at any time before it is voted at the Meeting. A proxy can be changed or revoked by:
• delivering a later dated proxy, or written notice of revocation, to our Secretary at the address listed under “Shareholder Proposals,” or
• appearing at the Meeting and voting in person.

If you decide to vote by completing, signing, dating and returning the enclosed proxy card, you should retain a copy of the proxy card in the event that you decide later to change or revoke your proxy at the Meeting. Your attendance at the Meeting will not itself revoke a proxy.

If you are a shareholder whose stock is held in street name with a bank, broker or other nominee, you must follow the instructions found on the voting instruction form provided by the bank, broker or other nominee, or contact your bank, broker or other nominee in order to change or revoke your previously given proxy.

Q: How will my shares be voted if I sign, date and return my proxy card or voting instruction form, but do not provide complete voting instructions with respect to each proposal?

A: Shareholders should specify their choice for each matter on the enclosed proxy. If no specific instructions are given, it is intended that all proxies that are signed and returned will be voted “FOR” the election of all nominees for director, “FOR” the ratification of the appointment of Deloitte & Touche LLP and “FOR” a non-binding advisory resolution relating to the compensation of our named executive officers. As to any other business that may properly come before the Meeting, the persons named in the enclosed proxy card or voting instruction will vote the shares of Common Stock or Preferred Stock represented by the proxy in the manner as the Board of Directors may recommend, or otherwise in the proxy holders’ discretion. The Board of Directors does not presently know of any other such business.

Q: How will my shares be voted if I do not return my proxy card or my voting instruction form?

A: It will depend on how your ownership of shares is registered. If you own your shares as a registered holder, which means that your shares are registered in your name with Corporate Stock Transfer, our transfer agent, your shares will only be voted if Corporate Stock Transfer receives specific voting instructions from you. Otherwise, your unvoted shares will not be represented at the Meeting and will not count toward

the quorum requirement, which is explained under “Questions and Answers For Annual Meeting — How many votes must be present to hold the Meeting?” above, unless you attend the Meeting to vote them in person.

If you are a shareholder whose shares of Common Stock are held in street name, meaning that your shares are registered in the name of your bank, broker or other nominee, your bank, broker or other nominee may not vote your shares in its discretion (with certain limited exceptions) unless you have provided voting instructions to the bank, broker or its nominee.

Under the rules of the NYSE MKT, LLC (“NYSE MKT”), your broker may vote your shares in its discretion on “routine matters.” Based on the rules of the NYSE MKT, we believe that the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm is a routine matter for which brokerage firms may vote in their discretion on behalf of their clients if no voting instructions are provided. Therefore, if you are a shareholder whose shares of Common Stock are held in street name with a bank, broker or other nominee and you do not return your voting instruction form, your bank, broker or other nominee may vote your shares on the ratification of the appointment by the Audit and Finance Committee of Deloitte & Touche LLP as our independent registered public accounting firm.

Q: Where can I find the results of the Meeting?

A: We intend to announce preliminary voting results at the Meeting and publish final results through a Current Report on Form 8-K that we will file with the Securities and Exchange Commission (the “SEC”) within four business days of the Meeting.

Q: Who pays for the solicitation of proxies?

A: We will pay for the cost of the solicitation of proxies.

Q: Could other matters be decided at the Meeting?

A: As of the date of the mailing of this Proxy, the Board of Directors did not know of any other business that might be brought before the Meeting. However, if any other matters should properly come before the Meeting or any adjournment or postponement thereof, it is the intention of the persons named in the accompanying proxy to vote on such matters as they, in their discretion, may determine.

Q: Where can I find the Company’s corporate governance materials?

A: Our Corporate Governance Guidelines, including our independence standards for members of the Board of Directors, our Code of Conduct and Ethics and the charters of our Audit and Finance Committee, Compensation Committee and Nominating and Governance Committee, are available on our Internet website at www.comstockmining.com under “Corporate Governance” under the “Corporate” header and are available in print to any shareholder upon request by contacting our investor relations department as described below.

Q: How do I communicate with the Board of Directors?

Shareholders and other interested persons may communicate with the full Board of Directors, a specified committee of the Board of Directors or a specified individual member of the Board of Directors in writing by mail addressed to Comstock Mining Inc., P.O. Box 1118, Virginia City, Nevada 89440, Attention: Chairman of the Nominating and Governance Committee. The Chairman of the Nominating and Governance Committee and his duly authorized agents are responsible for collecting and organizing shareholder communications. Absent a conflict of interest, the Chairman of the Nominating and Governance Committee is responsible for evaluating the materiality of each shareholder communication and determining whether further distribution is appropriate, and, if so, whether to (1) the full Board of Directors, (2) one or more committees of the Board of Directors, (3) one or more Board members and/or (4) other individuals or entities.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on May 7, 2015.

