TONOGOLD RESOURCES, INC.

FINANCIAL STATEMENTS

For the Twelve months ended December 31th 2017, and 2016

CONTENTS

Tonogold Resources, Inc.
Condensed Balance Sheets
(Unaudited)

	Dec 31st 2017	Dec 31st 2016
ASSETS		
Current Assets		
Cash	$ 791,848	$ 152,072
Total Current Assets	$ 791,848	$ 152,072
Fixed Assets		
Property, plant and equipment, net	$ 2,778	$ 2,778
Other Assets		
Investment in Mil-ler Resources and Energy SA CV	$ 1	$ 1
Investment in Persistence Mining	$ 5,000	$ 5,000
Investment in Comstock JV	$ 404,788	$ -
Total Assets	$ 1,204,415	$ 159,851
LIABILITIES AND STOCKHOLDERS' (DEFICIT)		
Current Liabilities		
Accounts payable	$ 5,450	$ 13,850
Accruals other	$ 834,500	$ 149,000
Accrued payroll	$ -	$ 338,000
Accrued interest	$ 102,965	$ 4,935
Director loans	$ -	$ 50,518
Accrued payroll taxes	$ 231,815	$ 156,220
Convertible loans payable	$ 1,947,869	$ 238,000
Total Current Liabilities	$ 3,122,600	$ 950,523
Stockholders' Deficit		
Preferred stock, 40,000,000 authorized:		
None issued at June 31, 2015 and December 31, 2014	-	-
Common stock, $0.001 par value: 200,000,000 shares authorized, 19,181,665 shares issued and outstanding at June 30, 2015 and December 31, 2014 respectively	$ 104,777	$ 19,182
Additional paid-in capital	$ 20,927,616	$ 14,028,442
Subscribed common stock	$ -	$ 7,022,354
Deficit accumulated	$ (22,950,577)	$ (21,860,650)
Total Stockholders' Deficit	$ (1,918,184)	$ (790,672)
Total Liabilities and Stockholder's (Deficit)	$ 1,204,415	$ 159,851

The accompanying notes are an integral part of these unaudited financial statements

Tonogold Resources Inc
Statement of Operations
(Unaudited)

	For the Twelve months ended		For the Three months ended	
	Dec-17	Dec-16	Dec-17	Dec-16
Net Revenues	$ -	$ -	$ -	$ -
Cost of Revenue	$ -	$ -	$ -	$ -
Gross Profit (loss)	**$ -**	**$ -**		
Operating Expenses				
Mineral Property Costs	$ -	$ -	$ -	$ -
General and Administrative expenses	$ 983,364	$ 179,259	$ 338,622	$ (393,526)
			$ -	$ -
Total Operating Expenses	$ 983,364	$ 179,259	$ 338,622	$ (393,526)
			$ -	$ -
Gain (Loss) from Operations	$ (983,364)	$ (179,259)	$ (338,622)	$ 393,526
Interest expense	$ 106,565	$ 91,619	$ 60,989	$ 4,935
Gain (Loss) before provision for income taxes	$ (1,089,928)	$ (270,878)	$ (399,611)	$ 388,591
Provision for income taxes	$ -		$ -	$ -
Write down of carrying value of assets	$ -	$ -	$ -	$ -
Net Gain (Loss)	**$ (1,089,928)**	**$ (270,878)**	**$ (399,611)**	**$ 388,591**
Net Loss per Share - basic and diluted	$ 0.01	$ 0.01	$ 0.00	$ (0.00)
Weighted average number of common shares issued outstanding	104,777,046	19,181,655	104,777,046	19,181,665
Weighted average number of common shares outstanding,issued plus subscribed diluted	104,777,046	52,333,783	104,549,353	89,905,205

The accompanying notes are an integral part of these unaudited financial statements

Tonogold Resources Inc
Statement of Operations
(Unaudited)

