



## **CORPORATE GOVERNANCE GUIDELINES**

### **I. Purpose and Power**

The business and affairs of Comstock Mining Inc. (the “Company”) shall be managed by or under the direction of the Board.

The directors shall act only as a board, and the individual directors shall have no power as such.

Except as otherwise provided in the Certificate of Incorporation or the By-Laws, the Board may exercise any and all of the authority and power that are not by Nevada Corporations Statutes (the “Law”), the Certificate of Incorporation or the By-Laws required to be exercised by the stockholders.

If corporate governance guidelines are required under the rules of the primary trading market or securities exchange on which the Company’s securities are then traded, if any (any such market or exchange being referred to as the “Listing Entity”), then these Guidelines are intended to comply with such requirements.

### **II. Composition**

The Board shall be comprised of that number of directors (but not less than 3 nor more than 9) as shall be determined from time to time by the Board. It is the sense of the Board that 5 to 7 directors is the right size for the Board, but that a slightly larger size may be justifiable in order to accommodate the availability of an outstanding candidate.

A majority of the directors shall be independent directors within the meaning of the rules of the Listing Entity. A copy of those rules is attached to the charter of the Nominating and Governance Committee.

Each director shall serve until the next annual meeting of stockholders or the earlier of the election of his or her successor as a director or his or her death, resignation or removal.

It is the sense of the Board that term limits should not be established. While term limits provide the advantage of creating a structural mechanism to facilitate challenging existing and creating new viewpoints, they create the disadvantage of losing the contributions of directors who have been able to develop, over a period of time, increasing insight into the Company and its businesses, operations, opportunities and risks. It is expected that the Nominating and Governance Committee will review annually the continuation of the membership of each director on the Board. In addition, it is expected that the Nominating and Governance Committee will ask each director annually to confirm his or her desire to continue as a member of the Board.

Unless a Chairman of the Board is designated by the stockholders, the Chairman of the Board shall be designated by the Board at the annual organizational meeting of the Board or at such other times as determined by the Board.



It is the sense of the Board that it should not adopt a policy with respect to the separation of the offices of Chairman of the Board and the Chief Executive Officer. While this matter relates to corporate governance, it also relates to succession planning and it is in the best interests of the Company for the Board to make a determination with respect to this matter on a case-by-case basis as part of the succession planning process.

### **III. Committees**

The Board shall establish and maintain three standing committees: the Audit and Finance Committee; the Compensation Committee; and the Nominating and Governance Committee. The Board may establish and maintain, at any time from time to time and for so long as it shall deem necessary or appropriate, other committees.

All of the members of the standing committees of the Board will be independent directors within the meaning of the rules of the Listing Entity and, in the case of the Audit and Finance Committee, the meaning of the Sarbanes-Oxley Act of 2002 and Rule 10A-3 under the Securities Exchange Act of 1934. If an Audit and Finance Committee member simultaneously serves on an audit committee of more than three public companies, the Board shall determine that such simultaneous service would not impair the ability of such member to effectively serve on the Audit and Finance Committee; and shall disclose such determination either in its annual proxy statement or on or through its website (with reference in the annual proxy statement to such website disclosure, including the website address).

Committee members will be appointed by the Board upon recommendation of the Nominating and Governance Committee, taking into consideration the desires of individual directors.

It is the sense of the Board that consideration should be given to rotating committee members periodically, but the Board does not believe that rotation should be mandated as a matter of policy.

Each committee will have a charter. The charter will set forth the purposes and power of the committee as well as additional qualifications for committee membership, appointment and removal of committee members, committee procedures and committee reporting to the Board. The charter will also provide that the committee will evaluate its charter and its performance annually. All committee charters (and changes thereto) must be Board approved.

The Chair of each committee, in consultation with the committee members, will determine the frequency, place and length of committee meetings, consistent with any requirements set forth in the committee charter or applicable law. The Chair of each committee, in consultation with the committee members and management, will develop the agenda for each committee meeting. After each annual organizational meeting of the Board, each committee will establish a schedule of agenda subjects to be discussed during the year and the meeting at which such subjects shall be discussed (in each case, to the degree that these can be foreseen). The schedule for each committee will be furnished to all directors.



#### **IV. Director Qualifications**

It is expected that the Nominating and Governance Committee shall review annually with the Board the requisite skills and characteristics for the continuation of directors as members of the Board, the selection of new members of the Board and the composition of the Board, all in the context of the needs of the Company. These skills and characteristics will include independence, diversity, age and experience. A list of the skills and characteristics currently identified is attached to the charter of the Nominating and Governance Committee and to these Guidelines as Annex A.