The Proxy Statement and our Annual Report on Form 10-K are both available free of charge at our website at www.comstockmining.com under the "Regulatory Filings" under the "Investors" header. In addition, a copy of our Annual Report on Form 10-K is enclosed. We will provide without charge to each person to whom this Proxy has been delivered, on the request of any such person, additional copies of our Annual Report on Form 10-K. Requests should be directed to our accounting department as described below:

Comstock Mining Inc.
P.O. Box 1118
Virginia City, Nevada 89440
Attention: Mr. Judd Merrill, Chief Financial Officer
Telephone: (775) 847-7325

We also make available free of charge through our Internet website our Annual Reports on Form 10-K for prior years, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"), as soon as reasonably practicable after such documents are electronically filed with, or furnished to, the SEC. The information on our Internet website is not, and shall not be deemed to be, a part of this Proxy or incorporated into any other filings we make with the SEC.

PROPOSAL NO. 1

ELECTION OF DIRECTORS

The Nominating and Governance Committee has unanimously recommended to the Board of Directors, and the Board of Directors has unanimously approved, the persons named below as nominees for election to the Board of Directors at the Meeting. Each nominee has consented to being named as such and to serve as such if elected. Messrs. Winfield, De Gasperis, Kappes, Nance and Reseigh each presently serve as a director. Proxies will be voted for the election of the persons named below (or if for any reason such persons are unavailable, of such substitutes as the Board of Directors may designate) as directors for the ensuing year. The Board of Directors has no reason to believe that any of the nominees will be unavailable. Each nominee who is elected will serve as a director until his successor is elected at our 2016 annual meeting of shareholders or until his earlier resignation or removal.

Set forth below is information concerning the age, principal occupation, employment and directorships during the past five years and positions with the Company of each nominee and director, and the year in which he first became a director of the Company. Also set forth below is a brief discussion of the specific experience, qualifications, attributes or skills as of the date of this Proxy that led to the conclusion that each nominee and director should serve as a director, in light of the Company's business and structure. The Nominating and Governance Committee of the Board of Directors reviews at least annually the skills and characteristics of new and existing directors, including diversity.

John V. Winfield; age 68; director since June 2011. Mr. Winfield and his affiliates are the largest shareholders of the Company. Pursuant to the terms of the Company's Series A-1 Convertible Preferred Stock, Mr. Winfield is entitled to a seat on the Board of Directors. He is the Chairman of the Board of Directors, President and Chief Executive Officer of The InterGroup Corporation ("InterGroup"), having first been appointed as such in 1987. Mr. Winfield was first appointed to the Board of InterGroup in 1982. Mr. Winfield also serves as Chairman, President and Chief Executive Officer of InterGroup's subsidiaries, Santa Fe Financial Corporation ("Santa Fe") and Portsmouth Square, Inc. ("Portsmouth"), both public companies. Mr. Winfield has extensive experience as an entrepreneur and investor, as well as managerial and leadership experience derived from serving as a chief executive officer and director of public companies.

Corrado De Gasperis; age 49; director since June 2011. Mr. De Gasperis was elected as President and CEO of the Company in April 2010. Mr De Gasperis brings more than 26 years of experience in manufacturing, industrial metals and mining operational management, project management, financial and information management, restructuring, capital markets and board level governance.

Mr. De Gasperis was formerly the Chief Executive Officer of Barzel Industries Inc. ("Barzel"). Barzel operated a network of 15 manufacturing, processing and distribution facilities in the United States and Canada that offered a wide range of metal solutions to a variety of industries, from construction and industrial manufacturing to transportation, infrastructure development and mining. Mr. De Gasperis resigned from Barzel in September 2009, after Barzel reached an agreement to sell substantially all of its assets in a planned

transaction that was consummated in a sale pursuant to Section 363 of the U.S. Bankruptcy Code following a multiple party bidding process with suitors focused on both in-court and out-of-court transactions. Barzel entered into an Asset Purchase Agreement where substantially all of the assets of Barzel and certain liabilities were purchased for \$65.0 million in cash.