	12-months ended		3-months ended	
	Dec-17	**Dec-16**	**Dec-17**	**Dec-16**
Cash Flows from Operating Activities				
Net gain or (loss)	$ (1,089,928)	$ (270,878)	$ (399,611)	$ 388,591
Adjustment to reconcile net loss to net cash provided by operations:				
Depreciation	$ -	$ -	$ -	$ -
Provisions	$ -	$ -	$ -	$ -
Changes in operating working capital:				
(Increase) decrease in accounts payable				
Increase (decrease) in accounts payable	$ (8,400)	$ 1,800	$ (9,750)	$ 450
Increase (decrease) in loans from directors	$ (50,518)	$ 21,174	$ (26,393)	$ (23,279)
Increase (decrease) payroll taxes	$ 75,597	$ 147,162	$ (1,403)	$ 97,380
Increase (decrease) accrued liabilities	$ 347,500	$ (483,000)	$ (67,500)	$ (915,000)
Directors salaries	$ -	$ -	$ -	$ -
Net change in operating working captital	$ 364,179	$ (312,864)	$ (105,047)	$ (840,449)
Net Cash Provided Used in Operations	**$ (725,750)**	**$ (583,742)**	**$ (504,658)**	**$ (451,857)**
Cash Flows From Investing Activities				
Investment in Mil-ler Resouces and energy SA de CV				
Investment in Comstock JV	$ (404,788)	$ -	$ (145,827)	$ -
Net Cash Provided by (Used in) Investments Ac	$ (404,788)	$ -	$ (145,827)	$ -
Cash Flows from Financing Activities				
Share Issue	$ (37,586)	$ 1,612,354	$ 22,769	$ 1,612,354
Convertible loans	$ 1,709,869	$ (712,000)	$ 1,294,869	$ (810,000)
Interest payable on convertible loans	$ 98,030	$ (164,615)	$ 58,220	$ (251,299)
Common stock issued for shares				
Subscribed shares				
Shareholder loans				
Net Cash Provided by Financing Activities	$ 1,770,314	$ 735,739	$ 1,375,858	$ 551,055
Net (Decrease) Increase in Cash	$ 639,776	$ 151,997	$ 725,374	$ 99,198
Cash-Beginning of Period	$ 152,072	$ 75	$ 66,474	$ 52,874
Cash - Ending of Period	**$ 791,848**	**$ 152,072**	**$ 791,848**	**$ 152,072**

The accompanying notes are an integral part of these unaudited financial statements

Tonogold Resources, Inc.
Condensed Statement of Stockholders' (Deficit)

(Unaudited)

	COMMON SHARES		ADDITIONAL			STOCKHOLDERS'
		Par Value	PAID-IN	SUBSCRIBED	INCOME	ACCUMULATED
	Shares	$0.001	CAPITAL	STOCK	(DEFICIT)	(DEFICIT)
Balance December 31, 2013	19,014,862	$ 19,015	$ 14,013,828	$ 14,781	$ (14,164,731)	$ (117,107)
Shares issued for cash	166,667	$ 167	$ 14,614	$ (14,781)		$ -
Fractional shares isssued (10-1 split)	136					$ -
Net loss					$ (901,861)	$ (901,861)
Balance December 31, 2014	19,181,665	$ 19,182	$ 14,028,442	$ -	$ (15,066,592)	$ (1,018,968)
Shares to be issued for Mil-Ler	-	$ -		$ 5,410,000		$ 5,410,000
Net loss					$ (6,523,180)	$ (6,523,180)
Balance December 31, 2015	**19,181,665**	**$ 19,182**	**$ 14,028,442**	**$ 5,410,000**	**$ (21,589,772)**	**$ (2,132,148)**
Net Loss					$ (659,470)	$ (659,470)
Balance September 30,2016	**19,181,665**	**$ 19,182**	**$ 14,028,442**	**$ 5,410,000**	**$ (22,249,242)**	**$ (2,791,618)**
Shares to be issued for CLN1	-	$ -		$ 1,206,234		$ 1,206,234
Shares to be issued for directors salary	-	$ -		$ 456,120		$ 456,120
Net Profit (December 2016 quarter)					$ 388,591	$ 388,591
Balance December 31, 2016	**19,181,665**	**$ 19,182**	**$ 14,028,442**	**$ 7,072,354**	**$ (21,860,650)**	**$ (740,672)**
Net Loss					$ (181,982)	$ (181,982)
Balance March 31, 2017	**19,181,665**	**$ 19,182**	**$ 14,028,442**	**$ 7,072,354**	**$ (22,042,632)**	**$ (922,654)**
Net Loss					$ (194,518)	$ (194,518)
Balance June 30, 2017	**19,181,665**	**$ 19,182**	**$ 14,028,442**	**$ 7,072,354**	**$ (22,237,150)**	**$ (1,117,172)**
Adjustment Interest on CLN [1]				$ 5,766		$ 5,766
Adjustment directors accrued pay [2]				$ (116,120)		$ (116,120)
Net Loss					$ (313,817)	$ (313,817)
Balance September 30, 2017	**19,181,665**	**$ 19,182**	**$ 14,028,442**	**$ 6,962,000**	**$ (22,550,967)**	**$ (1,541,343)**
Share Issue	85,139,994	$ 85,140	$ 6,876,860	$ (6,962,000)		$ -
Share Issue (CLN2 conversion)	455,387	$ 455	$ 22,314			$ 22,769
Net Loss					$ (399,611)	
Balance December 31st, 2017	**104,777,046**	**104,777**	**20,927,616**	**(0)**	**(22,950,578)**	**(1,518,574)**