It is expected that prospective nominees for election as a director will be recommended to the Board by the Nominating and Governance Committee for nomination for election to fill a new or existing vacancy by the Board or for nomination for election at the annual meeting of stockholders.

It is the sense of the Board that directors whose positions, responsibilities or commitments change materially after they were elected to the Board should so inform the Nominating and Governance Committee and volunteer to resign from the Board. It is not the sense of the Board that in every (or even most) instance those directors should cease to be directors, but rather that there should be an opportunity for a review of the appropriateness of continued membership under the circumstances. It is expected that the Nominating and Governance Committee will conduct such review and make recommendations to the Board, which could accept the volunteered resignation.

Prior to accepting an invitation to serve on another public company board, a director must advise the Nominating and Governance Committee and must receive written confirmation from counsel for the Company that there are no legal or regulatory impediments to such service.

#### **V. Orientation and Continuing Education**

All new directors must participate in an Orientation Program, which may be attended telephonically and should be conducted reasonably promptly after they are elected. The Orientation Program should include presentations by senior management to familiarize new directors with strategic plans, significant financial, accounting and risk management issues, compliance programs, principal officers, and independent auditors. In addition, the Orientation Program should include visits to headquarters and, to the extent practical, certain of the significant properties/facilities.

All other directors are welcome to attend the Orientation Program.

All directors are encouraged to participate in Continuing Education Programs offered by the Listing Entity and other organizations, and the Company shall reimburse directors for reasonable costs associated therewith.



## **VI. Director Responsibilities**

The basic responsibility of a director is the exercise of his or her duty of care, duty of undivided loyalty and duty of candor to the Company and its stockholders, which includes the exercise of his or her business judgment in good faith, on a reasonably informed basis and in a manner that he or she reasonably believes to be in the best interests of the Company and its stockholders. In discharging that responsibility, each director is entitled to:

- rely on the honesty and integrity of officers, employees, counsel, advisors and auditors;
- require that the Company purchase adequate directors' and officers' liability insurance on his or her behalf;
- indemnification to the fullest extent permitted by the Law, the Certificate of Incorporation and the By-Laws; and
- exculpation to the fullest extent provided by the Law and the Certificate of Incorporation.

Directors are subject to all codes of conduct adopted by the Company, including codes relating to ethics, integrity, conflicts of interest, confidentiality, public disclosure and insider trading.

## **VII. Director and Executive Officer Compensation**

No compensation or perquisites should be provided to directors or executive officers without full disclosure to (and, to the extent required by its charter, without prior approval by) the Compensation Committee. Any compensation or other benefit received by any director or executive officer from any affiliated entities should also be fully disclosed to (and, to the extent required by its charter, first approved by) the Compensation Committee and carefully reviewed to confirm compliance with the Code of Conduct and applicable law.

It is expected that the Compensation Committee will conduct an annual review of director compensation and report to the Board. Director compensation is determined by the Compensation Committee.

It is the sense of the Board that the independence and objectivity of a director may be jeopardized if equity compensation and perquisites exceed customary levels, if the Company makes substantial charitable contributions to organizations with which the director is affiliated or if the Company enters into consulting arrangements with (or provides other indirect forms of compensation to) a director or an organization with which the director is affiliated.



## **VIII. Meetings; Executive Sessions of Non-Management Directors**

The Board shall meet in regular sessions at least four times annually (including telephonic meetings) and in special sessions as circumstances warrant. Regular sessions of Committee meetings are expected at least four times annually, typically shortly before and in connection with a regular session meeting of the Board. Directors are expected to attend meetings of the Board and its committees on which they serve (which may include telephonic attendance) and to spend the time needed to properly discharge their duties and responsibilities.

After each annual meeting of stockholders, the Board shall conduct an annual organizational meeting at which it shall, among other things:

- Elect members of committees of the Board.
- Elect officers of the Company.

The Chairman of the Board (or, in the case of executive sessions of non-management directors, the presiding director), in consultation with the Chief Executive Officer (except in the case of executive sessions of non-management directors) and the directors, will determine the frequency, length and place of meetings, consistent with the requirements set forth herein. The Chairman of the Board (or, in the case of executive sessions of non-management directors, the presiding director), in consultation with the Chief Executive Officer (except in the case of executive sessions of non-management directors) and the directors, shall establish and distribute to each director prior to each meeting an agenda for the meeting. After each annual organizational meeting of the Board, the Board will establish a schedule of agenda subjects to be discussed during the year and the meeting at which such subjects shall be discussed (in each case, to the degree that these can be foreseen). Each director is free to raise at any meeting subjects that are not on the agenda for that meeting.

