

POPULAR INC
Form S-3/A
November 23, 2005
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As filed with the Securities and Exchange Commission on November 23, 2005

Registration No. 333-129567

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

PRE-EFFECTIVE AMENDMENT NO. 1

TO

FORM S-3

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

POPULAR, INC.

(Exact name of registrant as specified in its charter)

Puerto Rico
*(State or other jurisdiction of
incorporation or organization)*

66-0416582
*(IRS Employer
Identification Number)*

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209 Muñoz Rivera Avenue

Hato Rey, Puerto Rico 00918

(787) 765-9800

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Jorge A. Junquera

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Hato Rey, Puerto Rico 00918

(787) 765-9800

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this Registration Statement as determined by the Registrant on the basis of market conditions and other factors.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

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If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier registration statement for the same offering. "

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. "

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission acting pursuant to said section 8(a), may determine.

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Explanatory note

This Registration Statement relates to the offer and sale of up to 12,075,000 shares of common stock, par value \$6.00 per share, of Popular, Inc. The common stock will be offered initially to stockholders of Popular in a subscription offering. It is expected that shares of common stock unsubscribed for during the subscription offering will be sold to the public in an underwritten offering. This Registration Statement contains two prospectuses a prospectus to be used in connection with the subscription offering and a prospectus to be used in any underwritten offering for shares of common stock unsubscribed for in the subscription offering, if any.

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell, nor does it seek an offer to buy, these securities in any jurisdiction where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS

Subject to Completion

November 23, 2005

10,500,000 Shares

Common Stock

We are offering up to 10,500,000 shares of our common stock to holders of record of our common stock at the close of business on November 7, 2005, which is the record date for the subscription offering, pursuant to the grant of non-transferable subscription rights to acquire our common stock. The subscription price will be the lesser of (i) \$21.00 per share, which we refer to as the initial subscription price, and (ii) the initial public offering price determined in the underwritten public offering described below, which we refer to as the adjusted subscription price. If the underwritten public offering does not occur within 30 calendar days after the expiration date of the subscription offering, the subscription price will be the lesser of (i) the initial subscription price and (ii) the average closing price at 4:00 p.m., New York City time, of our common stock for the five trading days up to and including the expiration date of the subscription offering.

Each holder of record of our common stock is entitled to a basic subscription right entitling the holder to purchase one share of our common stock for every 26 shares of our common stock held by that holder as of the close of business on the record date. We are not granting any fractional subscription rights or paying any cash in lieu thereof. The number of basic subscription rights granted to each holder will be rounded up to the next whole number.

Each holder of record of our common stock will be entitled to subscribe for all, or any portion of, the shares of our common stock underlying that holder's basic subscription rights. In addition, each holder who subscribes for the full number of shares of our common stock underlying that holder's basic subscription rights will have an oversubscription right to subscribe at the subscription price for additional shares of our common stock that are not otherwise subscribed for by other holders pursuant to their basic subscription rights, subject to certain limitations described in this prospectus. See "Subscription Offering - Oversubscription Right" herein. If an insufficient number of shares of our common stock is available to satisfy fully all elections to exercise the oversubscription right, then the available shares will be prorated among those who exercise the oversubscription right based upon their respective ownership of shares of our common stock on the record date.

The subscription rights are non-transferable and will not be evidenced by any certificates. No minimum amount of proceeds is required for us to consummate the subscription offering.

Holders will be able to exercise their subscription rights until the expiration date for the subscription offering, which is 5:00 p.m., New York City time, on December 19, 2005, subject to extension by us. To exercise their subscription rights, holders must return the accompanying order form along with full payment of the initial subscription price for all shares for which subscription is made by the expiration date. The exercise by a holder of that holder's subscription rights is irrevocable unless there is a material amendment to the subscription offering after such exercise.

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We expect, but we are not required, to offer all or a portion of shares of our common stock not subscribed for in the subscription offering to the public through an underwritten public offering. There can be no assurance that the underwritten offering will occur. See [Underwritten Offering](#) herein.

Our common stock is traded on the Nasdaq Stock Market under the symbol [BPOP](#). At 4:00 p.m., New York City time, on November 22, 2005, the last reported sale price of our common stock was \$22.59 per share. See [Dividends and Price Range of Our Common Stock](#) herein.

Investing in our common stock involves a high degree of risk. Before buying any shares, you should carefully read the discussion of material risks of investing in our common stock under the heading [Risk factors](#) beginning on page 10 of this prospectus.

THE SECURITIES WILL NOT BE DEPOSITS, SAVINGS ACCOUNTS OR OTHER OBLIGATIONS OF A BANK AND WILL NOT BE INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE BANK INSURANCE FUND, OR ANY OTHER GOVERNMENTAL AGENCY.

Neither the Securities and Exchange Commission nor any state or Commonwealth of Puerto Rico securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial subscription price(1)	\$ 21.000	\$ 220,500,000
Dealer manager fee(2)(3)	\$ 0.525	\$ 5,512,500
Estimated proceeds to us(4)	\$ 20.475	\$ 214,987,500

- (1) The initial subscription price is the amount to be paid initially for each share subscribed for in the subscription offering. If the adjusted subscription price is lower, the difference will be refunded to the holder.
- (2) In connection with the subscription offering, UBS Securities LLC and Popular Securities, Inc. will act as dealer managers and receive a fee for their soliciting services equal to 2.5% of the subscription price per share issued. See also [Underwritten Offering](#) for information with respect to certain fees payable by us in connection with any underwritten public offering of shares not subscribed for in the subscription offering.
- (3) Assumes that all shares of our common stock offered hereby are subscribed for in the subscription offering and that the subscription price will be the initial subscription price.
- (4) Before deducting expenses payable by us estimated at \$1,100,000.

Our common stock is being offered directly to holders of record on the record date by us and is not the subject of any underwriting agreement. See [Subscription Offering Plan of Distribution](#). It is expected that delivery of our common stock will be made as soon as practicable after the completion date of the subscription offering, as defined herein.

Dealer managers

UBS Investment Bank

Popular Securities

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You should rely only on the information contained in this prospectus. We have not, and the dealer managers have not, authorized anyone to provide you with additional information or information different from that contained in this prospectus. We are soliciting subscriptions for the right to purchase shares of our common stock only in jurisdictions where solicitations and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of shares of our common stock.

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Popular and Banco Popular are registered service marks of Popular, Inc.

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Prospectus summary

While this summary highlights what we consider to be the most important information about us, you should carefully read this prospectus and the registration statement of which this prospectus is a part in their entirety before investing in our common stock, especially the risks of investing in our common stock, which we discuss under the heading "Risk factors" beginning on page 10.

Unless the context requires otherwise, the words "Popular," "we," "company," "us" and "our" refer to Popular, Inc. and its subsidiaries.

POPULAR, INC.

Popular, Inc. is a diversified, publicly owned bank holding company, registered under the Bank Holding Company Act of 1956, as amended (the BHC Act), and, accordingly, subject to the supervision and regulation of the Board of Governors of the Federal Reserve System. Our executive offices are located at 209 Muñoz Rivera Avenue, Hato Rey, Puerto Rico 00918, and our telephone number is (787) 765-9800.

We are a full service financial services provider with operations in Puerto Rico, the United States, the Caribbean and Latin America. As the leading financial institution in Puerto Rico with over 280 branches and offices, we offer retail and commercial banking services through our banking subsidiary, Banco Popular de Puerto Rico, as well as investment banking, auto and equipment leasing and financing, mortgage loans, consumer lending, insurance and information processing through specialized subsidiaries. In the United States, we have established the largest Hispanic-owned financial services franchise, providing complete financial solutions to all the communities we serve. Banco Popular North America operates over 135 branches in California, Texas, Illinois, New York, New Jersey and Florida. Our finance subsidiary in the United States, Popular Financial Holdings, operates nearly 200 retail lending locations offering mortgage and personal loans, and also maintains a substantial wholesale broker network, a warehouse lending division, loan servicing, and an assets acquisition unit. We continue to use our expertise in technology and electronic banking as a competitive advantage in our Caribbean and Latin America expansion, through our financial transaction processing company, EVERTEC, Inc. We are exporting our 112 years of experience through the region while continuing our commitment to meet the needs of retail and business clients through innovation, and fostering growth in the communities we serve. We are ranked among FORTUNE magazine's 2005 100 Best Companies to Work For. We are the largest financial institution based in Puerto Rico and the 27th largest bank holding company in the United States as of June 30, 2005. We had consolidated total assets of \$47.1 billion, total deposits of \$22.6 billion and stockholders' equity of \$3.2 billion at September 30, 2005.

BANCO POPULAR DE PUERTO RICO

Our principal bank subsidiary, Banco Popular de Puerto Rico ("Banco Popular" or the "Bank"), was organized in 1893 and is Puerto Rico's largest bank with consolidated total assets of \$25.4 billion, deposits of \$14.2 billion and stockholders' equity of \$1.6 billion at September 30, 2005. The Bank accounted for 54% of our total consolidated assets at September 30, 2005. Banco Popular has the largest retail franchise in Puerto Rico, with 192 branches and over 570 automated teller machines. The Bank has the largest trust operation in Puerto Rico. The Bank also operates seven branches in the U.S. Virgin Islands, one branch in the British Virgin Islands and one branch in New York. Banco Popular's deposits are insured under the Bank Insurance Fund ("BIF") of the Federal Deposit Insurance Corporation (the "FDIC"). Banco Popular has three subsidiaries, Popular Auto, Inc., Puerto Rico's largest vehicle

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financing, leasing and daily rental company, Popular Finance, Inc., a small personal loan and mortgage company with 38 offices and seven mortgage centers in Puerto Rico, and Popular Mortgage, Inc., a mortgage loan company with 31 offices in Puerto Rico.

OTHER PRINCIPAL SUBSIDIARIES

We have three other principal subsidiaries: Popular Securities, Inc., Popular International Bank, Inc. (PIB) and EVERTEC, Inc. Popular Securities, Inc. is a securities broker-dealer in Puerto Rico with financial advisory, investment and security brokerage operations for institutional and retail customers. EVERTEC, Inc. conducts our electronic transaction and processing services, as well as the operational and programming services of Banco Popular. This initiative is part of our strategic objective to provide added value to our customers by offering integrated technological solutions and financial transaction processing.

PIB

PIB is our wholly-owned subsidiary organized in 1992 that operates as an international banking entity under the International Banking Center Regulatory Act of Puerto Rico (the IBC Act). PIB is a registered bank holding company under the BHC Act and is principally engaged in providing managerial services to its subsidiaries. PIB owns the outstanding stock of Popular North America, Inc. (PNA), ATH Costa Rica, S.A., CreST, S.A. and Popular Insurance V.I., Inc., an insurance agency. ATH Costa Rica, S.A. and CreST, S.A. provide ATM switching and driving services in San José, Costa Rica. In addition, PIB has equity investments in Consorcio de Tarjetas Dominicanas (CONTADO), the largest payment network in the Dominican Republic, in Banco Hipotecario Dominicano (BHD) also in the Dominican Republic and in Servicios Financieros S.A. de C.V. (Serfinsa), the largest ATM network in El Salvador.

PNA

PNA, a wholly-owned subsidiary of PIB and our indirect wholly-owned subsidiary, was organized in 1991 under the laws of the State of Delaware and is a registered bank holding company under the BHC Act. PNA functions as a holding company for our mainland U.S. operations. Banco Popular North America (BPNA), a direct subsidiary of PNA, in the mainland United States is based in six states. In New York, BPNA operates 32 branches, which accounted for aggregate assets of \$3.0 billion and total deposits of \$2.7 billion at September 30, 2005. BPNA also operates 20 branches in Illinois and 45 in California with total assets of \$2.0 billion and \$3.1 billion, respectively, and deposits of \$1.7 billion and \$1.9 billion, respectively. In addition, BPNA has 14 branches in New Jersey with total assets of \$936 million and deposits of \$881 million as of September 30, 2005, and 18 branches in Florida with total assets of \$1.9 billion and deposits of \$1.3 billion. In Texas, BPNA operates seven branches with aggregate assets of \$1.2 billion and total deposits of \$203 million at the same date. The deposits of BPNA are insured under the BIF by the FDIC.

Popular Financial Holdings, Inc., a direct subsidiary of PNA, is the holding company of Equity One, Inc. Equity One, Inc. is engaged in the business of granting personal and mortgage loans and providing dealer financing through 211 offices in 34 states. Popular Financial Services, LLC, a direct subsidiary of Equity One, Inc., is the wholesale operation which both acquires pools of non-prime loans from mortgage bankers and originates individual mortgage loans through a network of over 2,000 approved mortgage brokers and bankers throughout the U.S. In addition, Popular Warehouse Lending, LLC, a direct subsidiary of Equity One, Inc., provides revolving credit lines ranging from \$2 million to \$15 million to small and mid-size mortgage bankers. Popular Financial Holdings, Inc. had total assets of \$8.6 billion as of September 30, 2005.