Tonogold Resources, Inc.

Footnotes to Financial Statements

For the Twelve months Ended December 31, 2017 and 2016
(Unaudited)

Note 1. The Company

Tonogold Resources, Inc., a Delaware corporation, is a result of the Acquisition of Point Loma Partners, Inc. "PLP" by Gamesboro Com, Inc. "GB" (formerly Alliance Trophy Club, Inc.) as of May 1, 2002. The Company changed its name to Tonogold Resources, Inc. in 2004.

The Company maintains mining leases on properties in Mexico and Nevada and is actively seeking other mining related opportunities.

Note. 2 Significant Accounting Policies

Basis of Presentation

The accompanying financial statements of Tonogold Resources, Inc. (or the "Company") for the Twelve months ended December 31, 2017 and 2016 are unaudited and, in the opinion of management, contain all adjustments that are of a normal and recurring nature necessary to present fairly the financial position and results of operations for such periods. These financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC").

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less as cash equivalents.

Financial Instruments

The carrying value of the Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, and due to related parties, as reported in the accompanying balance sheets, approximates fair value due to the short term nature of these financial instruments.

Property and Equipment

Property and equipment are stated at cost and depreciated on the straight-line method over the estimated life of the asset, which is three to ten years.

Mining Property costs

The Company incurs costs on activities that relate to the securing and maintaining of mining leases. All costs related to mining properties are expensed.

Long-Lived Assets

In accordance with ASC 350, the Company regularly reviews the carrying value of intangible and other long-lived assets for the existence of facts or circumstances, both internally and externally, that may suggest impairment. If impairment testing indicates a lack of recoverability, an impairment loss is recognized by the Company if the carrying amount of a long-lived asset exceeds its fair value.

Income Taxes

The Company accounts for income taxes under FASB Codification Topic 740-10-25 ("ASC 740-10-25") Income Taxes. Under ASC 740-10-25, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under ASC 740-10-25, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company pays certain state minimum taxes that it does not classily as income taxes.

Revenue Recognition

The Company recognizes revenue from the sale of leases at the time the lease is sold and income from consulting agreements as earned. Royalty income is recognized as received. For lease of mining properties acquired prior to the above policy the Company still expenses costs associated with continuing those leases.

Advertising Costs

The Company's policy regarding advertising is to expense advertising when incurred. The Company incurred advertising expense of $0 during the Twelve months ended December 31, 2017 and 2016.