From 2001 to 2005, he served as Chief Financial Officer of GrafTech International Ltd. (“GrafTech”), a global manufacturer of industrial graphite and carbon-based materials, in addition to his duties as Vice President and Chief Information Officer, which he assumed in 2000. He served as Controller of GrafTech from 1998 to 2000. From 1987 to 1998, Mr. De Gasperis was with KPMG LLP, an international provider of financial advisory services. As a Senior Assurance Manager in KPMG’s Manufacturing, Retail and Distribution Practice, he served clients such as General Electric Company and Union Carbide Corporation. KPMG announced his admittance, as a Partner, effective July 1, 1998.

Mr. De Gasperis holds a BBA from the Ansell School of Business at Western Connecticut State University, with honors, and was a Certified Public Accountant in Connecticut. Mr. De Gasperis has served as a director of GBS Gold International Inc., where he was Chairman of the Audit and Governance Committee and the Compensation Committee. Mr. De Gasperis, through Comstock Mining, is an active member of the Northern Nevada Development Association, the Northern Nevada Network and the Nevada Mining Association. He is also a Director of NevadaWorks.

Daniel W. Kappes; age 70; director since April 2012. Mr. Kappes is a founder and the President of Kappes, Cassidy & Associates (“KCA”). KCA has provided extractive metallurgical services to the international mining industry since 1972, specializing in all aspects of heap leach and cyanide processing, including laboratory testing, project feasibility studies, engineering design, construction, and operations management. KCA has pioneered many of the techniques now employed in heap leaching, and for the past several years has expanded into the design of agitated leach plants and other metallurgical processes. Mr. Kappes is a recognized authority on gold and silver metals heap leaching. In addition to providing engineering and design work on numerous projects, he has directed laboratory and field-testing on several projects that have subsequently become major precious metal mines. Mr. Kappes also has substantial experience in strategic planning, project evaluation and project management.

Mr. Kappes graduated from the Colorado School of Mines with an Engineer of Mines degree and the University of Nevada’s Mackay School of Mines with a Master’s degree in Mine Engineering. Mr. Kappes is and has served as a “Qualified Person” under National Instrument 43-101 and has also presented several technical papers on precious metals heap leaching in his career. He is a registered Professional Mining and Metallurgical Engineer in Nevada, and was named Alumnus of the Year at Mackay in 1995.

William J. Nance; age 71; director since October 2005. Mr. Nance also serves as the Chairman of the Audit and Finance, Compensation and Nominating and Governance Committees. He is the President and CEO of Century Plaza Printers, Inc., a company he founded in 1979. He has also served as a consultant in the acquisition and disposition of commercial real estate. Mr. Nance is a Certified Public Accountant and, from 1970 to 1976, was employed by Kenneth Leventhal & Company where he specialized in the area of REITS, restructuring of

real estate companies, mergers and acquisitions, and most phases of real estate development and financing. Mr. Nance has been a Director of InterGroup since 1984 and of Santa Fe and Portsmouth since May 1996. He holds a Bachelor's degree in Business Administration from California State University in Los Angeles. Mr. Nance has extensive management experience within a wide range of businesses and brings over 20 years of experience as a director on public company boards.

Robert A. Reseigh; age 69; director since September 2008. Mr. Reseigh has over 40 years of experience in the mining and underground construction industries. Following graduation from the Colorado School of Mines in 1968 with a Master's degree in Mining Engineering, and service in the U.S. Army, Mr. Reseigh joined Peter Kiewit Sons and progressively held the positions of Project Engineer, Superintendent, Project Manager, and Estimator before being promoted to District Manager, Vice President, and Area Manager. Mr. Reseigh retired from Peter Kiewit after 18 years of service, and joined Atkinson Construction in the capacity of Executive Vice President where he ran the Underground Group for 15 years prior to joining Barnard Construction where he most recently was a Senior Advisor overseeing the expansion of Barnard's tunnel, shaft construction and rehabilitation businesses.

Mr. Reseigh's career specialized in underground construction, both domestically and overseas. He is one of the most experienced and knowledgeable individuals in the country in deep shaft and drill and blast tunnel work, having been responsible for in excess of six miles of shaft sinking and 55 miles of tunnel/horizontal mine development in his career. In addition, his work has involved both mine development and heavy civil projects, including subways, outfalls, railroads, dams, pump storage, water and sewer, marine construction, and municipal work. Mr. Reseigh served in executive positions at a large mining company and several construction companies during his professional career. His roles encompassed significant operational management, providing him knowledge and experience in an array of functional areas critical to public companies.

The Board of Directors recommends that shareholders vote "FOR" all of the nominees listed above.

