

Date: March 28, 2013

To: Nevada Mining Oversight and Accountability Commission

From: Gayle Sherman, Comstock Residents Association

Subject: Agenda item for possible action; Information regarding possible degradation of the Virginia City National Historic Landmark as a result of mining operations.

Good Morning, my name is Gayle Sherman. I want to thank you for the opportunity to speak today. First, a little bit about myself.... I am a former employee of the State of Nevada, retiring after 26 years of service. At the time of my retirement I was the Deputy Administrator for Vocational Rehabilitation.

I am a member of the Comstock Residents Association and I live in Silver City. I first moved to Silver City in 1975, when I was a young wife and soon-to-be mother. At that time, I knew little about the history of the Comstock. I was looking for an affordable place to live that was quiet, safe and had beautiful views and Silver City ticked off all the boxes.

I moved to what I thought was a ghost town, with remnants of a bygone era everywhere, but what I found was a small, historic town with an unusually strong sense of community. I know all my neighbors. I know the names of all the kids and dogs in town and where they live. We have town potlucks, we celebrate together and we grieve together. We all have strong opinions about everything, (including mining) and we don't always agree, but we have mastered the fine art of neighboring. Today, behind me I would like to introduce you to my neighbors from Silver City, Gold Hill, Virginia City and Dayton.

We are here today to bring to your attention events that have totally changed our lives. In December of 2010 Corrado DeGasperis, the CEO of Comstock Mining came to a Silver City Town meeting and enthusiastically announced his Company's intention to revitalize the

Comstock by pit mining it. Of course he didn't say it quite that bluntly. He cloaked the pit in promises of economic opportunity. We were unaware that we needed revitalization, but I guess it looked like we did to someone who was from somewhere else.

We very shortly learned that Comstock Mining had been buying land in the Virginia City National Historic Landmark since 2003 with the clearly stated intent to mine their holdings. Currently Comstock Mining privately owns 1,455 acres and leases 4,860 acres of BLM land. They own the minerals rights to 92% of the township of Gold Hill.

Comstock Mining will tell you that they have discovered a new "Bonanza". Truth be told, after over 150 years of mining, all the high grade ore veins are long gone. Comstock Mining's definition of a Bonanza is a microscopic ninety five hundredths of an ounce of gold per ton of mineralized material. In order to be profitable, they need to remove and process one million tons of mineralized material per year, which requires the removal of an additional million tons of waste rock. When all is dug and done, the dominant land feature along Highway 342 will be pit mines. Houses and businesses in Silver City and Gold Hill will be the rims of those pits.

Comstock Mining will tell you that they are a viable, robust, sufficiently capitalized company. The real truth is they are not yet profitable. Mr. Degasperis recently told his stockholders that the company will pay no taxes in 2012 or 2013 and additionally one hundred million dollars in losses can and will be carried over. The truth is that Comstock Mining is not profitable due to the complexity of the areas in which they are pit mining and the costs associated with that complexity.

The Company made business decisions to pursue mining in areas that are located in the Carson River Mercury Superfund Site, in the historic Gold Canyon corridor in the Virginia City National Historic Landmark and in areas that are residential, within township boundaries. Mining in a superfund site requires extensive testing, analysis and clearance by the Nevada Department of Environmental

Protection prior to the disturbance of any soil. All costs associated with this protective testing are borne by Comstock Mining and are a predictable cost of doing business. In addition, because there are historic structures located in the areas to be pit mined, there are costs generated due to the protection or relocation of the structures. In Silver City, the residentially zoned proposed pit mine is located within 200 feet of original residences in this historic community. Additional costs associated with obtaining what is sure to be a hotly contested Special Use Permit are to be expected.

Comstock Mining will tell you that they are a responsible mining company in compliance with all regulations. Pit mining is an inherently dirty and polluting industry. State and federal rules and regulations are in place so that there is a minimum level of protection of the public health and welfare and of air and water. Per Nevada law, pit mines are not required to be restored to their original contours, they are only required to be made safe and stable. A pit mine is forever. The truth is that even if all the rules are followed, the end result of pit mining is the perfectly regulated ruination of the mined areas.

Comstock Mining pit mines are located in areas that are also the historic beginnings of the State of Nevada. The costs to the citizens of Nevada will be the destruction of the Landmark, two million historically relevant tons at a time. The burning question for all of us here today, is when Comstock Mining is done, what will be left of the Landmark? What will be left for our children and our grandchildren? As a very wise neighbor of mine once said, "Just because you can, doesn't mean you should."