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The subscription offering

Shares offered hereby	Up to 10,500,000 shares of our common stock.
Initial subscription price	\$21.00 per share of our common stock.
Subscription price per share of common stock	Lesser of (i) the Initial Subscription Price, which is \$21.00 per share, and (ii) the Adjusted Subscription Price, which is the initial public offering price determined in the Underwritten Offering. If the Underwritten Offering does not occur within 30 calendar days after the Expiration Date for the Subscription Offering, the Subscription Price will be the lesser of (i) the Initial Subscription Price and (ii) the average closing price at 4:00 p.m., New York City time, of our common stock for the five trading days up to and including the Expiration Date.
Record date	Subscription Rights have been granted to the holders of record, or Holders, at the close of business on November 7, 2005.
Basic subscription right	Each Holder of our common stock on the Record Date will be entitled to one non-transferable subscription right for every 26 shares of our common stock held on the Record Date. Each Holder will have the right to purchase one share of our common stock for each Basic Subscription Right. Holders are entitled to subscribe for all, or any portion of, the shares of our common stock underlying their Basic Subscription Rights.
Beneficial owners	In the case of beneficial owners of our common stock who are persons that hold shares of our common stock through a depository, bank, trust company, securities broker or dealer, administrator, trustee or other nominee (an Intermediary), the Basic Subscription Right or Rights of a beneficial owner will be rounded up to the next whole number as described above if that Intermediary shows, to the satisfaction of the Subscription Agent, that such beneficial owner's Basic Subscription Right or Rights would be so rounded if that beneficial owner were a record holder. Beneficial owners that wish to subscribe for shares of our common stock offered by this prospectus should contact the appropriate Intermediary and request it to exercise the Subscription Rights on their behalf. See Subscription Offering Method of Exercising Subscription Rights .

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Oversubscription right	Each Holder who subscribes for the full number of shares of our common stock underlying that Holder's Basic Subscription Rights will have the right to subscribe for additional shares of our common stock that are not subscribed for by other Holders pursuant to their Basic Subscription Rights. We reserve the right to review and not accept any subscription pursuant to the exercise of the Oversubscription Right for more than 200,000 shares. There can be no assurance that any shares of our common stock will be available to satisfy in whole or in part a Holder's request to subscribe for shares in excess of the shares underlying a Holder's Basic Subscription Rights.
Proration of oversubscription rights	If there are insufficient shares to satisfy in full all exercises of Oversubscription Rights, the available shares of our common stock will be allocated among the Holders who exercise Oversubscription Rights <i>pro rata</i> based upon the number of shares owned by each Holder who exercises Oversubscription Rights on the Record Date.
Fractional shares	No fractional shares will be issued. The number of Subscription Rights that we grant to each Holder will be rounded up to the next whole number. If, as a result of rounding up, the shares subscribed for by all Holders exceed the total number of shares of our common stock offered by this prospectus, all or a portion of the subscriptions pursuant to the rounding up may be cancelled as we shall determine, in our sole discretion.
Method of exercising subscription rights; Payment for common stock	The Basic Subscription Rights and Oversubscription Rights may be exercised by properly completing, signing and delivering to the Subscription Agent the Subscription Rights Order Form accompanying this prospectus together with payment in full of the aggregate Initial Subscription Price by either a cashier's check or official check. Once a Holder has exercised a Subscription Right, the exercise is irrevocable absent a material amendment to the Subscription Offering after such exercise. An extension of the Expiration Date for the Subscription Offering of fewer than seven calendar days will not constitute such a material amendment. The Subscription Agent will honor the use of guaranteed delivery procedures as an alternative to payment of the Subscription Price to exercise Subscription Rights. See Subscription Offering Method of Exercising Subscription Rights .

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Expiration date	Holder s may exercise their Subscription Rights until 5:00 p.m., New York City time, on December 19, 2005 unless we extend that date, at our option. After the Expiration Date, the Subscription Rights will expire with no value.
Amendments; Termination	We reserve the right to amend the terms and conditions of the Subscription Offering or to terminate the Subscription Offering at any time prior to delivery of the shares of our common stock offered hereby. See Subscription Offering Amendments and Waivers; Termination .
Non-transferability of subscription rights	The Subscription Rights being granted are not transferable.
Regulatory limitation on subscription	We will not be required to issue shares of our common stock pursuant to the Basic Subscription Rights or the Oversubscription Rights to any Holder who, in our opinion, would be required to obtain prior clearance or approval from any bank regulatory authority of the U.S. federal government, the Commonwealth of Puerto Rico or any state to own or control such shares if, at the expiration of the Subscription Offering, that clearance or approval has not been obtained or any required waiting period has not expired. See also Subscription Offering Certain Legal Matters .
Preferential rights	Subject to certain exceptions, Holder s of our common stock are entitled to preference for the subscription for our common stock unless our Board of Directors in connection with an issuance of our common stock unanimously resolves otherwise. Holder s who exercise Subscription Rights offered by this prospectus will be entitled to such preferential rights by virtue of the common stock purchased upon such exercise. See Description of Capital Stock Common Stock .
Subscription agent	The Subscription Agent is Mellon Bank, N.A. See Subscription Offering Subscription Agent for addresses and information relating to the payment of the aggregate Subscription Price. The Subscription Agent s toll-free telephone number is 1-888-451-6209.
Information agent	The Information Agent is Mellon Investor Services LLC. The Information Agent may be reached by calling toll-free 1-888-451-6209.

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Dealer managers	We have agreed to pay UBS Securities LLC and Popular Securities, Inc., as dealer managers, a fee for their soliciting services equal to 2.5% of the aggregate Subscription Price for shares issued pursuant to the exercise of Subscription Rights. In addition, we have agreed to reimburse the dealer managers up to \$25,000 for their expenses incurred in connection with the Subscription Offering.
Unsubscribed shares; Underwritten offering	We expect, but are not required, to offer the shares of our common stock that are not subscribed for by Holders in the Subscription Offering to the public in an underwritten public offering to be managed by UBS Securities LLC and Popular Securities, Inc. Such underwriting would be subject to certain conditions, including, without limitation, the execution of an underwriting agreement satisfactory to the underwriters and us. There can be no assurance that the Underwritten Offering will occur or as to the initial public offering price if an Underwritten Offering does occur.
Issuance of common stock	Certificates representing shares of our common stock purchased pursuant to the Subscription Rights will be delivered to subscribers as soon as practicable after completion of the Underwritten Offering, if any, or if that offering does not occur within 30 calendar days after the Expiration Date, as soon as practicable thereafter (the Completion Date). See Subscription Offering Method of Exercising Subscription Rights; Payment for Common Stock .
Use of proceeds	The net proceeds from the sale of our common stock will be used for general corporate purposes, including funding future acquisitions.
Shares outstanding	267,427,050 shares of our common stock were outstanding at the Record Date. At November 21, 2005, 267,427,050 shares of our common stock were outstanding.
Nasdaq Stock Market symbol	BPOP .

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Summary consolidated financial data

We have derived our financial summary data for the year ended December 31, 2004, from our audited consolidated financial statements incorporated by reference in this prospectus. We have derived our financial summary data for each of the nine-month periods ended September 30, 2005, and September 30, 2004, and each of the three-month periods ended September 30, 2005, and September 30, 2004, from our unaudited consolidated financial statements incorporated by reference in this prospectus. The unaudited consolidated financial statement data include, in our opinion, all adjustments (consisting only of normal recurring adjustments) that are necessary for a fair presentation of our financial position and results of operations for these periods. Operating results for the three- and nine-month periods ended September 30, 2005, are not necessarily indicative of the results that may be expected for the year ending December 31, 2005. You should read the financial summary data set forth below in conjunction with Management's discussion and analysis of financial condition and results of operations and with our consolidated financial statements and related notes included in our annual report for the year ended December 31, 2004, filed with the SEC on Form 10-K on March 16, 2005, and incorporated by reference in this prospectus.

POPULAR, INC.**Financial Summary**

(in thousands, except share data)

	For the three months ended September 30,		For the nine months ended September 30,		For the year ended December 31,
	2005	2004 (unaudited)	2005	2004	2004 (audited)
Summary of Operations					
Interest income	\$ 666,088	\$ 563,767	\$ 1,946,464	\$ 1,614,779	\$ 2,216,265
Interest expense	317,978	215,575	883,638	595,170	840,754
Net interest income	348,110	348,192	1,062,826	1,019,609	1,375,511
Provision for loan losses	49,960	46,614	144,232	132,641	178,657
Net interest income after provision for loan losses	298,150	301,578	918,594	886,968	1,196,854
Other income	171,261	143,753	492,066	436,074	596,193
Net (loss) gain on sale and valuation adjustment of investment securities	(920)		50,891	13,435	12,737
Trading account profit (loss)	4,707	803	28,138	(748)	(159)
Total non-interest income	175,048	144,556	571,095	448,761	608,771
Salaries and benefits	149,792	137,569	448,045	408,372	548,936
Profit sharing	4,890	5,083	16,805	16,404	22,082
Amortization of intangibles	2,387	1,984	6,770	5,586	7,844
Other operating expenses	172,344	153,237	498,826	438,909	592,150
Total operating expenses	329,413	297,873	970,446	869,271	1,171,012
Income before income tax and cumulative effect of accounting changes	143,785	148,261	519,243	466,458	634,613

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Income tax	<u>28,569</u>	<u>32,880</u>	<u>112,395</u>	<u>104,774</u>	<u>144,705</u>
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(in thousands, except share data)

	For the three months ended September 30,		For the nine months ended September 30,		For the year ended December 31,
	2005	2004 (unaudited)	2005	2004	2004 (audited)
Income before cumulative effect of accounting changes	115,216	115,381	406,848	361,684	489,908
Cumulative effect of accounting changes			3,607		
Net income	\$ 115,216	\$ 115,381	\$ 410,455	\$ 361,684	\$ 489,908
Net income applicable to common stock	\$ 112,237	\$ 112,402	\$ 401,520	\$ 352,749	\$ 477,995
Basic and diluted EPS before cumulative effect of accounting change(1)			\$ 1.49	\$ 1.32	
Basic and diluted EPS after cumulative effect of accounting change			\$ 1.50	\$ 1.32	
Basic and diluted earnings per share	\$ 0.42	\$ 0.42			\$ 1.79
Dividends declared per common share	\$ 0.16	\$ 0.16	\$ 0.48	\$ 0.46	\$ 0.62
Average common shares outstanding	267,244,997	266,414,016	267,043,298	266,197,350	266,302,105
Average common shares outstanding assuming dilution	267,835,364	266,818,378	267,583,122	266,507,936	266,674,856
Common shares outstanding at end of period	267,152,969	266,345,324	267,152,969	266,345,324	266,582,103

Selected Average Balances Business Activities. Without the prior written consent of Holder, which consent may be given or denied at Holder's sole discretion, neither the Borrower nor the Subsidiary will engage directly or indirectly (whether through subsidiaries or otherwise) in any type of business other than the businesses presently or currently planned to be conducted by them and in related lines of businesses.

1.3. Transactions with Affiliates. Excluding any relationships, arrangements or agreements existing on the date hereof and disclosed in the Borrower's securities law filings,

the Borrower will not (without the prior written consent of Holder, which consent may be given or denied at Holder's sole discretion), other than in the Borrower's ordinary course of business, engage in any transaction with any Affiliate (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any such Affiliate or, to the knowledge of the Borrower, any person in which any such Affiliate has a substantial interest or is an officer, director, partner, member or trustee on terms more favorable to such Person than would have been obtainable on an arm's length basis in the ordinary course of business. As used herein, the term "Affiliate" means any person that is controlled by or is under common control with such controlling person. As used in the prior sentence, the term "control" means the power to vote 50% or more of any class of voting securities of such person or to direct or cause the direction of the management or policies of such Person.

1.4. **Conflicting Agreements.** Without the prior written consent of Holder, which consent may be given or denied at Holder's sole discretion, neither of the Obligors will enter into any amendment or other modification of material agreements that could reasonably be expected to adversely affect Holder; in addition, neither of the Obligors will enter into any amendment or other modification to any other currently existing contractual obligation, which by its terms materially impairs the ability of the Borrower to (a) repay the Advance or Subsequent Draw, or (b) fully satisfy all of its obligations hereunder, without the prior written consent of Holder, which consent may

be given or denied at Holder's sole discretion.

1.5. Financial Statements. Not later than 45 days following the end of each fiscal quarter (excluding the last fiscal quarter of each fiscal year) and 60 days following the end of each fiscal year, while this Note is outstanding, the Obligor shall deliver to Holder quarterly or annual financial statements (including statements of cash flow), as the case may be, of the Borrower and its consolidated subsidiaries substantially prepared in accordance with generally accepted accounting practices, except for normal recurring year-end adjustments provided that so long as such documentation is publicly available at such times it shall be deemed to be delivered for purposes of this covenant; provided, that for purposes of this Note, the posting of such financial statements on the website of the Securities and Exchange Commission shall constitute delivery.

1.6. Monthly Financial Statements and Operating Reports. Within thirty (30) days following the end of each month while this Note is outstanding, the Obligor shall deliver to Holder: internally prepared, unaudited monthly financial statements of the Obligor, so long as Holder shall agree to maintain such financial statement confidentially pursuant to a non-disclosure agreement acceptable to Comstock; and an operating report describing the status of operations for the Comstock Mine.

1.12. Minimum Liquidity Balance. The Borrower shall, at all times maintain a minimum Liquidity Balance (as defined below) of \$1,000,000. "Liquidity Balance" means the Borrower's balance of cash and cash equivalents, including short term certificates of deposits and US Treasury bills and notes, plus 90% of the value of any gold/silver dore that has been picked up by a secured carrier but not yet paid for, as of any date of determination. If at any time the Borrower fails to maintain a

minimum Liquidity Balance of
\$1,000,000 (a "Liquidity Failure"), the
Borrower shall immediately notify
Holder of such Liquidity

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Failure and shall cure such Liquidity Failure within 7 days from the date that the Holder is provided notification of such Liquidity Failure.