CORPORATE GOVERNANCE PRINCIPLES AND BOARD MATTERS

Corporate Governance

We are managed under the direction of the Board of Directors, which has adopted Corporate Governance Guidelines to set forth certain corporate governance practices. The Corporate Governance Guidelines are available on our website at www.comstockmining.com under “Corporate Governance” under the “Corporate” header. The information contained on our website is not part of this Proxy.

These guidelines cover such matters as purpose and powers, composition, meetings, procedures, required responsibilities and discretionary activities which our Board of Directors or the appropriate committee should periodically consider undertaking. Each committee is authorized to exercise all power of our Board of Directors with respect to matters within the scope of its charter.

The Corporate Governance Guidelines require, among other things, that:

- a majority of the directors shall be independent within the NYSE MKT listing standards;
- if a member of the Audit and Finance Committee simultaneously serves on an audit committee of more than three public companies, our Board of Directors must determine that such service would not impair the ability of such member to effectively serve on the Audit and Finance Committee;
- our Board of Directors shall meet in regular sessions at least four times annually (including telephonic meetings and the annual retreat described below); and
- our Board of Directors may have an annual retreat with executive officers where there will be a full review of financial statements and financial disclosures, long-term strategies, plans and risks, and current developments in corporate governance.

Our Corporate Governance Guidelines and committee charters are not intended to, and do not, expand or increase the duties, liabilities or responsibilities of any director under any circumstance beyond those that a director would otherwise have under applicable laws, rules and regulations in the absence of such Governance Guidelines or charters.

Independence of Directors

The Board of Directors has determined that Messrs. Kappes, Nance, Reseigh and Winfield are “independent” directors within the listing standards of the NYSE MKT and the independence standards of our Corporate Governance Guidelines.

In order for a director to be considered “independent” by the Board of Directors, he or she must (1) be free of any relationship that, applying the rules of the NYSE MKT, would preclude a finding of independence and (2) not have any material relationship (either directly or as a partner, shareholder or officer of an organization) with us or any of our affiliates or any executive officer of us or any of our affiliates (exclusive of relationships based solely upon investment). On an annual basis, each director and executive officer is obligated to disclose any transactions with our Company and any of its subsidiaries in which a director or executive officer, or any member of his or her

immediate family, has a direct or indirect material interest. In evaluating the materiality of any such relationship, the Board of Directors takes into consideration whether disclosure of the relationship would be required by the proxy rules under the Exchange Act. If disclosure of the relationship is required, the Board of Directors must make a determination that the relationship is not material as a prerequisite to finding that the director is “independent.”

Board of Directors Meetings

The Board of Directors meets on a regularly scheduled basis during the year to review significant developments affecting us and to act on matters requiring Board of Directors’ approval, and may hold special meetings between scheduled meetings when appropriate. During 2014, the Board of Directors and its committees held 6 meetings (2 Board of Directors Meetings and 4 Audit and Finance Committee Meetings). Each of the directors (other than Mr. Reseigh and Mr. Kappes) attended over 75% of the aggregate of (1) the total number of meetings of all committees of the Board of Directors on which the director then served and (2) the total number of meetings of the Board of Directors.

Board of Directors Leadership Structure and Role in Risk Oversight

Our Company is led by John Winfield, who has served as our Chairman of the Board of Directors since 2011. The Board of Directors is responsible for overseeing risk management, and receives periodic reports from management. We believe that having a separate Chairman and Chief Executive Officer is the appropriate form of leadership for our Company. We have two leaders for our Company focused on the vision for the Company, enhancing shareholder value, management and strategic planning, and oversight of Company operations by experienced directors. We believe that our directors provide effective oversight of the risk management function, especially through dialogue between the Board of Directors and our management.

Executive Officers

The Company currently has two executive officers, Mr. De Gasperis, the President and Chief Executive Officer of the Company, and Judd Merrill, the Chief Financial Officer of the Company, who previously served as the Company’s Chief Accounting Officer until being named Chief Financial Officer in February 2015. See pages 8 and 9 for Mr. De Gasperis’ biographical information. Mr. Merrill’s biographical information is presented below.

Judd B. Merrill; age 44; Chief Financial Officer since February 2015. Mr. Merrill has been our Controller since 2011. Mr. Merrill brings strong financial planning, treasury and cash management experience in the mining sector in addition to his broader financial accounting, reporting and internal control experience, having worked as Controller of Fronteer Gold Inc. and Assistant Controller at Newmont Mining Corp., both in Nevada. He also worked for Meridian Gold Company and Deloitte & Touche LLP. Mr. Merrill holds a BS in Accounting from Central Washington University and a MBA from the University of Nevada Reno. He is also Certified Public Accountant.