Stock-Based Compensation

In December 2004, the FASB issued FASB Accounting Standards Codification No. 718, *Compensation – Stock Compensation*. Under FASB Accounting Standards Codification No. 718, companies are required to measure the compensation costs of share-based compensation arrangements based on the grant-date fair value and recognize the costs in the financial statements over the period during which employees are required to provide services. Share-based compensation arrangements include stock options, restricted share plans, performance-based awards, share appreciation rights and employee share purchase plans. As such, compensation cost is measured on the date of grant at their fair value. Such compensation amounts, if any, are amortized over the respective vesting periods of the option grant. The Company applies this statement prospectively.

Equity instruments ("instruments") issued to other than employees are recorded on the basis of the fair value of the instruments, as required by FASB Accounting Standards Codification No. 718. FASB Accounting Standards Codification No. 505, *Equity Based Payments to Non-Employees* defines the measurement date and recognition period for such instruments. In general, the measurement date is when either a (a) performance commitment, as defined, is reached or (b) the earlier of (i) the non-employee performance is complete or (ii) the instruments are vested. The measured value related to the instruments is recognized over a period based on the facts and circumstances of each particular grant as defined in the FASB Accounting Standards Codification.

Basic and Diluted Net Loss per Common Share

Net Loss per Common Share is computed pursuant to FASB Accounting Standards Codification No. 260, *Earnings per Share*. Basic net loss per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period. Diluted net loss per share is computed in the same way as for Basic net loss.

Reclassifications

Certain amounts previously presented for prior year have been reclassified. The reclassifications had no effect on net loss, total assets, or stockholders' deficit.

Recent Accounting Pronouncements

The Company has reviewed all recently issued, but not yet effective, accounting pronouncements and does not believe the future adoption of any such pronouncements may be expected to cause a material impact on its financial condition or the results of its operations.

Note 3. Going Concern

The financial statements have been prepared assuming that the Company will continue as a going concern. The Company had a net loss of $1,082,056 during the Twelve months ended December 31, 2017. This raises substantial doubt about its ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company's ability to raise additional capital and to successfully implement its business plan and achieve profitability

Management believes that the actions presently being taken and the success of future operations will be sufficient to enable the Company to continue as a going concern.

However, there can be no assurance that the raising of equity will be successful or that the Company will be able to achieve profitability. Failure to achieve the needed equity funding or establish profitable operations would have a material adverse effect on the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Note 4. Income taxes

The components of the deferred tax asset are as follows:

	31-Dec-17	31-Dec-16
Deferred Tax Assets		
Net operating loss carry forward	$ 5,439,107	$ 4,995,464
Valuation allowance	$ (5,439,107)	$ (4,995,464)
Deferred tax assets	**$ -**	**$ -**

The Company had available approximately $13,266,116 at December 31, 2017 and $12,184,059 at December 31, 2016 of unused Federal and California net operating loss carry-forwards that may be applied against future taxable income. These net operating loss carry-forwards expire through 2035 and 2025 for Federal and State purposes, respectively. There is no assurance that the Company will realize the benefit of the net operating loss carry-forwards.

SFAS No. 109 requires a valuation allowance to be recorded when it is more likely than not that some or all of the deferred tax assets will not be realized.

Reconciliation of the differences between the statutory tax rate and the effective income tax rate is as follows at December 31, 2017 and December 31, 2016, respectively:

Statutory Rate	35%
Net operating loss carry forward	41%
State taxes, net of Federal Tax	6%
Effective tax rate	0%

Note 5. Project investments

During the year ended December 31, 2013 the Company sold Arizona project and Coors project for $20,000 and a 3% royalty capped at $50,000. The total invested on the date of sale was $33,638 in Arizona project and $23,940 in Coors project, a total of $57,578. Any royalties received will be recognized as income when received.