1.13 Notification as to Certain Events. The Obligors shall notify Holder if the Obligors become aware of any event that has or would reasonably be expected to have a material adverse effect on the Obligors' business or operations with respect to their property or the Obligors' ability to perform its obligations under the Note. The Obligors shall notify Holder immediately of all correspondence relating to a material event, or material problem or alleging an event of default or an event which would become a Default if not corrected.

1.14 Maintenance of Required Approvals and Consents; Compliance with Laws. The Obligors will take all action necessary to maintain all approvals and consents necessary with respect to the operation of their respective businesses, except where the failure to maintain such approvals and consents could not reasonably be expected to have a material adverse effect on such businesses or operations. The Obligors shall comply in all material respects with all applicable laws with respect to the operation of their businesses.

1.15 Inspection of Assets and Operations. Permit representatives of the Holder to inspect the Borrower's operations and for that purpose to enter on Borrower's property during reasonable business hours and upon reasonable notice; provided, however, if a Default has occurred and is continuing, the foregoing limitation with respect to reasonable business hours and reasonable notice shall not apply.

EXHIBIT 10.2

PLEDGE AGREEMENT

This PLEDGE AGREEMENT (this “Pledge Agreement”) is made as of February 11, 2014, by and between COMSTOCK MINING INC., a corporation organized and existing under the laws of Nevada (the “Pledgor”), and AURAMET INTERNATIONAL, LLC, a limited liability company organized under the laws of Puerto Rico (“Holder”).

RECITALS

WHEREAS, the Pledgor owns 100% of the outstanding Shares (as defined below) of the Issuer (defined below);
WHEREAS, it is a condition precedent to the Holder making any loans to the Pledgor under that certain Secured Promissory Note and Guaranty, dated on or about the date hereof (the “Note”), that the Pledgor execute and deliver to the Holder this Pledge Agreement;
WHEREAS, the Pledgor wishes to pledge and grant a security interest in favor of the Holder as herein provided.
NOW, THEREFORE, in consideration of the premises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENTS

1. Definitions. All capitalized terms used herein without definition shall have the respective meanings provided therefor in the Note. Terms used herein and not defined in the Note or otherwise defined herein that are defined in the UCC have such defined meanings therein (with terms used in Article 9 controlling over terms used in another Article), unless the context otherwise indicated or requires, and the following terms shall have the following meanings:
“Issuer” means Comstock Mining LLC, a limited liability company organized and existing under the laws of Nevada.

“Pledged Collateral” is defined in Section 2.1.

“Pledged Shares” means all Shares of the Issuer now owned or after acquired by Pledgor.

“Shares” means shares of limited liability company membership units.

“UCC” means the Uniform Commercial Code as in effect from time to time in the State of New York; provided, if by reason of mandatory provisions of law, the perfection, the effect of perfection or non-perfection or the priority of the security interests of the Holder in any collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than New York, the term “UCC” shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

2. Pledge of Shares, etc.

2.1. Pledge of Shares. As security for the full, prompt and complete payment and performance when due (whether by stated maturity, by acceleration or otherwise) of all the Obligations, the Pledgor hereby pledges, assigns, grants a security interest in all of the following (collectively, the “Pledged Collateral”):

- (a) all of the Shares of the Issuer of every class owned or held by Pledgor;
- (b) (i) all payments or distributions whether in cash, property or otherwise, at any time owing or payable to the Pledgor on account of its interest as a member in the Issuer; (ii) all of such Pledgor's rights and interests under the operating agreement, including all voting and management rights and all rights to grant or withhold consents or approvals; (iii) all of Pledgor's rights of access and inspection to and use of all books and records of the Issuer; (iv) all other rights, interests, property or claims to which the Pledgor may be entitled in its capacity as a member of the Issuer; and (v) all proceeds of any of the foregoing;
- (c) all additional Shares of the Issuer from time to time acquired by Pledgor, and any certificates, if applicable, representing such additional Shares; and
- (d) all dividends, cash, instruments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such Pledged Shares.

2.2. Waiver of Certain Operating Agreement Provisions. The Pledgor irrevocably waives any and all of its rights under those provisions of the operating agreement of the Issuer and the laws under which the Issuer has been organized, that (a) prohibit, restrict, condition or otherwise affect the grant hereunder of any security interest or lien on any of the Pledged Collateral or any enforcement action which may be taken in respect of any such security interest or lien or (b) otherwise conflict with the terms of this Pledge Agreement. To the extent that this provision is inconsistent with the terms of the operating agreement, such operating agreement shall be deemed to be amended so as to be consistent with the terms of this Section 2.2. The

Pledgor irrevocably consents to the grant of the security interest provided for herein and to the Holder or its nominee becoming a member in such limited liability company (including succeeding to any management rights appurtenant thereto), pursuant to a disposition thereof in connection with (or in lieu of) an exercise of remedies pursuant to Section 8 hereof; provided that such successor member then agrees in writing to be bound by, and a party to, the operating agreement.

3. Security for Obligations. This Pledge Agreement and the security interest in and pledge of the Pledged Collateral hereunder are made with and granted to the Holder as security for the payment and performance in full of all the Obligations.

4. Distributions Paid to Holder. Any sums or other property paid or distributed upon or with respect to any of the Pledged Shares, whether by dividend or redemption or upon the liquidation or dissolution of the Issuer thereof or otherwise, shall, except to the limited extent provided in Section 7, be paid over and delivered to the Holder to be held by the Holder as security for the payment and performance in full of all of the Obligations. Pursuant to the recapitalization or reclassification of the capital of the Issuer thereof or pursuant to the reorganization thereof, in the event that any distribution of capital shall be made on or in respect of any of the Pledged Shares or any property shall, except to the limited extent provided in Section 7, be distributed upon or with respect to any of the Pledged Shares, the property so distributed shall be delivered to the Holder to be held by the Holder as security for the Obligations. Except to the limited extent provided in Section 7 all sums of money and property paid or distributed in respect of the Pledged Shares, whether as a dividend or upon such a liquidation, dissolution, recapitalization or reclassification or

otherwise, that are received by a Pledgor shall, until paid or delivered to the Holder, be held in trust for the Holder as security for the payment and performance in full of all of the Obligations.

5. Representations and Warranties.

The Pledgor hereby represents and warrants that:

(a) Pledgor has good and marketable title to, and is the sole record and beneficial owner of, the Pledged Shares, subject to no pledges, Liens, security interests, charges, options, restrictions or other encumbrances except the pledge and security interest created by this Pledge Agreement;

- (b) each Pledged Share is validly issued, fully paid and non-assessable (or the equivalent thereof, as applicable);
- (c) no Pledged Shares are evidenced by any certificate unless such certificate, together with a duly executed transfer power or other instrument of transfer (each in form and substance satisfactory to the Holder) duly executed in blank, has been delivered to the Holder;
- (d) as of the Closing Date, no Shares of the Issuer held and owned by Pledgor are represented by certificates; and
- (e) the pledge, grant of a security interest in, and delivery of the Pledged Collateral owned by such Pledgor pursuant to this Pledge Agreement will create a valid first priority Lien on and in the Pledged Collateral owned by such Pledgor, and the proceeds thereof, securing the payment and performance of the Obligations.

6. Covenants. So long as the Holder has any commitment under the Note or any Obligation under and as defined in the Note remains outstanding, the Pledgor covenants and agrees that such Pledgor:

- (a) will not (i) sell, transfer or otherwise dispose of, or grant any option or warrant with respect to, any of the Pledged Collateral (or any part thereof or interest therein) except with the prior written consent of the Holder, (ii) create or permit to exist any Lien or encumbrance upon or with respect to any of the Pledged Collateral other than the Lien in favor of the Holder hereto or (iii) amend or permit to be amended in any respect the articles of organization and the operating agreement of Issuer in the event such change would be adverse to the Holder. If any Pledged Collateral, or any part thereof, is sold, transferred or otherwise disposed of in violation of this Section 6, the security interest of the Holder shall continue in the Pledged Collateral notwithstanding such sale, transfer or other disposition, and

Pledgor will deliver any proceeds thereof to the Holder to be held as Pledged Collateral hereunder (it is acknowledged and agreed that the delivery of any such proceeds shall not be deemed a waiver of any Default arising as a result of the sale, transfer or other disposal of the Pledged Collateral in violation of this Section 6).

(b) shall, at the Pledgor's own expense, promptly execute, acknowledge, and deliver all such instruments and take all such actions as the Holder from time to time may reasonably request in order to ensure to Holder the benefits of the Lien in and to the Pledged Collateral intended to be created by this Pledge Agreement.

(c) shall maintain, preserve and defend the title to the Pledged Collateral and the Lien of the Holder thereon against the claim of any other Person.

(d) will not permit Article 8 of the UCC of any applicable jurisdiction to govern the Pledged Shares of such Issuer and shall not permit the Pledged Shares of such Issuer to be certificated or otherwise evidenced by a "security certificate" (as that term is used in Article 8 of the UCC) unless in each case such Pledgor delivers such security certificate, together with a duly executed transfer power or other instrument of transfer (in form and substance satisfactory to the Holder) executed in blank, promptly (but in any event within one Business Day after receipt thereof) to the Holder or otherwise causes the Holder's security interest therein to be perfected by "control" under the UCC.

(e) will not permit or authorize the issuance of additional Shares unless upon the issuance of such Shares, such Shares shall be pledged pursuant to the terms of this Agreement and the Pledgor shall immediately (i) deliver to the Holder a duly executed Pledge Agreement Supplement, in form and substance satisfactory to the Holder, identifying such additional Shares, and (ii) deliver or otherwise cause the transfer of such additional Shares

(including any certificates

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and duly executed transfer powers or other instruments of transfer executed in blank and in form and substance satisfactory to the Holder) to the Holder.

7. Dividends, Voting, etc., Prior to Maturity. So long as no Default shall have occurred and be continuing, the Pledgor shall be entitled to receive all cash dividends or other distributions paid in respect of the Pledged Shares, to vote the Pledged Shares and to give consents, waivers and ratifications in respect of the Pledged Shares; provided, however, that no vote shall be cast or consent, waiver or ratification given by the Pledgor if the effect thereof would impair any of the Pledged Collateral or be inconsistent with or result in any violation of any of the provisions of the Note or any of the other Loan Documents. All such rights of the Pledgor to receive cash dividends or other distributions shall cease so long as a Default shall have occurred and be continuing. All such rights of the Pledgor to vote and give consents, waivers and ratifications with respect to the Pledged Shares shall, at the Holder's option, as evidenced by the Holder's notifying the Pledgor of such election, cease for so long as a Default shall have occurred and be continuing.

8. Remedies.

8.1. In General. If a Default shall have occurred and be continuing, the Holder shall thereafter have the following rights and remedies (to the extent permitted by applicable law) in addition to the rights and remedies of a secured party under the UCC, all such rights and remedies being cumulative, not exclusive, and enforceable alternatively, successively or concurrently, at such time or times as the Holder deems expedient:

(a) if the Holder so elects and gives notice of such election to the Pledgor, the Holder may vote any or all shares of the Pledged Shares (whether or not the same shall have been transferred into its

name or the name of its nominee or nominees) for any lawful purpose, including, without limitation, if the Holder so elects, for the liquidation of the assets of the Issuer thereof, and give all consents, waivers and ratifications in respect of the Pledged Shares and otherwise act with respect thereto as though it were the outright owner thereof (the Pledgor hereby irrevocably constituting and appointing the Holder the proxy and attorney-in-fact of such Pledgor, with full power of substitution, to do so);

(b) the Holder may demand, sue for, collect or make any compromise or settlement the Holder deems suitable in respect of any Pledged Collateral;

(c) the Holder may sell, resell, assign and deliver, or otherwise dispose of any or all of the Pledged Collateral, for cash or credit or both and upon such terms at such place or places, at such time or times and to such entities or other persons as the Holder thinks expedient, all without demand for performance by the Pledgor or any notice or advertisement whatsoever except as expressly provided herein or as may otherwise be required by law;

(d) the Holder may cause all or any part of the Pledged Shares to be transferred into its name or the name of its nominee or nominees;

(e) if the Holder so elects and gives notice of such election to the Pledgor, the Holder may exercise all membership rights, powers and privileges to the same extent as the Pledgor is entitled to exercise such rights, powers and privileges; and

(f) the Holder may set off or otherwise apply or credit against the Obligations any and all sums deposited with it or held by it.

8.2. Sale of Pledged Collateral. In the event of any sale or other disposition of the Pledged Collateral as provided in clause (c) of Section 8.1 and to the extent that any notice thereof is required to be given by law, the Holder shall give

to the Pledgor at least ten (10) Business Days' prior authenticated notice of the time and place of any public sale or other disposition of the Pledged

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Collateral or of the time after which any private sale or any other intended disposition is to be made. The Pledgor hereby acknowledges that ten (10) Business Days' prior authenticated notice of such sale or other disposition or sales or other dispositions shall be reasonable notice. The Holder may enforce its rights hereunder without any other notice and without compliance with any other condition precedent now or hereunder imposed by statute, rule of law or otherwise (all of which are hereby expressly waived by the Pledgor, to the fullest extent permitted by law). The Holder may buy or otherwise acquire any part or all of the Pledged Collateral at any public sale or other disposition and if any part or all of the Pledged Collateral is of a type customarily sold or otherwise disposed of in a recognized market or is of the type which is the subject of widely-distributed standard price quotations, the Holder may buy or otherwise acquire at private sale or other disposition and may make payments thereof by any means. The Holder may apply the cash proceeds actually received from any sale or other disposition to the reasonable expenses of retaking, holding, preparing for sale, selling and the like, to reasonable attorneys' fees, travel and all other expenses which may be incurred by the Holder in attempting to collect the Obligations or to enforce this Pledge Agreement or in the prosecution or defense of any action or proceeding related to the subject matter of this Pledge Agreement, and then to the Obligations in such order or preference as the Holder may determine after proper allowance for Obligations not then due. Only after such applications, and after payment by the Holder of any amount required by Section 9-608(a)(1)(C) or Section 9-615(a)(3) of the UCC, need the Holder account to the

Pledgor for any surplus.