Code of Conduct and Ethics

The Code of Conduct and Ethics applies to all employees, including senior executives, and all directors. It is intended, at a minimum, to comply with the listing standards of the NYSE MKT, the Sarbanes-Oxley Act of 2002 and the SEC rules adopted thereunder. Only our Board of Directors or the Audit and Finance Committee may waive the provisions of our Code of Conduct and Ethics for executive officers and directors.

Board Committees

The Board of Directors has established three standing committees, the Audit and Finance Committee, the Compensation Committee and the Nominating and Governance Committee, and periodically establishes other committees, in each case so that certain important matters can be addressed in greater depth than may be possible in a meeting of the entire Board of Directors. Under the committee charters described below, members of the three standing committees must be independent directors within the meaning of the listing standards of the NYSE MKT. Further, members of the Audit and Finance Committee must be independent directors within the meaning of the Sarbanes-Oxley Act of 2002 and must satisfy the expertise requirements of the listing standards of the NYSE MKT. The Audit and Finance Committee must include an audit committee financial expert within the meaning of the SEC rules. Our Board of Directors has determined that the three standing committees currently consist of members who satisfy such requirements.

Audit and Finance Committee

The Audit and Finance Committee assists our Board of Directors in discharging and performing its duties and responsibilities with respect to the financial affairs of the Company.

Without limiting the scope of such activities, the Audit and Finance Committee has responsibility to, among other things:

- select, retain, determine appropriate compensation of (and provide for payment of such compensation), evaluate and, as appropriate, terminate and replace the independent registered public accounting firm;
- review and, as appropriate, approve, prior to commencement, all audit and non-audit services to be provided by the independent registered public accounting firm;
- review regularly with management and the independent registered public accounting firm any audit problems or difficulties and management's responses thereto;
- resolve or direct the resolution of all material disagreements between management and the independent registered public accounting firm regarding accounting and financial reporting;
- review with management and the independent registered public accounting firm, among other things, all reports delivered by the independent registered public accounting firm with respect to critical accounting policies and practices used, alternative treatments of financial information available under generally accepted accounting principles and other written communications between the independent

registered public accounting firm and management, together with their ramifications and the preferred treatment by the independent registered public accounting firm;

meet at least once annually with management and the independent registered public accounting firm in separate sessions;

- assess the adequacy of codes of conduct, including codes relating to ethics, integrity, conflicts of interest, confidentiality, public disclosure and insider trading and, as appropriate, adopt changes thereto;

direct the establishment and maintenance of procedures for the receipt and retention of, and the treatment of, complaints received regarding accounting, internal control or auditing matters; and

direct the establishment and maintenance of procedures for the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

Members of the Audit and Finance Committee are William Nance, Daniel Kappes and Robert Reseigh. The Board of Directors has determined that each member of the Audit and Finance Committee meets the financial literacy requirements of the NYSE MKT and the SEC. William Nance qualifies as an “audit committee financial expert” as that term is defined in the rules and regulations of the SEC. The designation of William Nance as an “audit committee financial expert” does not impose on him any duties, obligations or liability that are greater than those that are generally imposed on him as a member of our Audit and Finance Committee and the Board of Directors, and his designation as an “audit committee financial expert” pursuant to this SEC requirement does not affect the duties, obligations or liability of any other member of our Audit and Finance Committee or the Board of Directors.

Compensation Committee

The Compensation Committee assists our Board of Directors in discharging and performing its duties with respect to management compensation, succession planning, employee benefits and director compensation.

Without limiting the scope of such activities, the Compensation Committee shall, among other things:

annually determine the compensation of the Chief Executive Officer, review and approve the corresponding goals and objectives and evaluate the performance of the Chief Executive Officer in light of such goals and objectives;

annually review and approve, as appropriate, compensation of the other executive officers and directors and review compensation of other members of senior management;

assess organizational systems and plans, including those relating to management development and succession planning;

- administer stock-based compensation plans; and

review the Compensation Discussion and Analysis required by the SEC for inclusion in our Proxy. Members of the Compensation Committee are William Nance and Robert Reseigh, each of whom satisfies the independence requirements of NYSE MKT and SEC rules and regulations. Each member of our Compensation Committee is a non-employee director, as defined pursuant to Rule 16b-3 promulgated under the Exchange Act, and an outside director, as defined pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code").