Note 6. Mineral Properties

The company's holdings in the Tonopah Divide and King Tonopah projects located in Tonopah, Nevada were dropped during 2016. Currently the Company holds mineral properties in Mexico through its subsidiary, Mil-ler (see Note 13 below) and in Virginia City, Nevada (Comstock) and is actively assessing other commercial resource opportunities. On October 5th 2017, the Company announced that it had secured an Option Agreement with Comstock Mining Inc. which amongst other things, provides Tonogold an exclusive right to earn a 51% controlling interest in 1,162 acres of mining claims in the highly prospective Comstock Lode region in Virginia City, Nevada, which includes the Lucerne Deposit, located in the Storey and Lyon Counties (see below). Subsequent to the year end, the Company announced that it had secured an exclusive 6-month option over three gold/silver properties in Mexico (see Subsequent Event Note 15 below)

Comstock JV

Tonogold paid Comstock $200,000 for an initial 6-month option, which can be extended at Tonogold's election for a further payment of $2 million prior to the expiry of the initial option period. The $200,000 payment was funded by Tonogold during the September 2017 quarter (and therefore appears in these Financial Statements) but was held in escrow by Comstock's lawyer and was released to Comstock upon Closing on October 3rd, 2017.

For Tonogold to earn a 51% controlling interest it will be required to invest $20 million over the next 42-months on work programs developed and managed by Tonogold, on the Lucerne Properties; the objective being to produce a commercially and technically robust mine plan and feasibility study to enable profitable mining on the properties to commence. It should be noted, that the $20 million expenditure threshold is not a commitment, but a requirement to earn the 51% interest in the Lucerne Properties.

The Agreement provides that a Joint Venture Steering Committee be established immediately with majority members being nominated by Tonogold. Work programs, budgets and other day-to-day operational decisions require a simple majority decision of the JV Steering Committee, thus ensuring Tonogold assumed operational control from the outset.

Other aspects of the agreement provide Tonogold with:

- An option over Comstock's heap leach facilities (including the crushing, stacking, Merrill Crowe plant, gold recovery facilities, the American Flats mineral claims (totaling 1,013 acres – see map in Schedule 1), and other related infrastructure, plant and equipment ("**American Flat PP&E**"). Tonogold has the right to acquire 51% of the American Flat PP&E for $25 million once it has acquired a 51% interest in the Lucerne Properties. If exercised, the purchase price shall be payable to Comstock over an 18-month period commencing from exercising the American Flat PP&E option.

- A Right of First Refusal over mining claims (192 acres) covering Comstock's Dayton gold and silver deposit.

Further details of this transaction are provided in our announcement, which can be viewed by visiting: http://www.otcmarkets.com/ajax/showNewsReleaseDocumentById.pdf?id=27666

Note 7. Share Capital

During 2015, the Company agreed to issue 54,100,000 shares to the shareholders of Mil-Ler in exchange for their holding in Mil-ler thus giving the Company 100% ownership (see Note 13 below).

During 2016 the Company negotiated the conversion of the original Loan Notes into 24,239,994 ordinary shares (see Note 8 below).

During 2016 the Company agreed to issue approximately 6,800,000 shares to the current directors as payment of 50% of their unpaid remuneration entitlements. The directors have written off the remaining 50% (see Note 9 below).

These shares totaling 85,139,994 shares were issued during October 2017.

Note 8. Convertible Notes Payable

The Company issued a series of loan notes ("CLN1"), which were convertible into common shares with a principle balance of $950,000 at December 31, 2015. During 2016, the Company arranged for the agreement of the Note-holders to convert the principle balance of the CLN1 plus accrued interest to August 31st 2016 ($262,000) into ordinary shares at a conversion price of 5 cents per share. As a result, 24,239,994 shares were issued during October 2017. This agreement paved the way for a second series of loan notes to be issued to help fund general working capital requirements.

During 2016, the Company launched a raising through the issue of a second series of Convertible Loan Notes ("CLN2"), convertible into Common shares at 5 cps. Between September 1st 2016 and December 31st, 2016, $238,000 was raised from issuing CLN2. During the nine months to September 2017, $415,000 was raised and during the three months to December 31th 2017, $1,314,869 was raised bringing. During the three months to December 31th 2017, $20,000 of principle and $2,769 of accrued interest were converted into Common shares at 5 cents per share (455,387 shares). The total net principle amount outstanding under CLN2 as at December 31th 2017 was $1,947,869. These notes accrue interest at 12% per annum and are due to be repaid on July 31st 2018 (for those notes issued prior to January 1st 2017) and on November 30th 2018 (for those notes issued on or after January 1st 2017), if not previously converted. As at December 31st 2017, accrued interest relating to CLN2 amounted to $102,965. In addition, free attaching Warrants were granted pursuant to the CLN2 issue, the number, exercise price and expiry being as follows:

	Investment date		
	Pre Jan 1st 2017	**Post Jan 1st 2018**	**Total to Sept 30th 2017**
Investment received	$ 253,000	$ 1,714,869	$ 1,967,869
Converted	$ (20,000)	$ -	$ (20,000)
Balance as at Dec 31 2017	**$ 233,000**	**$ 1,714,869**	**$ 1,947,869**
Number of warrants	10,120,000	25,723,035	35,843,035
Exercise Price of Warrants	$ 0.05	$ 0.09	
Expiry date Warrants	July 31st 2018	18-months from issue	

These funds raised provide the financial resources required to complete the initial phase of the Comstock Joint Venture (see Mineral Properties Note 6 above)

Note 9. Directors unpaid Remuneration

The current Directors of the Company had previously agreed to defer payment of their entire remuneration entitlements since June 2014. As at August 2016, the amount owing to the current directors amounted to $1,261,000 (gross), and which had been accrued. In order to assist the Company in securing the agreement of the CLN 1 holders to convert their entitlements into ordinary shares (see Note 8 above), all the Directors agreed to write off 50% of their entitlements as at August 31st 2016 and for the remaining 50% (after the deduction of withholding tax) to be converted into ordinary shares at 5 cents per share. This required the issue of 6,800,000 shares, which were issued during October 2017.

Note 10. Warrants issued for services

In June 2013, May 2014 and September 2014 the Company issued 5,800,000 warrants for services, which are as follows:

Issue Date	Name / Services Rendered	Exercise Price	Expiration Date	Underlying Shares
1-Jun-13	Mark J. Ashley Issued to CEO (Employment Contract)#	$0.10	Jun-18	170,000
1-Jun-13	Simona Ashley Issued to CEO (Employment Contract)#	$0.10	Jun-18	170,000
1-Jun-13	Mark J. Ashley Issued to CEO (Employment Contract)#	$0.50	Jun-18	165,000
1-Jun-13	Simona Ashley Issued to CEO (Employment Contract)#	$0.50	Jun-18	165,000
1-Jun-13	Mark J. Ashley Issued to CEO (Employment Contract)#	$0.80	Jun-18	165,000
1-Jun-13	Simona Ashley Issued to CEO (Employment Contract)#	$0.80	Jun-18	165,000
6-Jun-13	Pareto Capital, Ltd. Investment Banking Services	$0.10	Jul-18	300,000
7-May-14	Mark Ashley CEO	$1.00	May-19	1,000,000
7-May-14	Jeffrey J. Janda Director / Consulting Services	$1.00	May-19	500,000
7-May-14	Brian A. Zamudio Director / Consulting Services	$1.00	May-19	500,000
26-Sep-14	Travis Miller Executive Director	$1.50	Sep-19	1,500,000

#1 million warrants issued to CEO (directly and to nominee) pursuant to Contract of Employment

Note 11. Employment agreement

In March 2013 the Company entered into an employment agreement with the Chief Executive Officer that includes managing the Company's interests. The contract was conditional on raising capital of between $360,000 and $675,000, which was satisfied within the time frame established. Remuneration was set at $192,000 per year plus the issue of 1.0 million warrants (see Note 10).

Mr. Travis Miller, Mil-ler Recourses and Energy SA de CV ("Mil-ler") largest shareholder, was appointed to the board as an executive director on September 26, 2014 upon executing a Closing Agreement with Mil-Ler (see Note 12). Mr. Miller will be based in Hermosillo, Mexico and shall receive an annual remuneration of $180,000 plus the issue of 1.5 million warrants (see Note 10)..

Note 12. Investment in Persistence Data Mining Inc.