8.3. Private Sales. The Pledgor recognizes that the Holder may be unable to effect a public sale or other disposition of the Pledged Shares by reason of certain prohibitions contained in the Securities Act of 1933 (the “Securities Act”), federal banking laws, and other applicable laws, but may be compelled to resort to one or more private sales thereof to a restricted group of purchasers. The Pledgor agrees that any such private sales may be at prices and other terms less favorable to the seller than if sold at public sales and that such private sales shall not by reason thereof be deemed not to have been made in a commercially reasonable manner. The Holder shall be under no obligation to delay a sale of any of the Pledged Shares for the period of time necessary to permit the Issuer of such securities to register such securities for public sale under the Securities Act, or such other federal banking or other applicable laws, even if the Issuer would agree to do so. Subject to the foregoing, the Holder agrees that any sale of the Pledged Shares shall be made in a commercially reasonable manner, and the Pledgor agrees to use its best efforts to cause the Issuer of the Pledged Shares contemplated to be sold, to execute and deliver, and cause the directors and officers of the Issuer to execute and deliver, all at such Pledgor’s expense, all such instruments and documents, and to do or cause to be done all such other acts and things as may be necessary or, in the reasonable opinion of the Holder, advisable to exempt such Pledged Shares from registration under the provisions of the Securities Act, and to make all amendments to such instruments and documents which, in the opinion of the Holder, are necessary or advisable, all in conformity with the requirements of the Securities Act and the rules and regulations of the Securities and Exchange Commission applicable thereto. The Pledgor further

agrees to use its best efforts to cause the Issuer to comply with the provisions of the securities or “Blue Sky” laws of any jurisdiction which the Holder shall designate and, if required, to cause the Issuer to make available to its security holders, as soon as practicable, an earnings statement (which need not be audited) which will satisfy the provisions of Section 11(a) of the Securities Act.

8.4. Pledgor’s Agreements, etc. The Pledgor further agrees to do or cause to be done all such other acts and things as may be reasonably necessary to make any sales of any portion or all of the Pledged Shares pursuant to this Section 8 valid and binding and in compliance with any and all applicable laws (including, without limitation, the Securities Act, the Securities Exchange Act of 1934, as amended, the rules and regulations of the Securities and Exchange Commission applicable thereto and all applicable state securities or “Blue Sky” laws), regulations, orders, writs, injunctions, decrees or awards of any and all courts, arbitrators or governmental instrumentalities, domestic or foreign, having jurisdiction over any such sale or sales, all at such Pledgor’s expense;

provided however Pledgor is not required to register the sale of Pledged Shares with the Securities and Exchange Commission under the Securities Act. The Pledgor further agrees that a breach of any of the covenants contained in this Section 8 will cause irreparable injury to the Holder that the Holder has no adequate remedy at law in respect of such breach and, as a consequence, agrees that each and every covenant contained in this Section 8 shall be specifically enforceable against such Pledgor by the Holder and the Pledgor hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants.

9. Pledgor's Obligations Not Affected; Waiver of Suretyship Defenses. The obligations of the Pledgor hereunder shall remain in full force and effect without regard to, and shall not be impaired by (a) any exercise or nonexercise, or any waiver, by the Holder of any right, remedy, power or privilege under or in respect of any of the Obligations or any security thereof (including this Pledge Agreement); (b) any amendment to or modification of the Note, the other Loan Documents or any of the Obligations; (c) any amendment to or modification of any instrument (other than this Pledge Agreement) securing any of the Obligations, including, without limitation, any of the Security Agreements; or (d) the taking of additional security for, or any other assurances of payment of, any of the Obligations or the release or discharge or termination of any security or other assurances of payment or performance for any of the Obligations; whether or not the Pledgor shall have notice or knowledge of any of the foregoing, the Pledgor hereby generally waiving all suretyship defenses to the extent applicable.

10. Further Assurances. The Pledgor will do all such acts, and will furnish to the Holder all such financing statements, certificates, legal opinions and other documents and will obtain all such governmental consents and corporate approvals and will do or cause to be done all such other things as the Holder may reasonably request from time to time in order to give full effect to this Pledge Agreement and to secure the rights of the Holder hereunder, all without any cost or expense to the Holder. The Pledgor hereby irrevocably authorizes the Holder at any time and from time to time to file in any filing office in any UCC jurisdiction any initial financing statements and amendments thereto that (a) indicate the Collateral as the Pledged Collateral or words of similar effect, or as being of equal or lesser scope or in greater detail, and (b) contain any other information required by part 5 of Article 9 of the UCC of the jurisdiction of the filing office for the sufficiency or filing office acceptance of any financing statement or amendment, including whether the Pledgor is an organization, the type of organization and any organization identification number issued to such Pledgor. The Pledgor agrees to furnish any such information to the Holder promptly upon request.

11. No Waiver, etc. Neither this Pledge Agreement nor any term hereof may be changed, waived, discharged or terminated except by a written instrument expressly referring to this Pledge Agreement and to the provisions so modified or limited, and executed by the Holder and the Pledgor. No act, failure or delay by the Holder shall constitute a waiver of its rights and remedies hereunder or otherwise. No single or partial waiver by the Holder of any default or right or remedy that it may have shall operate as a waiver of any other default, right or remedy or of the same default, right or remedy on a future occasion. The Pledgor hereby

waives presentment, notice of dishonor and protest of all instruments, included in or evidencing any of the Obligations or the Pledged Collateral, and any and all other notices and demands whatsoever (except as expressly provided herein or in the Note).

12. Notice, etc. All notices, requests and other communications hereunder shall be made in the manner set forth in Section 11(f) of the Note.

13. Termination. The security interest created hereunder shall terminate when the Obligations of the Pledgor under the Note have been fully satisfied, at which time the Holder shall execute and deliver to Pledgor, or to such person or persons as Pledgor shall reasonably designate, all UCC termination statements and similar documents prepared by Pledgor at its expense which Pledgor shall reasonably request to evidence such termination. If any of the Pledged Collateral shall be sold, transferred or otherwise disposed of by the Pledgor in a transaction permitted by the Note, then the Holder, at the request and sole expense of the Pledgor,

shall execute and deliver to Pledgor all releases or other documents reasonably necessary or desirable for the release of the liens created hereby on the Pledged Collateral.

14. Overdue Amounts. Until paid, all amounts due and payable by the Pledgors hereunder shall be a debt secured by the Pledged Collateral and shall bear, whether before or after judgment, interest at the rate of interest for overdue principal set forth in the Note.

15. Governing Law. This Pledge Agreement shall be governed by the laws of the State of New York.

16. Miscellaneous. The headings of each section of this Pledge Agreement are for convenience only and shall not define or limit the provisions thereof. This Pledge Agreement and all rights and obligations hereunder shall be binding upon the Pledgor and its respective successors and assigns, and shall inure to the benefit of the Holder and its respective successors and assigns. If any term of this Pledge Agreement shall be held to be invalid, illegal or unenforceable, the validity of all other terms hereof shall be in no way affected thereby, and this Pledge Agreement shall be construed and be enforceable as if such invalid, illegal or unenforceable term had not been included herein. The Pledgor acknowledges receipt of a copy of this Pledge Agreement. This Pledge Agreement may be executed and delivered by the parties in one or more counterparts, each of which will be an original, and those counterparts will together constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Pledge Agreement by telecopy or by email, in pdf format, shall be effective as delivery of a manually executed counterpart of this Pledge Agreement.

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IN WITNESS WHEREOF, intending to be legally bound, the Pledgor and the Holder have caused this Pledge Agreement to be executed as of the date first above written.

Pledgor:

PLEDGOR:

COMSTOCK MINING INC.

By: ___/s/ Corrado De Gasperis___

Name: Corrado De Gasperis

HOLDER:

AURAMET
INTERNATIONAL, LLC

By: /s/ Justin M. Sullivan

Name: Justin M. Sullivan

The undersigned Issuer hereby joins in the above Pledge Agreement for the sole purpose of consenting to and being bound by the provisions of Section 4, Section 7 and Section 8 thereof, the undersigned hereby agreeing to cooperate fully and in good faith with the Holder and the Pledgor in carrying out such provisions.

ISSUER:

COMSTOCK MINING LLC

By: ___/s/ Corrado De Gasperis___

Name: Corrado De Gasperis

Schedule 2

The Obligors covenant and agree that for so long as the Note is outstanding or any amounts remain due and payable to Holder hereunder, it shall observe and abide by each of the covenants and agreements contained in this Schedule 2, unless consented to in writing in advance by Holder or otherwise permitted hereunder.

Merger, Consolidation and Disposition of Assets.

1.1 Mergers and Acquisitions. Except for any holding company restructuring, without Holder's prior written consent, which consent may not be unreasonably withheld, conditioned or delayed, the Obligors will not effect any merger or consolidation except that a subsidiary may merge or consolidate into another subsidiary and either subsidiary may merge or consolidate into the Borrower so long as the Borrower is the surviving entity.

1.11 Disposition of Property. Without Holder's prior written consent, which consent may not be unreasonably withheld, neither the Borrower nor the Subsidiary will sell, lease or otherwise dispose of any of the property, including any disposition of the property as part of a sale and leaseback transaction, to or in favor of any person, except for (i) sales of inventory made in the ordinary course (including, without limitation, pursuant to any installment, output requirement, offtake or similar agreement with respect to the sale of future production in the ordinary course), (ii) property valued at less than \$50,000, (iii) arm's length dispositions of equipment for cash and fair value that are no longer used or useful in the business of the Borrower or Subsidiary and (iv) sales by Borrower of its equity securities.

1.2 Indebtedness. Other than the Indebtedness described on Appendix II or disclosed in the Borrower's securities law filings, neither the Borrower nor the

Subsidiary will create, incur, assume, or suffer to exist, any Indebtedness, except:

(a) this Note (as the same may be extended, increased, renewed or refunded from time to time by mutual agreement of the parties); (b) Indebtedness and other obligations arising in the ordinary course of operations or business such as those in respect of business expense reimbursements, workers' compensation claims, bid or performance bonds, reclamation or appeal bonds, surety bonds or letters of credit, leases or deferred purchase price of equipment, trade credit, endorsement of checks, and completion guarantees; (c) Indebtedness incurred or assumed for the purpose of financing the acquisition, construction or improvement of any business, property, equipment or assets (including capital leases) so long as recourse with respect to such Indebtedness is limited solely to such acquired, constructed or improved business, property, equipment or asset; (d) Indebtedness that is subordinated in favor of the Holder; (e) intercompany indebtedness between the Borrower and its subsidiaries; (f) and obligations, contingent or otherwise, existing or arising under any hedging or swap agreement, provided that such obligations are (or were) entered into with Holder, Auramet Trading or their respective affiliates in the ordinary course of business and not for speculative purposes and (g) Indebtedness incurred with Caterpillar Financial Services Corporation or its affiliates.

1.3 Liens. Without the prior written consent of Holder, other than Permitted Liens, neither the Borrower nor Subsidiary will (i) create or incur or suffer to be created or incurred or to exist any lien, encumbrance, mortgage, pledge, charge, restriction or other security interest of any kind (each of the foregoing, a "Lien") upon any of its property, or upon the income or profits therefrom, except as otherwise

permitted herein; transfer any of such
property or the income or profits
therefrom for the performance of any
other obligation in

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priority to payment of its general creditors; or (ii) except with respect to Permitted Liens, acquire, or agree or have an option to acquire, any property upon conditional sale or other title retention or purchase money security agreement, device or arrangement. This provision shall not be read to prohibit a holding company restructuring, the sale or disposition of obsolete equipment or property, or other property not material to the operation and development of the Comstock Mine, so long as the same is done at arm's length and in the ordinary course of the Obligor's business.

1.4 Restrictions on Investments.

Without Holder's prior written consent, the Borrower will not, and will not permit Subsidiary to make or permit to exist or to remain outstanding any Investment (as defined below) except Investments in: (a) cash equivalents; (b) short term indebtedness guaranteed by the United States government with a maturity not exceeding 6 months; (c) inventory purchased in the ordinary course of business; (d) Investments made in exchange solely for equity or (e) or Investments in real property adjacent to Borrower's operation or reasonably close thereto to further the development of its mining business. For purposes of this Note, "Investment" means with respect to any Person, directly or indirectly, (a) the ownership, purchase or other acquisition of capital stock of any other Person or (b) the purchase or other acquisition, whether in one transaction or in a series of transactions, of all or a significant part of the property of any other Person or a business conducted by any other Person or all or substantially all of the assets constituting the business of a division, branch, brand or other unit operation of any other Person or (c) to guarantee Indebtedness of any other Person, to assume the Indebtedness of any other Person or to make, hold, purchase or

otherwise acquire, in each case (excluding Indebtedness permitted to be incurred under Section 1.2) directly or indirectly, any deposit, loan, advance, commitment to lend or advance, or other extension of credit, excluding deposits with financial institutions available for withdrawal on demand and prepaid expenses, accounts receivable and similar items created in the ordinary course of business.