The Nominating and Governance Committee

The Nominating and Governance Committee assists our Board of Directors in discharging and performing its duties and responsibilities with respect to nomination of directors, selection of committee members, assessment of performance of our Board of Directors and other corporate governance matters.

Without limiting the scope of such activities, the Nominating and Governance Committee shall, among other things: review candidates for nomination for election as directors submitted by directors, officers, employees and stockholders; and

review, at least annually, the current directors of our Board of Directors to determine whether such individuals are independent under the listing standards of the NYSE MKT and the SEC rules under the Sarbanes-Oxley Act of 2002. Members of the Nominating and Governance Committee are William Nance and Robert Reseigh, each of whom satisfies the independence requirements of NYSE MKT and SEC rules and regulations.

There have been no material changes to the procedures by which our shareholders may recommend nominees to the Company's Board of Directors. Shareholders may recommend nominees to the Company's Board of Directors by following the instructions set forth in this Proxy under "Questions and Answers for Annual Meeting---How do I communicate with the Board of Directors?" Please note that, pursuant to the terms of the Series A-1 Preferred Stock, the Winfield Group is granted the right to nominate one director for the Board of Directors and to name John V. Winfield as a director and pursuant to the terms of the employment agreement of Mr. De Gasperis, the Company agreed to take all actions as may be necessary to elect Mr. De Gasperis as a director of the Company.

Attendance at Annual Meeting

We expect all directors to attend the annual meeting of shareholders each year.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Board of Directors has adopted a written related person transaction policy that governs the review, approval or ratification of covered related person transactions. The Audit and Finance Committee manages this policy. The policy generally provides that we may enter into a related person transaction only if: the Audit and Finance Committee approves or ratifies such transaction in accordance with the guidelines set forth in the policy and if the transaction is on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party; or the transaction is approved by the disinterested members of the Board of Directors; or the transaction involves compensation approved by our Compensation Committee. For information about certain relationships between our director nominees and the Company, please see below:

Northern Comstock LLC

On October 20, 2010, the Company entered into an operating agreement (the "Operating Agreement") to form Northern Comstock LLC ("Northern Comstock") with Mr. Winfield, 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. Winfield in Storey County, Nevada from the Sutro Tunnel Company (the "Sutro Property") and Virginia City Ventures (the "VCV Property").

Pursuant to the terms of the Operating Agreement, DWC contributed the DWC Property to Northern Comstock and John Winfield contributed his rights under the Sutro Property and the VCV Property leases to Northern Comstock. The Company contributed 862.5 shares of Series A-1 Preferred Stock and contributes its services in the area of mine exploration, development and production to Northern Comstock. 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 additional capital contributions in the amount of \$862,500, in the form of Series A-1 Preferred Stock or cash (upon request of Northern Comstock, which request for cash can be denied by the Company in certain circumstances). In addition, the Operating Agreement provides that each time more than 200,000 additional 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.

The Operating Agreement further provides the Company with the exclusive rights of development, production, mining and exploration on the respective properties and requires the Company to make certain expenditures toward that end. Under the terms of the Operating Agreement, all cash flows from the bullion or other minerals recovered from the ore mined out of the ground but untreated and minerals produced from the milling or reduction of ore to a higher grade produced from the DWC Property, Sutro Property or VCV Property, as applicable, or finished products produced from any such property, will be distributed to the Company after the payment of royalties associated with such properties. Mineral production from the DWC Property is subject to a royalty on a sliding scale. At market gold prices over \$750 per ounce, production of the first 500,000 ounces is subject to a 3% net smelter return royalty ("NSR"). Production over 500,000 ounces is subject to a 6% NSR. Mineral production from the DWC Property is also subject to a 1% NSR payable to Mr. Art Wilson.

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. A separate royalty of 5% NSR is also payable to the Sutro Tunnel Company on all production from the Sutro Property. Mineral production from the VCV Property is subject to a 5% NSR. The Company will make advance minimum royalty payments of \$6,000 per year on each of the Sutro Property and the VCV Property leases. Each lease is for an initial term of five years. We have the option, if we believe the property warrants further development, to extend the term of each lease an additional five years and then continuously thereafter as long as exploration, development, mining, or processing operations are conducted on a continuous basis.

Tax Indemnification

On October 20, 2010, the Company exchanged all of its senior secured convertible and senior indebtedness owed to members of the Winfield Group for newly created Series A-1 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 indemnification a