Persistence Data Mining, Inc. (PDMI) was formed as a Nevada corporation in February 2012 with Tonogold acquiring 750,000 shares (2.7%) of the company. PDMI is an AgTech development company.

Note 13. Agreement with Mil-Ler Resources

On October 18, 2013, Tonogold Resources, Inc. entered into an exclusive option agreement with Mil-Ler Resources and Energy SA ("MIL-LER") a private Mexican mining and Exploration Company to acquire up to 34% equity interest in MIL-LER in two tranches of $5 million each for a total investment of up to $10 million. On February 18, 2014, the option was extended until March 28, 2014 and Tonogold obtained the right to purchase shares from existing shareholders that would bring its ownership in Mil-Ler to 51% for a payment of $6 million plus a minimum of 59 million shares in Tonogold (subject to raising scale in the event that Tonogold's share price is above 10cps at that time). On May 8, 2014 Tonogold obtained the right to acquire 100% upon issuance of 541 million (54,100,000 after split) Tonogold shares subject to the shareholders approving a 10 for 1 reverse share split and an adjustment to the authorized capital to enable the shares to be issued. On July 29, 2014 the 10 for 1 reverse share split was completed.

MIL-LER was previously owned by two groups, each having 50% ownership, the first being a small group of US investors and the other 50% by two Mexican individuals who control a large Mexican construction company.

MIL-LER owns mineral rights over approximately 18 square miles 40 kilometers north of Hermosillo (the capital of Sonora), Mexico. Exploration drilling over a small area of the total claims during 2011 confirmed the presence of iron ore mineralization. MIL-LER commenced a small scale operation in January 2013 and mines ore (both hematite and magnetite) which was beneficiated via a simple two stage crushing and dry magnetic separation process producing approximately 15,000 tonnes of iron ore product which is transported by road to main port at Guaymas (180 kilometers from site) where the product is shipped and sold to China under an off-take agreement. Operations ceased at the end of 2014 when the iron ore price fell

The parties executed a Closing Agreement on September 26th 2014. The 54.1 million shares required to be issued pursuant to this transaction, were issued subsequent to the September 2017 quarter end.

As a result of the fall in the price of iron ore and the subsequent cessation of operations, the Company decided to write down its investment in Mil-ler to $1 at December 31st, 2015

Note 14. Warrants outstanding

Details of the 41.6 million Warrants outstanding as at December 31st 2017 are provided in the table below:

Issued in respect of:	Warrant summary		
	Number	**Exercise price**	**Expiry**
Executive Contract (see Note 10)	340,000	$ 0.10	Jun-18
Executive Contract (see Note 10)	330,000	$ 0.50	Jun-18
Executive Contract (see Note 10)	330,000	$ 0.80	Jun-18
Investment banking services (see Note 10)	300,000	$ 0.10	Jun-18
Executive Contract (see Note 10)	2,000,000	$ 1.00	May-19
Executive Contract (see Note 10)	1,000,000	$ 1.00	Sep-19
Executive Contract (see Note 10)	1,500,000	$ 1.50	Sep-19
Issued pursuant to 2016 Loan Note (see Note 8)	10,120,000	$ 0.05	Jul-18
Issued pursuant to 2017 Loan Note (see Note 8)	4,500,000	$ 0.09	Dec-18
Issued pursuant to 2017 Loan Note (see Note 8)	1,500,000	$ 0.09	Feb-18
Issued pursuant to 2017 Loan Note (see Note 8)	10,725,000	$ 0.09	Oct-18
Issued pursuant to 2017 Loan Note (see Note 8)	5,625,000	$ 0.09	Nov-18
Issued pursuant to 2017 Loan Note (see Note 8)	3,373,035	$ 0.09	Dec-18
Total as at December 31st 2017	**41,643,035**	**$ 0.21**	

Note 15. Subsequent Events

The Company has evaluated subsequent events from December 31, 2017 through the date the financial statements were available to be issued, and other than the matters described below, has determined that there have been no subsequent events after December 31, 2017 for which disclosure is required.