1.5. Distributions; Restricted Payments. Except for semiannual dividends payable with respect to the Borrower's preferred stock, which shall not be made in cash when a Default has occurred and is continuing hereunder, the Borrower will not declare, pay or make any distribution on shares of its capital stock or apply any of its funds or property to the purchase, redemption or other retirement of any shares of its capital stock, or of any options to purchase or acquire any capital stock of the Borrower, without Holder's prior written consent.

1.6 Compliance with Environmental Laws. The Obligors will act at all times in compliance with environmental laws, except where the failure of such compliance would not be reasonably likely to have a material adverse effect on the Borrower's business or operations.

1.7 Business Activities. Without the prior written consent of Holder, which consent may be given or denied at Holder's sole discretion, neither the Borrower nor the Subsidiary will engage directly or indirectly (whether through subsidiaries or otherwise) in any type of business other than the businesses presently or currently planned to be conducted by them and in related lines of businesses.

1.8 Transactions with Affiliates. Excluding any relationships, arrangements or agreements existing on the date hereof and disclosed in the Borrower's securities law filings,

the Borrower will not (without the prior written consent of Holder, which consent may be given or denied at Holder's sole discretion), other than in the Borrower's ordinary course of business, engage in any transaction with any Affiliate (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any such Affiliate or, to the knowledge of the Borrower, any person in which any such Affiliate has a substantial interest or is an officer, director, partner, member or trustee on terms more favorable to such Person than would have been obtainable on an arm's length basis in the ordinary course of business. As used herein, the term "Affiliate" means any person that is controlled by or is under common control with such controlling person. As used in the prior sentence, the term "control" means the power to vote 50% or more of any class of voting securities of such person or to direct or cause the direction of the management or policies of such Person.

1.9 Conflicting Agreements. Without the prior written consent of Holder, which consent may be given or denied at Holder's sole discretion, neither of the Obligors will enter into any amendment or other modification of material agreements that could reasonably be expected to adversely affect Holder; in addition, neither of the Obligors will enter into any amendment or other modification to any other currently existing contractual obligation, which by its terms materially impairs the ability of the Borrower to (a) repay the Advance or Subsequent Draw, or (b) fully satisfy all of its obligations hereunder, without the prior written consent of Holder, which consent may

be given or denied at Holder's sole discretion.

1.10 Financial Statements. Not later than 45 days following the end of each fiscal quarter (excluding the last fiscal quarter of each fiscal year) and 60 days following the end of each fiscal year, while this Note is outstanding, the Obligor shall deliver to Holder quarterly or annual financial statements (including statements of cash flow), as the case may be, of the Borrower and its consolidated subsidiaries substantially prepared in accordance with generally accepted accounting practices, except for normal recurring year-end adjustments provided that so long as such documentation is publicly available at such times it shall be deemed to be delivered for purposes of this covenant; provided, that for purposes of this Note, the posting of such financial statements on the website of the Securities and Exchange Commission shall constitute delivery.

1.11 Monthly Financial Statements and Operating Reports. Within thirty (30) days following the end of each month while this Note is outstanding, the Obligor shall deliver to Holder: internally prepared, unaudited monthly financial statements of the Obligor, so long as Holder shall agree to maintain such financial statement confidentially pursuant to a non-disclosure agreement acceptable to Comstock; and an operating report describing the status of operations for the Comstock Mine.

1.12. Minimum Liquidity Balance. The Borrower shall, at all times maintain a minimum Liquidity Balance (as defined below) of \$1,000,000. "Liquidity Balance" means the Borrower's balance of cash and cash equivalents, including short term certificates of deposits and US Treasury bills and notes, plus 90% of the value of any gold/silver dore that has been picked up by a secured carrier but not yet paid for, as of any date of determination. If at any time the Borrower fails to maintain a

minimum Liquidity Balance of
\$1,000,000 (a "Liquidity Failure"), the
Borrower shall immediately notify
Holder of such Liquidity

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Failure and shall cure such Liquidity Failure within 7 days from the date that the Holder is provided notification of such Liquidity Failure.

1.13 Notification as to Certain Events. The Obligors shall notify Holder if the Obligors become aware of any event that has or would reasonably be expected to have a material adverse effect on the Obligors' business or operations with respect to their property or the Obligors' ability to perform its obligations under the Note. The Obligors shall notify Holder immediately of all correspondence relating to a material event, or material problem or alleging an event of default or an event which would become a Default if not corrected.

1.14 Maintenance of Required Approvals and Consents; Compliance with Laws. The Obligors will take all action necessary to maintain all approvals and consents necessary with respect to the operation of their respective businesses, except where the failure to maintain such approvals and consents could not reasonably be expected to have a material adverse effect on such businesses or operations. The Obligors shall comply in all material respects with all applicable laws with respect to the operation of their businesses.

1.15 Inspection of Assets and Operations. Permit representatives of the Holder to inspect the Borrower's operations and for that purpose to enter on Borrower's property during reasonable business hours and upon reasonable notice; provided, however, if a Default has occurred and is continuing, the foregoing limitation with respect to reasonable business hours and reasonable notice shall not apply.

Appendix I

Repayment Date	Principal Amount of Repayment (excluding any Subsequent Draw Repayments)
August 8, 2014	USD\$357,143.00
August 20, 2014	USD\$357,143.00
September 3, 2014	USD\$357,143.00
September 17, 2014	USD\$357,143.00
October 1, 2014	USD\$357,143.00
October 15, 2014	USD\$357,143.00
October 29, 2014	USD\$357,143.00
November 12, 2014	USD\$357,143.00
November 26, 2014	USD\$357,143.00
December 10, 2014	USD\$357,143.00
December 24, 2014	USD\$357,143.00
January 7, 2015	USD\$357,143.00
January 21, 2015	USD\$357,143.00
February 6, 2015	USD\$357,143.00

EXHIBIT 10.3

GENERAL SECURITY AGREEMENT

1. SECURITY INTEREST

(a) For value received, Comstock Mining Inc. (the “Debtor”), hereby grants to Auramet International, LLC (“Secured Party”) a security interest (the “Security Interest”) in the undertaking of Debtor and in all of Debtor’s present and after acquired personal property including, without limitation, in all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money and Securities and all other Investment Property now owned or hereafter owned or acquired by or on behalf of Debtor (including such as may be returned to or repossessed by Debtor) and in all proceeds and renewals thereof, accretions thereto and substitutions therefor (hereinafter collectively called “Collateral”) and including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Debtor:

- (i) all Inventory of whatever kind and wherever situated;
all equipment (other than Inventory) of whatever kind and wherever situated, including, without
- (ii) limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;
all Accounts and book debts and generally all debts, dues, claims, causes in action and demands of every nature and kind howsoever arising or secured including letters
- (iii) of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by Debtor (“Debts”);

- (iv) all lists, records and files relating to Debtor's customers;
all deeds, documents, writings, papers, books of account and other books relating to or being records of
 - (v) Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
 - (vi) all contractual rights and insurance claims; and
all patents, industrial designs, trade marks, trade secrets and know-how, including, without limitation, environmental technology and biotechnology, confidential information, trade names, goodwill,
 - (vii) copyrights, and software and all other forms of intellectual and industrial property, and any registrations and applications for registration of any of the foregoing (collectively "Intellectual Property");
and
any and all future material
 - (viii) contracts, including any mining exploration or development contracts, and refining and milling
-

contracts, and all proceeds related thereto, and any renewals and amendments thereof.

Notwithstanding anything to the contrary in this Security Agreement, the Note (as defined below) or the Loan Documents (as defined in the Note), this Security Agreement shall not constitute a grant of a security interest in (and the Collateral shall not include) the Excluded Property (as defined below).

(b) The Security Interest granted hereby shall not extend or apply to and Collateral shall not include the last day of the term of any lease or agreement therefore, but, upon the enforcement of the Security Interest, Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

(c) The terms “Goods”, “Chattel Paper”, “Document of Title”, “Instrument”, “Intangible”, “Security”, “Investment Property”, “proceed”, “Inventory”, “accession”, “Money”, “Account”, “financing statement” and “financing change statement” whenever used herein shall be interpreted pursuant to their respective meanings when used in “UCC”, the Uniform Commercial Code, as enacted in the State of New York, as amended from time to time, which Code, including amendments thereto and any Code substituted therefor and amendments thereto is herein referred to as the “UCC,” provided always that the term “Goods” when used herein shall not include “consumer goods” of Debtor as that term is defined in the “UCC.” Any reference herein to “Collateral” shall, unless the context otherwise requires, be deemed a reference to “Collateral or any part thereof”.

(d) The term “Excluded Property” means (i) assets or property with respect to which pledges and security interests are prohibited by applicable law, rule or regulation for as long as such applicable law, rule or regulation includes such

prohibition, (ii) assets or property subject to any lease, license or other agreement permitted by Section 1.3 of the Note (A) that prohibits or requires the consent of any person other than the Debtor and its affiliates as a condition to the creation by the Debtor of a lien or other encumbrance on such asset, which consent has not been obtained or (B) to the extent that a lien or other encumbrance thereon would give any other party thereto (other than the Debtor and its affiliates) a legally enforceable right to terminate such lease, license or other agreement and no waiver of such right has been obtained, and (iii) any governmental licenses or state or local franchises, charters and authorizations, to the extent security interests in such licenses, franchises, charters or authorizations are prohibited or restricted thereby; in each case, with respect to the foregoing clauses (i), (ii) and (iii), the assets, properties or other rights or interests contemplated therein shall constitute "Excluded Property" only to the extent, and for as long as, the prohibition or restriction applicable to such asset, property, right or interest is not terminated or rendered unenforceable or otherwise deemed ineffective by the UCC or any other applicable law, rule or regulation.

2. INDEBTEDNESS SECURED

The Security Interest granted hereby secures the Obligations under and as defined in the Secured Promissory Note and Guaranty dated February 10, 2014 (the "Note"), among the Debtor, Secured Party and Comstock Mining LLC.

3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

Debtor represents and warrants and so long as this Security Agreement remains in effect shall be deemed to

continuously represent and warrant that:

the Collateral is owned by Debtor free of all security interests, mortgages, liens, claims, charges, licenses, leases, encumbrances or other adverse claims or interests

- (a) (hereinafter collectively called “Encumbrances”), save for the Permitted Liens, the Security Interest and those Encumbrances shown on Schedule “A” or hereafter approved in writing by Secured Party, prior to their creation or assumption; all Intellectual Property applications and registrations are valid and in
- (b) good standing and Debtor is the owner of the applications and registrations; each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in all material respects in accordance with its terms against the party obligated to pay the same (the “Account Debtor”), and the amount represented by Debtor to Secured
- (c) Party from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually owing by such Account Debtors, except for normal discounts and ordinary course accommodations and adjustments; and
- (d) the locations specified in Schedule “B” as to business operations and records are accurate and constitute all locations where any material business operations and records are kept and, with respect to material Goods (including Inventory) constituting Collateral, the locations specified in Schedule “B” are accurate save for Goods in transit to such locations and Inventory on lease or consignment; and all fixtures or Goods about to become fixtures and

all minerals to be extracted which forms part of the Collateral will be situated at one of such locations.

the execution, delivery and performance of the obligations under this Security Agreement and the creation of any security interest in or

(e) assignment hereunder of Debtor's rights in the Collateral to Secured Party will not result in a breach of any agreement to which Debtor is a party.

4. COVENANTS OF THE DEBTOR

So long as this Security Agreement remains in effect, Debtor covenants and agrees:

(a) to defend Collateral against the claims and demands of all other parties claiming the same or an interest therein in a commercially reasonable and prudent manner; to diligently initiate and prosecute legal action against all infringers of Debtor's rights in Intellectual Property; to take all reasonable action to keep the Collateral free from all Encumbrances, except for the Security Interest, licenses which are compulsory under federal or provincial legislation, the Permitted Liens and those shown on Schedule "A" or hereafter approved in writing by Secured Party, prior to their creation or assumption, and not to sell, exchange, transfer, assign, lease, license or otherwise dispose of Collateral or any interest therein without the prior written consent of Secured Party not to be unreasonably withheld, delayed or conditioned; provided that, so long as a default is not continuing, Debtor may, in the ordinary course of Debtor's business, sell or lease Inventory, equipment or other assets;

(b) to notify Secured Party promptly of:

- any change in the information contained herein or in the Schedules hereto relating to Debtor, Debtor's business or Collateral,
- (i) the details of any significant acquisition of Collateral,
 - (ii) the details of any claims or litigation affecting Debtor or Collateral in which the maximum amount claimed or in controversy exceeds \$10,000,
 - (iii) any material loss or damage to Collateral in excess of \$10,000 and not covered by insurance,
 - (iv) any default by any Account Debtor in payment or other performance of its obligations with respect to Collateral, and
 - (v) the return to or repossession by Debtor of Collateral;
- (c) to keep Collateral in good order, condition and repair, normal wear and tear excepted, and not to use Collateral in violation of the provisions of this Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance; to renew all agreements and registrations as may be necessary or desirable to protect Intellectual Property, unless otherwise agreed in writing by Secured Party; to apply to register all existing and future copyrights, trade-marks, patents, integrated circuit topographies and industrial designs whenever Debtor in its sole discretion determines it is commercially reasonable to do so;
- (d) to do, execute, acknowledge and deliver such financing statements, financing change statements and further assignments, transfers, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by Secured Party of or with respect to Collateral in order to give effect to these presents and to pay all costs for searches and filings in

connection therewith;

(e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of Debtor or Collateral as and when the same become due and payable, except for those whose amount or validity is being contested in good faith by proper proceedings diligently conducted;

(f) to insure collateral in such amounts and against such risks as would customarily be insured by a prudent owner of similar Collateral, with loss payable to Secured Party and Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefor and deliver copies of policies and evidence of renewal to Secured Party on request, and carry on and conduct the business of Debtor in a proper manner and so as to protect and preserve Collateral as may be commercially reasonable and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for Debtor's business as well as accurate and complete records concerning Collateral, and mark any and material Collateral at Secured Party's request so as to indicate the Security Interest;

(g) to prevent Collateral, save Inventory sold or leased as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;

(h) to deliver to Secured Party from time to time promptly upon request:

- any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to Collateral, to the extent necessary to perfect a security interest therein, except to the extent there is a Permitted Lien with priority to such security interest,
- (i) copies of all policies and certificates of insurance relating to Collateral, and
 - (ii) such information concerning Collateral, the Debtor and Debtor's business and affairs as Secured Party may reasonably request.