The independent directors shall meet on a regular basis as often as necessary to fulfill their responsibilities, including at least annually in executive session without management present. The director who presides at these meetings will be chosen by a majority of the independent directors.

To the extent required by the rules of the Listing Entity or applicable laws, the Board, in consultation with counsel for the Company, shall establish a means for stockholders and employees to communicate with independent directors, and the name of each such presiding director and the means for such communication shall be disclosed in the annual proxy statement.

The Board shall keep minutes of its meetings and other proceedings. It is expected that the secretary of each meeting will keep the only minutes or other records of that meeting and that, if a director desires to have an item recorded in the minutes, he or she will so advise the secretary at that time or prior to or upon review of the draft of such minutes submitted for approval at a subsequent meeting of the Board.

It is expected that the Board will function as a collegial body and that directors will respect the confidentiality of all deliberations of the Board.



## **IX. Board Retreat**

The Board may choose to have a retreat with executive officers annually or otherwise as it deems appropriate, at which there may be a full review of financial statements and financial disclosures, long-term strategies, plans and risks, and current developments in corporate governance.

## **X. Advance Materials and Notifications**

Management shall distribute (electronically, to the extent practicable) to the directors at least one week (or, if that is not feasible, as soon as practicable) before each meeting information that would reasonably be expected to be important to understanding the business to be conducted at the meeting. In addition, management shall direct independent auditors, outside counsel and other external advisors to provide to the directors all information known to them that would reasonably be expected to be important to understanding business conducted by the Board on which they have been consulted. Directors are expected to review this information before the meeting.

Directors are reminded of their significant responsibilities under federal securities laws regarding registration statements and annual reports on Form 10-K, both of which are signed by directors, and proxy statements and other documents filed with the SEC, and are expected to review them as part of their oversight responsibility regarding full and fair disclosure and provide comments as appropriate.

Unless circumstances otherwise warrant, management shall report to the Board at each regular meeting on the following matters:

- Recent financial performance and changes in financial condition, liquidity and capital resources.
- Projected financial performance and changes in financial condition, liquidity and capital resources.
- Recent or expected future developments in regulatory and compliance matters, including occupational health and safety, discrimination, insider trading, environmental protection, sexual harassment, antitrust and tax.
- All allegations and other matters with respect to fraud, embezzlement, bribery, (including foreign corrupt practices) and similar conduct involving (1) directors, executives officers, senior managers or financial personnel (regardless of amount) or (2) other employees (if the amount involved exceeds \$10,000).

Management shall notify the directors as soon as possible of each matter described above which could reasonably be expected to have a material adverse effect on the Company.



## **XI. Annual Evaluation**

Under the leadership of the Nominating and Governance Committee, the Board will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively, are making contributions to the Company and could improve such contributions. It is expected that the Nominating and Governance Committee will receive comments from all directors and report to the Board.

## **XII. Access to Officers, Employees and Others**

Directors are entitled to full and open access to officers, employees, counsel, auditors and advisors employed or retained by the Company. Meetings or contacts that a director wishes to initiate may be arranged through the Chief Executive Officer or the Secretary or directly by the director. It is expected that directors will use their judgment to ensure that no such meeting or contact will be disruptive to the business of the Company. To the extent not inappropriate, it is expected that directors will send to the Chief Executive Officer a copy of all written communications between a director and an officer, employee, counsel, auditor or advisor.

The Board welcomes the regular attendance at each meeting of executive officers. The Board will consider the regular attendance of others on a case-by-case basis.

The Board has the power and authority to retain independent experts, investigators and valuation, legal, recruiting, actuarial, accounting or other advisors as it deems necessary or appropriate, and to set aside for payment, pay and direct the payment of such experts, investigators and advisors, without approval of or notice to management. The independent experts, investigators and advisors retained by the Board shall report directly to, and shall be accountable to, the Board for their services.

In general, management speaks for the Company to employees, stockholders, creditors, regulators, vendors, customers and other constituencies. Directors may from time to time meet or contact various constituencies, but it is expected that directors would do so only with the knowledge of management and, absent unusual circumstances or as contemplated by the committee charters, only at the request of management. It is also expected that where it is necessary for non-management directors to do so other than at the request of management, one of them will be designated as the sole spokesperson.

## **XIII. Board Duties**

Without limiting the scope of its responsibilities, duties and authority set forth above, the primary duties of the Board shall include:



### *Board Procedure and Governance*

1. Perform statutory and regulatory functions (i.e., holding annual meetings, electing officers, reviewing and signing as required reports filed with the SEC and soliciting proxies in connection with the election or re-election of nominated directors).