Mexico Option Agreement

On January 16th 2018, the Company announced that it has entered into a binding agreement with a private Mexican entity which provides Tonogold an exclusive right (but not obligation) to acquire 100% interest in the Claudia, Promontorio and Montoros gold/silver properties located in Durango, Mexico (the "**Projects**") for total consideration of $7.3 million in cash. Tonogold paid $100,000 for an initial 6-month option, which can be extended by 3 additional months at Tonogold's election for a further payment of $1 million prior to the expiry of the initial option period. Both option payments form part of the $7.3 million purchase price in the event the option is exercised. A copy of the announcement can be found at:

https://www.dropbox.com/s/rp4b4c968kzv8ll/Announcement 011618.pdf?dl=0

PART 2

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company maintains leases on gold mining properties. The Company is currently focused on the Joint Venture arrangement with Comstock and the recently announced option over three gold and silver properties in Durango, Mexico.

Revenues

The Company has no revenues for the Twelve months ended December 31, 2017 and 2016.

Mineral Property Costs

There were no Mineral property costs during the quarter.

General and Administrative Expenses

	Twelve months ended		Three months ended	
	Dec-17	Dec-16	Dec-17	Dec-16
Wages and salaries	$ 754,402	$ 78,500	$ 268,022	$ (405,500)
Office	$ 6,726	$ 5,283	$ 2,018	$ 531
Insurance	$ 41,620	$ 39,679	$ 7,182	$ 6,556
Rent	$ -	$ 109	$ -	$ -
Investor relations	$ 34,413	$ -	$ 13,711	$ -
Pink sheet filings	$ 13,000	$ 2,000	$ 11,000	$ 1,000
Travel	$ 30,041	$ 34,641	$ 10,253	$ 1,872
Telephone	$ 2,975	$ 8,920	$ 706	$ 513
Legal fees	$ 74,103	$ 3,017	$ 12,192	$ 1,017
Accounting fees	$ 462	$ -	$ (1,100)	$ -
Other expense	$ 25,621	$ 7,110	$ 14,639	$ 485
TOTAL	**$ 983,364**	**$ 179,259**	**$ 338,622**	**$ (393,526)**

Total expenses for the December 2016 quarter included a one-off credit of $630,500 in respect of the directors agreeing to permanently forego 50% of their past accrued entitlements. Investor Relations activities were also stepped up during 2017 in preparation of the increased corporate activity. Legal fees for 2017 were significantly higher as a result of the Comstock transaction (see Note 6).

Interest Expense

Interest expense $106,565 for the Twelve months ended December 31, 2017 compared to $91,619 for the twelve months ended December 31, 2016 as a result of an average

Convertible Loan Note balance.

Provision for Income Tax

We incurred taxable losses; consequently no liability to taxation was incurred during the Twelve months ended December 31, 2017 and 2016.

Working Capital

As of December 31, 2017 the Company had cash of $791,848. The Company had a negative working capital position of $1.9 million at December 31, 2017 compared to negative $0.8 million at December 31st, 2016. The Company incurred a net loss from continuing operations of $1.1 million for the Twelve months ended December 31, 2017 as compared to a net loss of $0.3 million for the Twelve months ended December 31, 2016.

At December 31, 2017, the Company had a total of $1.9 million outstanding in respect of the CLN2 compared to a balance of $0.2 million as at December 31, 2016. During the December 2017 quarter, the company issued $1,314,869 CLN2 for cash (see Note 8).

The Company may need to raise additional funds during the next twelve months in order to sustain our business. Additional funds may not be available and we cannot predict what revenues and cash flow from operations we can expect during the next twelve months.

Cash flows

The following table summarizes selected items from our "Statement of Cash Flows" for the Twelve months ended December 31, 2017 and 2016.

	12-months ended	
	Dec-17	**Dec-16**
Net Cash provided by (used in):		
Operations	$ (725,289)	$ (583,742)
Investing	$ (404,788)	$ -
Financing	$ 1,770,314	$ 735,739
Increase (decrease) in cash	**$ 640,236**	**$ 151,997**