5. USE AND VERIFICATION OF COLLATERAL

Subject to compliance with Debtor's covenants contained herein and Clause 7 hereof, Debtor may, until a default (as defined herein), possess, operate, collect, use and enjoy and deal with Collateral in the ordinary course of Debtor's business in any manner not inconsistent with the provisions hereof; provided always that Secured Party shall have the right at any time and from time to time upon reasonable notice and during normal business hours and subject to reasonable safety procedures and requirements of Debtor, to verify the existence and state of the Collateral in any reasonable manner and Debtor agrees to furnish all reasonable assistance and information and to perform all such acts as Secured Party may reasonably request in connection therewith and for such purpose to grant to Secured Party or its agents access to all places where Collateral may be located and to all premises occupied by Debtor.

6. SECURITIES, INVESTMENT PROPERTY

If Collateral at any time includes Securities and a Default (as defined in the Note) shall have occurred and is continuing, Debtor authorizes Secured Party to transfer the same or any part

thereof into its own name or that of its nominee(s) so that Secured Party or its nominee(s) may appear of record as the sole owner thereof.

Where any Investment Property is held in or credited to an account that has been established with a securities intermediary, Secured Party may, at any time after Default shall have occurred and is continuing, give a notice of exclusive control to any such securities intermediary with respect to such Investment Property.

7. COLLECTION OF DEBTS

After a default under this Security Agreement, Secured Party may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to make all payments on Collateral to Secured Party.

8. DISPOSITION OF MONEY

Subject to any applicable requirements of the UCC, all Money collected or received by Secured Party pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied against the Obligations of Debtor under the Note in such manner as Secured Party deems best or, at the option of Secured Party, may be held unappropriated in a collateral account or released to Debtor, all without prejudice to the liability of Debtor or the rights of Secured Party hereunder, and any surplus shall be accounted for as required by law.

9. EVENTS OF DEFAULT

The happening of any Default (as defined in the Note) shall constitute a default hereunder and is herein referenced to as “default.”

10. ACCELERATION

Secured Party, in its sole discretion, may declare all or any part of the Note to be immediately due and payable, without demand or notice of any kind, if a default shall have occurred and be continuing.

11. REMEDIES

At any time that a default has occurred and is continuing, Debtor acknowledges and agrees that Secured Party shall have the right to:

- (a) subject to any applicable law, including the UCC, take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefor and in respect thereof;
- (b) sell, license, lease or otherwise dispose of Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to Secured Party may seem reasonable;
- (c) have all rights and remedies of a secured party under the UCC in addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and Secured Party and in addition to any other rights Secured Party may have at law or in equity; provided, that Secured Party shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease, license or otherwise dispose of Collateral or to institute any proceedings for such purposes; provided, further that Secured Party shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper whether Collateral or proceeds and whether or not in Secured Party's

possession and shall not be liable or accountable for failure to do so;

(d) take possession of Collateral under this clause (d) wherever it may be located and by any method permitted by law and Debtor agrees upon request from Secured Party to assemble and deliver possession of Collateral at such place or places as directed;

(e) reimbursement for or payment of all costs, charges and expenses reasonably incurred by Secured Party, whether directly or for services rendered (including reasonable attorney fees), in operating Debtor's accounts, in preparing or enforcing this Security Agreement, in taking and maintaining custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting the Obligations of the Debtor under the Note and all such costs, charges and expenses, together with any amounts owing as a result of any borrowing by Secured Party, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby;

(f) dispose of Collateral as provided hereunder in the manner required by the UCC after giving Debtor notice of the date, time and place of any public or private sale; and

(g) after delivering written demand to Debtor and subject to any applicable law, including the UCC, require Debtor to take such further action as may be necessary to evidence and effect an

assignment or licensing of Intellectual Property to whomever Secured Party directs (including to Secured Party) or appoint an officer, director or branch manager of Secured Party to be Debtor's attorney in accordance with applicable legislation with full power of substitution and to do on Debtor's behalf anything that is required to assign, license or transfer, and to record any assignment, license or transfer of the Collateral (this power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest).

12. MISCELLANEOUS

(a) Debtor hereby acknowledges that Secured Party shall be entitled to file such financing statements, financing change statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral or any permitted Encumbrances affecting Collateral or identifying the locations at which Debtor's business is carried on and Collateral and records relating thereto are situated) as Secured Party may deem appropriate to perfect on an ongoing basis and continue the Security Interest.

(b) Without limiting any other right of Secured Party, at any time that a default has occurred and is continuing, Secured Party may, in its sole discretion, set off against the Note any and all amounts then owed to Debtor by Secured Party in any capacity, whether or not due, and Secured Party shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on Secured Party's records subsequent thereto.

(c) Upon Debtor's failure to perform any of its duties hereunder in any material respect, Secured Party may, but shall not be obligated to, perform any or

all of such duties, and Debtor shall pay to Secured Party, forthwith upon written demand therefor, an amount equal to the expense incurred by Secured Party in so doing plus interest thereon from the date such expense is incurred until it is paid at a rate that is the lower of (i) 15% per annum or (ii) the highest rate allowable by applicable law.

(d) Secured Party may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with Collateral and other security as Secured Party may see fit without prejudice to the liability of Debtor or Secured Party's right to hold and realize the Security Interest. Furthermore, Secured Party may demand, collect and sue on Collateral in either Debtor's or Secured Party's name, at Secured Party's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other Instruments pertaining to or constituting Collateral.

(e) No delay or omission by Secured Party in exercising any right or remedy hereunder or with respect to the Note shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, Secured Party may remedy any default by Debtor hereunder or with respect to the Note in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtor. All rights and remedies of Secured Party granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

(f) Debtor waives protest of any Instrument constituting Collateral at any time held by Secured Party on which Debtor is in any way liable and, subject to Clause 11(g) hereof, notice of any other action taken by Secured Party.

(g) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. If more than one Debtor executes this Security Agreement the obligations of such Debtors hereunder shall be joint and several. This Security Agreement may be executed and delivered by the parties in one or more counterparts, each of which will be an original, and those counterparts will together constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Security Agreement by facsimile or by email, in pdf format, shall be effective as delivery of a manually executed counterpart of this Security Agreement.

(h) Provided that Secured Party executes and delivers a non-disclosure agreement that is acceptable to Debtor and subject to such agreement, Secured Party may provide any financial and other information it has about Debtor, the Security Interest and the Collateral to anyone acquiring or may acquire an interest in the Security Interest or the Collateral from Secured Party or anyone acting on behalf of Secured Party.

(i) Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security Agreement shall be made except by a written agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

(j) Subject to the requirements of Clause 11(g) hereof, whenever either

party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given, in the case of Secured Party, if delivered to it or sent by prepaid registered mail addressed to it at its address set forth in the Note or as changed pursuant thereto, and, in the case of Debtor, if delivered to it or if sent by prepaid registered mail addressed to it at its address set forth in the Note or as changed pursuant thereto. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof.

(k) The headings used in this Security Agreement are for convenience only and are not be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.

(l) When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.

(m) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.

(n) Nothing herein contained shall in any way obligate Secured Party to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute indebtedness.

(o) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to Secured Party and the Note is executed, delivered and funded.

(p) This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the State of New York.

(q) The Security Interest created hereunder shall terminate when the Obligations of the Debtor under the Note have been fully satisfied, at which time Secured Party shall execute and deliver to Debtor, or to such person or persons as Debtor shall reasonably designate, all UCC termination statements and similar documents prepared by Debtor at its expense which Debtor shall reasonably request to evidence such termination. If any of the Collateral shall be sold, transferred or otherwise disposed of by any Debtor in a transaction permitted by the Note, then Secured Party, at the request and sole expense of such Debtor, shall execute and deliver to Debtor all releases or other documents reasonably necessary or desirable for the release of the Liens created hereby on such Collateral.

(r) Debtor represents and warrants that the following information is accurate:

BUSINESS DEBTOR

NAME OF BUSINESS DEBTOR

Comstock Mining Inc.

ADDRESS

OF

BUSINESS
DEBTOR

CITY

STATE

POSTAL
CODE

1200

American

Flat Road,

PO Box 1118

Virginia
City

Nevada

89440

[Signature Page Follows]

IN WITNESS WHEREOF each of the parties hereto has executed this agreement on the 11th day of February, 2014.

AURAMET INTERNATIONAL, LLC

By: /s/ Justin Sullivan
Name: Justin M. Sullivan

COMSTOCK MINING LLC

By: /s/ Corrado De Gasperis
Name: Corrado De Gasperis

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EXHIBIT 10.4

GENERAL SECURITY AGREEMENT

1. SECURITY INTEREST

(a) For value received, Comstock Mining LLC (the “Debtor”), hereby grants to Auramet International, LLC (“Secured Party”) a security interest (the “Security Interest”) in the undertaking of Debtor and in all of Debtor’s present and after acquired personal property including, without limitation, in all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money and Securities and all other Investment Property now owned or hereafter owned or acquired by or on behalf of Debtor (including such as may be returned to or repossessed by Debtor) and in all proceeds and renewals thereof, accretions thereto and substitutions therefor (hereinafter collectively called “Collateral”) and including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Debtor:

- (i) all Inventory of whatever kind and wherever situated;
all equipment (other than Inventory) of whatever kind and wherever situated, including, without
- (ii) limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;
all Accounts and book debts and generally all debts, dues, claims, causes in action and demands of every nature and kind howsoever arising or secured including letters
- (iii) of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by Debtor (“Debts”);

- (iv) all lists, records and files relating to Debtor's customers;
all deeds, documents, writings, papers, books of account and other books relating to or being records of
- (v) Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
- (vi) all contractual rights and insurance claims; and
all patents, industrial designs, trade marks, trade secrets and know-how, including, without limitation, environmental technology and biotechnology, confidential information, trade names, goodwill,
- (vii) copyrights, and software and all other forms of intellectual and industrial property, and any registrations and applications for registration of any of the foregoing (collectively "Intellectual Property");
and
any and all future material
- (viii) contracts, including any mining exploration or development contracts, and refining and milling

contracts, and all proceeds related thereto, and any renewals and amendments thereof.

Notwithstanding anything to the contrary in this Security Agreement, the Note (as defined below) or the Loan Documents (as defined in the Note), this Security Agreement shall not constitute a grant of a security interest in (and the Collateral shall not include) the Excluded Property (as defined below).

(b) The Security Interest granted hereby shall not extend or apply to and Collateral shall not include the last day of the term of any lease or agreement therefore, but, upon the enforcement of the Security Interest, Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

(c) The terms “Goods”, “Chattel Paper”, “Document of Title”, “Instrument”, “Intangible”, “Security”, “Investment Property”, “proceed”, “Inventory”, “accession”, “Money”, “Account”, “financing statement” and “financing change statement” whenever used herein shall be interpreted pursuant to their respective meanings when used in “UCC”, the Uniform Commercial Code, as enacted in the State of New York, as amended from time to time, which Code, including amendments thereto and any Code substituted therefor and amendments thereto is herein referred to as the “UCC,” provided always that the term “Goods” when used herein shall not include “consumer goods” of Debtor as that term is defined in the “UCC.” Any reference herein to “Collateral” shall, unless the context otherwise requires, be deemed a reference to “Collateral or any part thereof”.

(d) The term “Excluded Property” means (i) assets or property with respect to which pledges and security interests are prohibited by applicable law, rule or regulation for as long as such applicable law, rule or regulation includes such

prohibition, (ii) assets or property subject to any lease, license or other agreement permitted by Section 1.3 of the Note (A) that prohibits or requires the consent of any person other than the Debtor and its affiliates as a condition to the creation by the Debtor of a lien or other encumbrance on such asset, which consent has not been obtained or (B) to the extent that a lien or other encumbrance thereon would give any other party thereto (other than the Debtor and its affiliates) a legally enforceable right to terminate such lease, license or other agreement and no waiver of such right has been obtained, and (iii) any governmental licenses or state or local franchises, charters and authorizations, to the extent security interests in such licenses, franchises, charters or authorizations are prohibited or restricted thereby; in each case, with respect to the foregoing clauses (i), (ii) and (iii), the assets, properties or other rights or interests contemplated therein shall constitute "Excluded Property" only to the extent, and for as long as, the prohibition or restriction applicable to such asset, property, right or interest is not terminated or rendered unenforceable or otherwise deemed ineffective by the UCC or any other applicable law, rule or regulation.

2. INDEBTEDNESS SECURED

The Security Interest granted hereby secures the Obligations under and as defined in the Secured Promissory Note and Guaranty dated February 10, 2014 (the "Note"), among the Debtor, Secured Party and Comstock Mining Inc.