### *Management*

2. Provide the Company with a Chief Executive Officer.
3. Review the results of the annual review of the Chief Executive Officer's performance conducted by the Compensation Committee.
4. Review with the Compensation Committee the selection and performance of other executive and senior officers.
5. Review with the Compensation Committee succession planning for the Chief Executive Officer and the other executive officers.
6. Review the determinations by the Compensation Committee regarding the compensation of the Chief Executive Officer.
7. Review with the Compensation Committee the compensation of other executive and senior officers.
8. Review compensation programs generally, and attend to stock-based compensation matters.
9. Periodically review the effectiveness of corporate and management policies and procedures.
10. Seek to ensure that the Company acts as a "good corporate citizen," seeking to ensure transparent and accurate financial reporting, ethical and socially responsible behavior and compliance with laws and the Company's governing documents.

### *Represent Stockholders' Interests*

11. Seek to optimize long-term financial returns.
12. Seek to respond to other stockholder concerns.

### *Business*

13. Provide insight, advice and direction to management on strategic and material business decisions.
14. Review the effectiveness of management's execution of strategies.



15. Review and approve material transactions not in the ordinary course of business (to the extent that approval thereof is not covered by any corporate policy or procedure on authorization, resolutions adopted by the Board or provisions of the Certificate of Incorporation or the By-Laws).
16. Provide contacts for resources and business opportunities.

#### **XIV. Limitations**

Notwithstanding anything contained herein or in any charter of any committee of the Board to the contrary, neither the Board, any committee nor any director shall have any duty or responsibility to:

- plan, conduct or provide resources for any activity;
- determine that financial statements have been properly prepared or financial disclosures are full and complete;
- guarantee or provide other assurance as to the success or outcome of any activity or that there are no risks or uncertainties or that any risks or uncertainties have been reduced or eliminated; or
- act as an expert, or provide guarantees, representations, warranties, professional or other certifications or assurances with respect to, or verify, any matter within the scope of the duties and responsibilities of the Board.

These Guidelines do not address the duties of directors in a change-of-control situation or other special or extraordinary circumstances.

Nothing in these Guidelines or in the charter of any committee of the Board shall expand or increase the duties, responsibilities or liabilities of any director under any circumstance beyond those then existing under the Law.

#### **XV. Conflicts**

If there is a conflict or inconsistency between these Guidelines and the Law, the Certificate of Incorporation or By-Laws, the Law, the Certificate of Incorporation or the By-Laws, as the case may be, shall govern.

#### **XVI. Website**

These Guidelines shall be placed on the Company's website.

Date: December 31, 2010



## **ANNEX A** **SKILLS AND CHARACTERISTICS FOR DIRECTORS**

### **Board Composition**

The Board as a whole should possess the following core competencies:

1. Accounting, Finance and Disclosure: ability to protect and inform stockholders and debtholders through liquidity and capital resource management and internal financial and disclosure controls;
2. Business Judgment: ability to assess business risk and stockholder and debtholder valuation creation strategies;
3. Management: ability to apply general management best practices in a complex, rapidly evolving business environment;
4. Crisis Response: ability and time to perform during periods of both short-term and prolonged crisis;
5. Industry Knowledge: ability to assess opportunities and threats unique to the Company's industry;
6. International Markets: ability to appreciate the importance of global business trends;
7. Leadership: ability to attract, motivate and energize a high-performance leadership team; and
8. Strategy/Vision: ability to provide strategic insight and direction by encouraging innovation, conceptualizing key trends, evaluating strategic decisions and continuously challenging the Company to sharpen its vision.

### **Specific Qualifications**

Each director should have the following skills and characteristics:

1. Have high personal standards:
  - a. Integrity;
  - b. Honesty; and
  - c. Desire to make full disclosure of all present and future conflicts of interest.
2. Have the ability to make informed business judgments;
3. Have literacy in financial and business matters;
4. Have the ability to be an effective team member;



5. Have a commitment to active involvement and an ability to give priority to the Company; a member of the Audit and Finance Committee should serve on no more than three public company audit committees;
6. Have no affiliations with competitors;
7. Have achieved high levels of accountability and success in his or her given fields;
8. Have no geographic travel restrictions;
9. Have an ability and willingness to learn the Company's business;
10. Preferably have experience in the Company's business or in professional fields (i.e. finance, accounting, law or banking) or in other industries or as a manager of international businesses so as to have the ability to bring new insight, experience or contacts and resources to the Company;
11. Preferably have a willingness to make a personal substantive investment in the Company;
12. Preferably have no direct affiliations with major suppliers or vendors; and
13. Preferably have previous public company board experience together with good references