3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

Debtor represents and warrants and so long as this Security Agreement remains in effect shall be deemed to

continuously represent and warrant that:

the Collateral is owned by Debtor free of all security interests, mortgages, liens, claims, charges, licenses, leases, encumbrances or other adverse claims or interests

- (a) (hereinafter collectively called “Encumbrances”), save for the Permitted Liens, the Security Interest and those Encumbrances shown on Schedule “A” or hereafter approved in writing by Secured Party, prior to their creation or assumption; all Intellectual Property applications and registrations are valid and in
- (b) good standing and Debtor is the owner of the applications and registrations; each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in all material respects in accordance with its terms against the party obligated to pay the same (the “Account Debtor”), and the amount represented by Debtor to Secured
- (c) Party from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually owing by such Account Debtors, except for normal discounts and ordinary course accommodations and adjustments; and
- (d) the locations specified in Schedule “B” as to business operations and records are accurate and constitute all locations where any material business operations and records are kept and, with respect to material Goods (including Inventory) constituting Collateral, the locations specified in Schedule “B” are accurate save for Goods in transit to such locations and Inventory on lease or consignment; and all fixtures or Goods about to become fixtures and

all minerals to be extracted which forms part of the Collateral will be situated at one of such locations. the execution, delivery and performance of the obligations under this Security Agreement and the creation of any security interest in or (e) assignment hereunder of Debtor's rights in the Collateral to Secured Party will not result in a breach of any agreement to which Debtor is a party.

4. COVENANTS OF THE DEBTOR

So long as this Security Agreement remains in effect, Debtor covenants and agrees:

- (a) to defend Collateral against the claims and demands of all other parties claiming the same or an interest therein in a commercially reasonable and prudent manner; to diligently initiate and prosecute legal action against all infringers of Debtor's rights in Intellectual Property; to take all reasonable action to keep the Collateral free from all Encumbrances, except for the Security Interest, licenses which are compulsory under federal or provincial legislation, the Permitted Liens and those shown on Schedule "A" or hereafter approved in writing by Secured Party, prior to their creation or assumption, and not to sell, exchange, transfer, assign, lease, license or otherwise dispose of Collateral or any interest therein without the prior written consent of Secured Party not to be unreasonably withheld, delayed or conditioned; provided that, so long as a default is not continuing, Debtor may, in the ordinary course of Debtor's business, sell or lease Inventory, equipment or other assets;
- (b) to notify Secured Party promptly of:

- any change in the information contained herein or in the Schedules hereto relating to Debtor, Debtor's business or Collateral,
- (i) the details of any significant acquisition of Collateral,
 - (ii) the details of any claims or litigation affecting Debtor or Collateral in which the maximum amount claimed or in controversy exceeds \$10,000,
 - (iii) any material loss or damage to Collateral in excess of \$10,000 and not covered by insurance,
 - (iv) any default by any Account Debtor in payment or other performance of its obligations with respect to Collateral, and
 - (v) the return to or repossession by Debtor of Collateral;
- (c) to keep Collateral in good order, condition and repair, normal wear and tear excepted, and not to use Collateral in violation of the provisions of this Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance; to renew all agreements and registrations as may be necessary or desirable to protect Intellectual Property, unless otherwise agreed in writing by Secured Party; to apply to register all existing and future copyrights, trade-marks, patents, integrated circuit topographies and industrial designs whenever Debtor in its sole discretion determines it is commercially reasonable to do so;
- (d) to do, execute, acknowledge and deliver such financing statements, financing change statements and further assignments, transfers, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by Secured Party of or with respect to Collateral in order to give effect to these presents and to pay all costs for searches and filings in

connection therewith;

(e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of Debtor or Collateral as and when the same become due and payable, except for those whose amount or validity is being contested in good faith by proper proceedings diligently conducted;

(f) to insure collateral in such amounts and against such risks as would customarily be insured by a prudent owner of similar Collateral, with loss payable to Secured Party and Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefor and deliver copies of policies and evidence of renewal to Secured Party on request, and carry on and conduct the business of Debtor in a proper manner and so as to protect and preserve Collateral as may be commercially reasonable and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for Debtor's business as well as accurate and complete records concerning Collateral, and mark any and material Collateral at Secured Party's request so as to indicate the Security Interest;

(g) to prevent Collateral, save Inventory sold or leased as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;

(h) to deliver to Secured Party from time to time promptly upon request:

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- any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to Collateral, to the extent necessary to perfect a security interest therein, except to the extent there is a Permitted Lien with priority to such security interest,
- (i) copies of all policies and certificates of insurance relating to Collateral, and
 - (ii) such information concerning Collateral, the Debtor and Debtor's business and affairs as Secured Party may reasonably request.

5. USE AND VERIFICATION OF COLLATERAL

Subject to compliance with Debtor's covenants contained herein and Clause 7 hereof, Debtor may, until a default (as defined herein), possess, operate, collect, use and enjoy and deal with Collateral in the ordinary course of Debtor's business in any manner not inconsistent with the provisions hereof; provided always that Secured Party shall have the right at any time and from time to time upon reasonable notice and during normal business hours and subject to reasonable safety procedures and requirements of Debtor, to verify the existence and state of the Collateral in any reasonable manner and Debtor agrees to furnish all reasonable assistance and information and to perform all such acts as Secured Party may reasonably request in connection therewith and for such purpose to grant to Secured Party or its agents access to all places where Collateral may be located and to all premises occupied by Debtor.

6. SECURITIES, INVESTMENT PROPERTY

If Collateral at any time includes Securities and a Default (as defined in the Note) shall have occurred and is continuing, Debtor authorizes Secured Party to transfer the same or any part

thereof into its own name or that of its nominee(s) so that Secured Party or its nominee(s) may appear of record as the sole owner thereof.

Where any Investment Property is held in or credited to an account that has been established with a securities intermediary, Secured Party may, at any time after Default shall have occurred and is continuing, give a notice of exclusive control to any such securities intermediary with respect to such Investment Property.

7. COLLECTION OF DEBTS

After a default under this Security Agreement, Secured Party may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to make all payments on Collateral to Secured Party.

8. DISPOSITION OF MONEY

Subject to any applicable requirements of the UCC, all Money collected or received by Secured Party pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied against the Obligations of Comstock Mining Inc. under the Note in such manner as Secured Party deems best or, at the option of Secured Party, may be held unappropriated in a collateral account or released to Debtor, all without prejudice to the liability of Debtor or the rights of Secured Party hereunder, and any surplus shall be accounted for as required by law.

9. EVENTS OF DEFAULT

The happening of any Default (as defined in the Note) shall constitute a default hereunder and is herein referenced to as “default.”

10. ACCELERATION

Secured Party, in its sole discretion, may declare all or any part of the Note to be immediately due and payable, without demand or notice of any kind, if a default shall have occurred and be continuing.

11. REMEDIES

At any time that a default has occurred and is continuing, Debtor acknowledges and agrees that Secured Party shall have the right to:

- (a) subject to any applicable law, including the UCC, take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefor and in respect thereof;
- (b) sell, license, lease or otherwise dispose of Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to Secured Party may seem reasonable;
- (c) have all rights and remedies of a secured party under the UCC in addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and Secured Party and in addition to any other rights Secured Party may have at law or in equity; provided, that Secured Party shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease, license or otherwise dispose of Collateral or to institute any proceedings for such purposes; provided, further that Secured Party shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper whether Collateral or proceeds and whether or not in Secured Party's

possession and shall not be liable or accountable for failure to do so;

(d) take possession of Collateral under this clause (d) wherever it may be located and by any method permitted by law and Debtor agrees upon request from Secured Party to assemble and deliver possession of Collateral at such place or places as directed;

(e) reimbursement for or payment of all costs, charges and expenses reasonably incurred by Secured Party, whether directly or for services rendered (including reasonable attorney fees), in operating Debtor's accounts, in preparing or enforcing this Security Agreement, in taking and maintaining custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting the Obligations of the Debtor under the Note and all such costs, charges and expenses, together with any amounts owing as a result of any borrowing by Secured Party, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby;

(f) dispose of Collateral as provided hereunder in the manner required by the UCC after giving Debtor notice of the date, time and place of any public or private sale; and

(g) after delivering written demand to Debtor and subject to any applicable law, including the UCC, require Debtor to take such further action as may be necessary to evidence and effect an

assignment or licensing of Intellectual Property to whomever Secured Party directs (including to Secured Party) or appoint an officer, director or branch manager of Secured Party to be Debtor's attorney in accordance with applicable legislation with full power of substitution and to do on Debtor's behalf anything that is required to assign, license or transfer, and to record any assignment, license or transfer of the Collateral (this power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest).

12. MISCELLANEOUS

(a) Debtor hereby acknowledges that Secured Party shall be entitled to file such financing statements, financing change statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral or any permitted Encumbrances affecting Collateral or identifying the locations at which Debtor's business is carried on and Collateral and records relating thereto are situated) as Secured Party may deem appropriate to perfect on an ongoing basis and continue the Security Interest.

(b) Without limiting any other right of Secured Party, at any time that a default has occurred and is continuing, Secured Party may, in its sole discretion, set off against the Note any and all amounts then owed to Debtor by Secured Party in any capacity, whether or not due, and Secured Party shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on Secured Party's records subsequent thereto.

(c) Upon Debtor's failure to perform any of its duties hereunder in any material respect, Secured Party may, but shall not be obligated to, perform any or

all of such duties, and Debtor shall pay to Secured Party, forthwith upon written demand therefor, an amount equal to the expense incurred by Secured Party in so doing plus interest thereon from the date such expense is incurred until it is paid at a rate that is the lower of (i) 15% per annum or (ii) the highest rate allowable by applicable law.

(d) Secured Party may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with Collateral and other security as Secured Party may see fit without prejudice to the liability of Debtor or Secured Party's right to hold and realize the Security Interest. Furthermore, Secured Party may demand, collect and sue on Collateral in either Debtor's or Secured Party's name, at Secured Party's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other Instruments pertaining to or constituting Collateral.

(e) No delay or omission by Secured Party in exercising any right or remedy hereunder or with respect to the Note shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, Secured Party may remedy any default by Debtor hereunder or with respect to the Note in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtor. All rights and remedies of Secured Party granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

(f) Debtor waives protest of any Instrument constituting Collateral at any time held by Secured Party on which Debtor is in any way liable and, subject to Clause 11(g) hereof, notice of any other action taken by Secured Party.

(g) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. If more than one Debtor executes this Security Agreement the obligations of such Debtors hereunder shall be joint and several. This Security Agreement may be executed and delivered by the parties in one or more counterparts, each of which will be an original, and those counterparts will together constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Security Agreement by facsimile or by email, in pdf format, shall be effective as delivery of a manually executed counterpart of this Security Agreement.

(h) Provided that Secured Party executes and delivers a non-disclosure agreement that is acceptable to Debtor and subject to such agreement, Secured Party may provide any financial and other information it has about Debtor, the Security Interest and the Collateral to anyone acquiring or may acquire an interest in the Security Interest or the Collateral from Secured Party or anyone acting on behalf of Secured Party.

(i) Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security Agreement shall be made except by a written agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

(j) Subject to the requirements of Clause 11(g) hereof, whenever either

party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given, in the case of Secured Party, if delivered to it or sent by prepaid registered mail addressed to it at its address set forth in the Note or as changed pursuant thereto, and, in the case of Debtor, if delivered to Comstock Mining Inc. or if sent by prepaid registered mail addressed to Comstock Mining Inc. at its address set forth in the Note or as changed pursuant thereto.

Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof.

(k) The headings used in this Security Agreement are for convenience only and are not to be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.

(l) When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.

(m) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.

(n) Nothing herein contained shall in any way obligate Secured Party to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute indebtedness.

(o) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to Secured Party and the Note is executed, delivered and funded.

(p) This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the State of New York.

(q) The Security Interest created hereunder shall terminate when the Obligations of the Debtor under the Note have been fully satisfied, at which time Secured Party shall execute and deliver to Debtor, or to such person or persons as Debtor shall reasonably designate, all UCC termination statements and similar documents prepared by Debtor at its expense which Debtor shall reasonably request to evidence such termination. If any of the Collateral shall be sold, transferred or otherwise disposed of by any Debtor in a transaction permitted by the Note, then Secured Party, at the request and sole expense of such Debtor, shall execute and deliver to Debtor all releases or other documents reasonably necessary or desirable for the release of the Liens created hereby on such Collateral.

(r) Debtor represents and warrants that the following information is accurate:

BUSINESS DEBTOR

NAME OF BUSINESS DEBTOR

Comstock Mining LLC

ADDRESS

OF

BUSINESS
DEBTOR

CITY

STATE

POSTAL
CODE

1200

American

Flat Road,

PO Box 1118

Virginia
City

Nevada

89440

[Signature Page Follows]

IN WITNESS WHEREOF each of the parties hereto has executed this agreement on the 11th day of February, 2014.

AURAMET
INTERNATIONAL,
LLC

By: ___/s/ Justin
Sullivan_____
Name: Justin M.
Sullivan

COMSTOCK
MINING LLC

By: ___/s/ Corrado De
Gasperis__
Name: Corrado De
Gasperis

EXHIBIT 10.5

AURAMET
TRADING, LLC
300 Frank W. Burr
Blvd
5th Floor, Suite 24
Teaneck, NJ 07666
Phone:
201-905-5000
Fax: 201-905-5001

AMENDED AND RESTATED
MASTER PURCHASE CONTRACT
&

BILL OF SALE

February 13, 2014
Comstock Mining Inc.
Mr. Corrado De Gasperis
President and CEO
1200 American Flat Road
PO Box 1118
Virginia City, NV 89440

PRECIOUS METALS (“PM”)
PURCHASE CONTRACT AND
BILL OF SALE (THE
“AGREEMENT”) BETWEEN
RE: AURAMET TRADING, LLC,
AND COMSTOCK MINING INC.
AND ITS OPERATING
SUBSIDIARY COMSTOCK
MINING LLC

Dear Mr. De Gasperis:

This Amended and Restated Master
Purchase Contract & Bill of Sale
amends and restates that certain Master
Purchase Contract and Bill of Sale dated
July 24, 2012 wherein AURAMET
TRADING, LLC (“Buyer”) hereby agrees
to purchase and COMSTOCK MINING
INC. (“Comstock Mining”) together with
its operating subsidiary COMSTOCK

MINING LLC (“Subsidiary”, jointly and severally, “Seller”) hereby agrees to sell, transfer, assign, set over and convey to Buyer the PM described below on the following terms and conditions.

1.0 Material

Seller may, in its sole discretion, sell, transfer, assign, set over and convey to Buyer up to a maximum of 100% of the gold and silver production (the “Material”) for a period of one year from the date hereof, however, as long as there are any outstanding obligations of the Seller under the Secured Promissory Note and Guaranty dated February __, 2014 (the “Note”) (the “Obligations”) and Auramet International, LLC has not assigned a different gold agent under the Note, Seller will sell, transfer, assign, set over and convey to Buyer 100% of the gold and silver production. This Agreement may not be terminated while the

Obligations are outstanding. Upon full satisfaction of the Obligations, this Agreement may be terminated by either party upon 30 days prior written notice to the other party hereto. No termination of this Agreement shall relieve either party of any accrued and unpaid obligations due hereunder on date of such termination.

2.0 Pricing Mechanisms

Buyer will provide the Seller with a flexible and comprehensive pricing and payment facility pursuant to the following terms and conditions:

2.1 Spot Pricing

Buyer will price the Material based upon the estimated gold and silver content contained in dore or concentrate, as per Seller's assays, on Buyer's current spot market bid price during New York trading hours (8:30 a.m. to 4:30 p.m. Eastern Time) on any business day (defined as "any business day that the COMEX division of the New York Mercantile Exchange ("COMEX") is open for business"). The spot value date is generally 2 business days from the date of such pricing.

Unless priced on a spot or other basis as outlined herein, Buyer will work Seller's firm orders 24 hours a day on a good until cancelled basis.

2.2 Forward Pricing

Buyer will price the Material for periods up 12 months (or such longer periods as the parties may agree) forward based on the spot price as outlined above and adjusted to reflect the then current forward rates in effect at the time of pricing. The forward contract value date is the date (within the maximum tenor of 12 months) of the forward contract maturity.

2.3 Option Pricing

The Seller may, at its discretion, be either the seller or the buyer of European Style Gold or Silver Options (for Loco London delivery). Any option premium due will be payable on the

premium value date (the option premium value date is generally two business days after the date of buying or selling the option).

In the event that an option is exercised, the delivery and value date shall be two business days after the exercise date (unless otherwise agreed by Buyer and Seller).

The terms and conditions set forth in that certain Master Trading Agreement dated as of July 24, 2012, between Buyer and Seller shall apply to any transaction outlined above.

2.4 Payment

In all cases outlined above, the payment shall be payable by wire transfer:

2.4.1 If to Seller

Seller's designated account shall be provided in writing prior to the first payment date herein.

2.4.2 If to Buyer:

Buyer's designated account shall be provided in writing prior to the first payment date herein.

Purchase and Settlement

3.0 Mechanisms – Spot; Forward; and In-Process Facility

Seller may sell the Material on the basis of any of the following three methods:

(a) on a Spot Basis, i.e. payment for and delivery of the Material generally made contemporaneously two (2) business days after pricing as set forth in Section 2.1.

(b) on a Forward Basis, i.e. payment for and delivery of the Material generally made contemporaneously on a date set up to 12 months following pricing in accordance with Section 2.2 above; or

(c) on a In Process Basis, i.e. the Material is priced and paid for while the Material is in process or in transit to or at Metalor, Attleboro, Massachusetts ("Refinery") or any other refinery acceptable to the Buyer or while pending refining and located at warehouse acceptable to the Buyer ("Warehouse") pursuant to the following terms and conditions:

3.C.1 Form

Dore or concentrate containing unrefined PM (the "Unrefined PM"). The Buyer shall be satisfied through final delivery at the Refinery of refined PM ("Refined PM") in gold ingot or other form having a minimum purity of .9999 or silver ingot or other form having a minimum purity of .999+.

3.C.2 Delivery Schedule

Seller may make shipments on a weekly basis from the mine sites to the Refinery. Seller shall notify Buyer telephonically or by telecopy of all PM shipped pursuant to this Agreement. Outturn shall be to Buyer's London pool account with JP Morgan Chase unless otherwise agreed by the parties on the agreed upon outturn date (the "Outturn Date").

3.C.3 Purchase Price

The purchase price for Material sold on an In-Process Basis shall equal the agreed upon amount per troy ounce of Refined PM as set forth in the applicable trade confirmation sent by Buyer to Seller (the "Purchase Price"), multiplied by the agreed upon estimated quantity of PM as set forth in the applicable trade confirmation sent by Buyer to Seller (the "Estimated Quantity"). The Purchase Price shall be based on the pricing established pursuant to Section 2.1 above and adjusted to reflect the agreed upon cost of financing and any market contango or backwardation for the period from the date of payment to the Outturn Date.

3.C.4 Late Delivery

Subject to Buyer's other rights hereunder, including the right of termination, if the Estimated Quantity is not credited to the account designated by Buyer in writing to Seller ("Buyer's Metal Account") on the Outturn Date, the Purchase Price shall be adjusted to reflect the additional financing cost of such delay. Such adjustment shall be calculated using an amount equal to the then applicable PM lending rates (as reasonably determined in good faith by

Buyer) for the period of time from the original Outturn Date to the date the Estimated Quantity is finally credited to Buyer's Metal Account released to Buyer.

3.C.5 Shortfall/Surplus

Notwithstanding any of the foregoing, in the event, for any reason, that there is a shortfall at Outturn, Seller shall immediately, through pool transfer, market transaction, or other manner acceptable to Buyer, transfer to Buyer the subject PM shortfall.

In the event that there is a surplus at Outturn, then Seller may elect to immediately sell the surplus amount to Buyer at Buyer's then current spot market price, sell such surplus to any other party at Seller's sole and absolute discretion, or maintain the surplus balance of ounces in its account with Buyer until sold on a date specified by Seller in the future.

3.C.6 Shortfall/Surplus Account

For practical purposes, Seller and Buyer may mutually agree to keep an ongoing over/under account which is to be settled whenever the over/under quantity exceeds 100 ounces of refined gold and silver.

Buyer will provide Seller with a shipment by shipment settlement report which shall include the details of all pricings, outturns, payments, and adjustments. This shall be a perpetual electronic file which will be used by Seller and Buyer to monitor movements in the over/under account.

3.C.7 Payment

The Purchase Price shall be paid by wire transfer to Seller's designated account in US Dollars against Buyer's receipt of the following documents:

A. If Payment is to be made while the Material is at the Refinery:

- Seller's letter of instruction to the
- (a) Refinery in substantially the form attached hereto as Exhibit A; and
- (b)

An executed Refiner's Holding Certificate in substantially the form attached hereto as Exhibit B.

B. If Payment is to be made while the Material is at the Warehouse:

An independent, third party's report on sampling and assaying of the

(a) Material, from Inspectorate or other assay firm reasonably acceptable to Buyer;

A warehouse receipt from the

(b) Warehouse, satisfactory to Buyer in all material respects; and

A certificate of insurance naming

(c) Buyer as an additional loss payee as its interests may appear, satisfactory to Buyer in all material respects.

3.C.8 Title/Ownership of PM Shipment

Ownership of the PM shall become vested in Buyer upon pick-up of the PM by Brinks Armored Security Service or such other mutually agreeable armored carrier. All shipping and other records and documents prepared by or which come into the possession of Seller with respect thereto shall be retained and maintained, in trust, for Buyer by Seller in a custodial capacity and delivered to Buyer upon request.

3.C.9 Inspection

Buyer shall have the right to have an agent or representative inspect and/or take samples of the Unrefined PM during business hours upon reasonable notice and to witness the loading/sealing of the containers in which the Refined PM is to be shipped from the Refinery.

4.0 Representations and Warranties, Covenants

Seller represents and warrants to Buyer that:

- (a) the PM conforms to or will conform to the description of such goods contained in this Agreement; the material containing the PM contains no hazardous materials.
- (b) Seller has conveyed or will convey good title to such PM free from any security interest, lien or encumbrance;
- (c) Seller has all requisite power, authority, licenses and approvals necessary to enter into and perform its obligations under this Agreement;
- (d) Seller or any person designated by Seller (including any signatory hereto) has due authorization to act in all respects relating to this Agreement;
- (e) this Agreement and the transaction relating thereto are valid and legally binding obligations of the Seller enforceable against it in accordance with their terms;
- (f) Seller is not insolvent, has not declared bankruptcy and has no intention or plans for doing so;
- (g) Seller covenants and agrees to provide Buyer with prompt telephonic

notice, promptly followed by electronic mail and telecopy, of the occurrence of any of the following events:

- (1) any material discrepancy in the assays of Seller and Refiner;
any loss or delay or other material
- (2) event with respect to any PM purchased hereunder; and
- (3) any material adverse change in the affairs or prospects of Seller.

5.0 Authorized Officers

The individuals identified herein shall be authorized to enter the transactions contemplated herein on behalf of Seller; provided that Seller may add or remove individuals from this Section 5.0 from time to time in a written notice to Buyer.

Name	Title
Corrado De Gasperis	President and CEO
Scott H. Jolcover	Director of Business Development
Judd Merrill	Controller

6.0 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial

This Agreement shall be governed by and interpreted under the laws of the State of New York.

Each party waives the posting of any bond otherwise required in connection with any judicial process or proceeding to enforce any judgment or other court order entered in favor of such party, or to enforce this Agreement or any other agreement or document between Seller and Buyer. In addition, each party waives any right that they may have to a jury trial.

7.0 Notices

7.1 If to Buyer:

Auramet Trading, LLC
300 Frank W. Burr Blvd
5th Floor, Suite 24
Teaneck, NJ 07666
Tel: 201-905-5002
Fax: 201-905-5001

7.2 If to Seller, as appropriate:

Comstock Mining Inc.
Mr. Corrado de Gasperis, President and
CEO
1200 American Flat Road
PO Box 1118
Virginia City, NV 89440
Tel: 775-847-4755
Fax: 800-750-5740

To signify your acceptance of these terms, please sign this Agreement in the space provided below and return it by fax to 201-905-5001.

Yours truly,
Auramet Trading, LLC

Signed: ___/s/ Justin M. Sullivan
By: Justin M. Sullivan

Accepted and Agreed:

Comstock Mining Inc.

Signed: /s/ Corrado De Gasperis
By: Corrado De Gasperis

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Exhibit A

[Letterhead]

[INSTRUCTIONS TO THE REFINER]

[] [], 2014

Customer Service Manager

VIA FAX:

Dear Sirs:

_____ (“Seller”) Sale to
RE: Auramet Trading, LLC (“Buyer”),
Shipment Number [].

This letter is to confirm that Seller has sold [dore, concentrate, carbon material] containing [] troy ounces of gold or silver (the “PM”) to Buyer pursuant to a Purchase Contract and Bill of Sale dated [] [], 2014. The PM is currently in transit in unrefined form to [] (the “Refinery”) pursuant to bill of lading number []. Seller agrees to be responsible for and pay all refining costs.

This transfer and conveyance cannot be withdrawn or amended without the prior written consent and explicit agreement of Buyer. All further instructions concerning this PM shall come exclusively from Buyer.

Upon the receipt of this fax, please complete the following form indicating your understanding and acceptance of these instructions and fax the completed form separately to Auramet, Precious Metals Operations, 201-905-5001.

Thank you in advance for your assistance.

Regards,

[_____]

[Title]

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Exhibit B

[Refiner/Processor's Holding Certificate]

From:

To: Auramet Trading, LLC

Suite 645, 2 Executive Drive

Fort Lee, NJ 07024

Tel : 201-905-5000

Fax: 201-905-5001

Re: PM Shipment, Bill of Lading #[]
from [] ("Seller").

We hereby confirm receipt of Seller's
notice dated [] [], 2014 and
acknowledge that the above-captioned
PM shipment has been sold to Auramet
Trading, LLC ("Buyer") and that title to
such goods has been transferred to
Buyer.

We hereby irrevocably undertake that
upon receipt of such goods we shall
hold them to the order of Buyer without
set-off, deduction or counterclaim. We
agree that Seller shall be the sole party
responsible for the payment of any and
all refining costs associated with this
PM shipment. Such goods and any
documents relating thereto shall not be
released to anyone other than Buyer
without the prior written agreement of
Buyer.

We undertake to keep the same free
from any mortgage, charge, pledge, lien
or other encumbrance and all other third
party rights.

We undertake to promptly inform you in
the event and to the extent that the
weights or assays produced by us
materially differ from those received
from your Seller with respect to the
captioned Shipment.

Such goods are insured under our
existing all risk (including casualty and
theft) policy. We hereby undertake to
keep the goods insured while they are in
our possession.

Sincerely,

By: