TONOGOLD RESOURCES, INC.

FINANCIAL STATEMENTS

For the Twelve months ended December 31st 2018 and 2017

CONTENTS

Tonogold Resources Inc

Condensed Balance Sheet

Unaudited

As at	31-Dec-2018	31-Dec-2017
ASSETS		
Cash	$ 294,793	$ 823,979
Prepaid expenses	$ 2,790	$ -
Total Current Assets	**$ 297,583**	**$ 823,979**
Fixed Assets		
Property, plant and equipment, net	$ -	$ 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	$ 3,866,417	$ 404,788
Investment in Durango Project	$ -	$ -
Total Assets	**$ 4,169,001**	**$ 1,236,546**
LIABILITIES AND STOCKHOLDERS' (DEFICIT) Current Liabilities		
Accounts payable	$ 8,100	$ 5,450
Share subscription account - *Note 14e*	$ 33,750	$ -
Accruals other	$ 156,500	$ 75,000
Accrued payroll	$ 1,162,690	$ 759,500
Accrued interest - *Note 8d (iii)*	$ 77,941	$ 102,965
Loans from Directors	$ 2,000	$ -
Accrued payroll taxes	$ 237,057	$ 231,815
Convertible loans payable - *Note 8d (ii)*	$ 1,571,250	$ 1,980,000
Total Current Liabilities	**$ 3,249,288**	**$ 3,154,731**
Stockholders' Deficit		
Preferred stock, 40,000,000 authorized: None issued at June 30, 2018 and December 31, 2017	$ -	$ -
Common stock, $0.001 par value: 700,000,000 shares authorized, 191,254,811 shares issued and outstanding at December 31st, 2018 and 104,777,046 at December 31, 2017	$ 191,255	$ 104,777
Additional paid-in capital	$ 25,712,196	$ 20,927,616
Subscribed common stock (Nil at December 31st, 2018 and 2017)	$ -	$ -
Deficit accumulated	$ (24,983,738)	$ (22,950,577)
Total Stockholders' Deficit	**$ 919,713**	**$ (1,918,184)**
Total Liabilities and Stockholder's (Deficit)	**$ 4,169,001**	**$ 1,236,546**

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

Tonogold Resources Inc

Statement of Operations

(Unaudited)

	Three months ending		Twelve months ending	
	Dec 31st 2018	Dec 31st 2017	Dec 31st 2018	Dec 31st 2017
Net Revenues	$ -	$ -		$ -
Cost of Revenue	$ -	$ -		$ -
Gross Profit/(Loss)	**$ -**	**$ -**		**$ -**
Operating Expenses				
Mineral Property Costs	$ -	$ -	$ -	$ -
General and Administration	$ 386,449	$ 338,622	$ 1,370,543	$ 983,364
Total Operating Expenses	**$ 386,449**	**$ 338,622**	**$ 1,370,543**	**$ 983,364**
Profit/(loss from Operations	**$ (386,449)**	**$ (338,622)**	**$ (1,370,543)**	**$ (983,364)**
Interest expense - *Note 8d (iii)*	$ 84,221	$ 60,989	$ 305,320	$ 106,565
Exploration costs written (Durango) see Note 5	$ 357,297	$ -	$ 357,297	$ -
Profit/(Loss) before Provision for income taxes	**$ (827,967)**	**$ (399,611)**	**$ (2,033,160)**	**$ (1,089,928)**
Provision for Income Taxes	$ -	$ -	$ -	$ -
NET GAIN/(LOSS)	**$ (827,967)**	**$ (399,611)**	**$ (2,033,160)**	**$ (1,089,928)**
Net loss per share - on issue	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.03)
Net loss per share - fully diluted	$ (0.01)	$ (0.00)	$ (0.02)	$ (0.01)
Weighted number of shares on issue	163,681,605	61,979,356	128,090,166	36,300,741
Weighted number of shares fully diluted	165,456,605	104,549,353	130,260,166	105,736,998

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Tonogold Resources Inc

Statement of Cash flows

(Unaudited)

	3 months ended		12-months ended	
	31-Dec-18	**31-Dec-17**	**31-Dec-18**	**Dec-17**
Cash Flows from Operating Activities				
Net gain or (loss)	$ (827,967)	$ (399,611)	$ (2,033,160)	$ (1,089,928)
Adjustment to reconcile net loss to net cash provided by operations:				
Depreciation	$ -	$ -	$ 2,778	$ -
Interest on Convertible Loan Notes	$ 84,221	$ 60,989	$ 305,320	$ 100,799
Provisions Changes in operating working capital:				
Increase (decrease) in accounts payable	$ 450	$ (9,750)	$ 2,650	$ (8,400)
Increase (decrease) in share subscription	$ -	$ 1	$ -	$ (60,354)
Increase (decrease) in accrued expenses	$ 93,500	$ (827,000)	$ 81,500	$ 3,000
Increase (decrease) in loans from directors	$ 1,954	$ (26,393)	$ 2,000	$ (50,518)
Increase (decrease) payroll taxes	$ 10,919	$ (1,404)	$ 5,242	$ 75,596
Increase (decrease) accrued liabilities	$ 81,320	$ 759,500	$ 403,190	$ 344,500
(Increase) decrease in pre-paid expenses	$ (2,606)	$ -	$ (2,790)	$ -
Net change in operating working captital	**$ 185,537**	**$ (105,047)**	**$ 491,791**	**$ 303,823**
Net Cash Provided/(Used) in Operations Cash Flows From Investing Activities	**$ (558,209)**	**$ (443,669)**	**$ (1,233,270)**	**$ (685,306)**
Investment in Comstock JV	$ 874,754	$ 145,827	$ 3,461,628	$ 404,788
Investment in Durango project	$ (340,908)	$ -	$ -	$ -
Net Cash Provided by (Used in) Investments Activities	**$ 533,846**	**$ 145,827**	**$ 3,461,628**	**$ 404,788**
Cash Flows from Financing Activities				
Share Issue - *Note 9*	$ 356,714	$ (0)	$ 2,381,698	$ (0)
Convertible loans - *Note 8d (ii)*	$ 737,500	$ 1,347,000	$ 1,784,016	$ 1,762,000
Net Cash Provided by Financing Activities	**$ 1,094,214**	**$ 1,347,000**	**$ 4,165,714**	**$ 1,762,000**
Net (Decrease) Increase in Cash	$ 2,159	$ 757,504	$ (529,184)	$ 671,906
Cash - Beginning of Period	$ 292,634	$ 66,474	$ 823,978	$ 152,072
Cash - Ending of Period	**$ 294,793**	**$ 823,978**	**$ 294,793**	**$ 823,978**

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Tonogold Resources, Inc.

Condensed Statement of Stockholders' (Deficit)

(Unaudited)

	COMMON SHARES		ADDITIONAL PAID-IN CAPITAL	SUBSCRIBED STOCK	INCOME / (DEFICIT)	SHAREHOLDERS ACCUMULATED (DEFICIT)
	Shares	Par Value ($0.001)				
Balance December 31st, 2014	19,181,665	$ 19,182	$ 14,028,442	$ -	$ (15,066,592)	**$ (1,018,968)**
Shares issued to Mil-Ler				$ 5,410,000		**$ 5,410,000**
Net Loss					$ (6,523,180)	**$ (6,523,180)**
Balance December 31st, 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 30th, 2016	**19,181,665**	**$ 19,182**	**$ 14,028,442**	**$ 5,410,000**	**$ (22,249,242)**	**$ (2,791,618)**
Shares issued for CLN1				$ 1,206,234		**$ 1,206,234**
Shares issued for Directors Salary				$ 456,120		**$ 456,120**
Net Profit					$ 388,591	**$ 388,591**
Balance December 31st, 2016	**19,181,665**	**$ 19,182**	**$ 14,028,442**	**$ 7,072,355**	**$ (21,860,651)**	**$ (740,672)**
Net Loss					$ (181,982)	**$ (181,982)**
Balance March 31st, 2017	**19,181,665**	**$ 19,182**	**$ 14,028,442**	**$ 7,072,355**	**$ (22,042,633)**	**$ (922,654)**
Net Loss					$ (194,518)	**$ (194,518)**
Balance June 30th, 2017	**19,181,665**	**$ 19,182**	**$ 14,028,442**	**$ 7,072,355**	**$ (22,237,151)**	**$ (1,117,172)**
Adjustment interest on CLN				$ 5,766		**$ 5,766**
Adjustment Directors accrued pay - *Note 9*				$ (116,120)		**$ (116,120)**
Net Loss					$ (313,817)	**$ (313,817)**
Balance September 30th, 2017	**19,181,665**	**$ 19,182**	**$ 14,028,442**	**$ 6,962,000**	**$ (22,550,968)**	**$ (1,541,343)**
Share Issue - *Note 7a*	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)	**$ (399,611)**
Balance December 31st, 2017	**104,777,046**	**$ 104,777**	**$ 20,927,616**	**$ 0**	**$ (22,950,579)**	**$ (1,918,185)**
Warrants exercised (shares not yet issued)				$ 569,000		**$ 569,000**
Net Loss					$ (333,203)	**$ (333,203)**
Balance March 31st, 2018	**104,777,046**	**$ 104,777**	**$ 20,927,616**	**$ 569,000**	**$ (23,283,782)**	**$ (1,682,388)**
Share Issue (exercise of warrants)	18,682,244	$ 4,740	$ 1,491,243	$ (545,250)		$ 950,733
Net Loss					**$ (405,234)**	**$ (405,234)**
Balance June 30th 2018	**123,459,290**	**$ 109,517**	**$ 22,418,859**	**$ 23,750**	**$ (23,689,016)**	**$ (1,136,889)**
Correction to September 30th 2018		$ 13,942	$ (13,942)			**$ -**
Share Issue (exercise of warrants)	6,886,668	$ 6,887	$ 409,235	$ 144,250		**$ 560,372**
Share Issue (Conversion of Loan Note) - *Note 8b*	5,762,441	$ 5,762	$ 227,238			**$ 233,000**
Net Loss					$ (466,755)	**$ (466,755)**
Balance September 30th 2018	**136,108,399**	**$ 136,108**	**$ 23,041,390**	**$ 168,000**	**$ (24,155,771)**	**$ (810,272)**
Share Issue (exercise of warrants) - *Note 8d (v)*	10,446,352	$ 10,446	$ 480,518	$ (134,250)		**$ 356,714**
Share Issue (Conversion of Loan Note) - *Note 8b* and 8d (i)	44,700,060	$ 44,700	$ 2,190,288			**$ 2,234,988**
Net Loss					$ (827,967)	**$ (827,967)**
Balance December 31th 2018	**191,254,811**	**$ 191,254**	**$ 25,712,196**	**$ 33,750**	**$ (24,983,738)**	**$ 953,463**

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

Tonogold Resources, Inc.

Footnotes to Financial Statements

For the Twelve months Ended December 31, 2018 and 2017
(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, 2018 and 2017 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 Twelve 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 Nine 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, 2018 and 2017.

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 incurred a net loss of $0.8 million during the three months ended December 31, 2018. 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:

As at	Dec 31st 2018	Dec 31st 2017
Net Operating Losses carry Forward	$ (6,272,703)	$ (5,602,948)
Valuation allowance	$ (6,272,703)	$ (5,602,948)
Deffered tax Asset	$ -	$ -

The Company had available approximately $15.2 million at December 31, 2018 and $13.7 million at December 31, 2017 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, 2018 and December 31, 2017, 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.

During the December 2018 quarter, the Company decided to withdraw from the Durango option in Mexico in order to focus resources on Comstock, Nevada. As a result of the Companies withdrawal from the Durango Option, all costs previously capitalized were written off during the December quarter, representing a one-off charge to earnings of $357,297.

Note 6. Mineral Properties

Currently the Company holds mineral properties in Virginia City, Nevada (Comstock).

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 "*Comstock JV*" below).

On January 16th, 2018, the Company announced that it had secured an exclusive 6-month option over Nine gold/silver properties in Mexico (see "*Durango Gold/silver projects - Mexico*" below). Subsequent to the period end, the Company announced (January 2019) that it had extended its agreement with Comstock and had agreed to acquire 100% interest in the Lucerne project and securing 100% of Comstock Mining's other exploration claims along the main Comstock Lode. Further details are provided in Note 15 (Subsequent Events) below.

Comstock JV

In October 2017, Tonogold paid Comstock $200,000 for an initial 6-month option, which was permitted to be extended at Tonogold's election to enter Stage Two of the agreement by making a further payment of $2 million to Comstock prior to the expiry of the initial 6-month option period.

During the January 2018 quarter, Tonogold elected to enter into Stage Two and paid Comstock $2 million.

Up to December 31st 2018, Tonogold has incurred approximately $2 million of expenditures directly in advancing the project (e.g. due diligence program, property holding costs). In order for Tonogold to earn a 51% controlling interest it will be required to invest a further $18 million ($20 million in total) through to April 2021 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.

These terms have been superseded by the agreement entered into in January 2019 – see Note

Durango Gold/Silver Projects - Mexico

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 on signing the agreement in January, which provided Tonogold with an initial 6-month option, extendable by 3 additional months at Tonogold's election. During the December quarter, Tonogold renegotiated the terms such that the initial option period was extended through to the end of December 2018. Tonogold elected not to exercise the Option nor extend it and has therefore withdrawn from this option arrangement

Note 7. Share Capital

a. During 2017, **85,595,381** new shares were issued is respect of:

Convertible Loan Notes (series 1) were converted into shares (i)	24,239,994
Directors past salary (ii)	6,800,000
Acquisition of Mil-ler (iii)	54,100,000
Convertible Loan Notes (series 2) were converted into shares (iv)	455,387
TOTAL	**85,595,381**

i. During 2017 the Company negotiated the conversion of Convertible Loan Notes - series 1 ("CLN1") into 24,239,994 ordinary shares (see Note 8 below).

ii. During 2017 the Company agreed to issue 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).

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

iv. During the December 2017 quarter, $20,000 of CLN2 (principle) plus accrued interest of $2,769 were converted into 455,387 ordinary shares.

b. During the June 2018 quarter, 18,682,244 new shares were issued as a result of warrants granted pursuant to CLN2 (see Note 8 below) being exercised. This resulted in a cash injection of $1,485,984.

c. During the September 2018 quarter, 12,649,109 new shares were issued as a result of:

  i. 6,886,668 new shares issued as a result of the exercise of warrants granted pursuant to CLN2

  ii. 5,762,441 new shares were issued as a result of the conversion of part of the Convertible Loan Note (see Note 8b below).

d. During the December quarter, 55,146,412 new shares were issued as a result of:

  i. **10,446,352** new shares issued as a result of the exercise of warrants granted pursuant to CLN2 – see Note 8b and 8d

  ii. **44,700,060** new shares were issued in December 2018 in respect of the conversion (at 5 cents per share) of $1,959,766 of principle plus accrued interest of $275,221 in respect of CLN2 – See Note 8

Note 8. Convertible Loan Notes

Summary Balance outstanding (December 2018)

Principle	At Sept 30th	New issue	Converted	At Dec 31st
CLN1	$ -			$ -
CLN2	$ 1,959,766		$ (1,959,766)	$ -
CLN3	$ 833,750	$ 737,500		$ 1,571,250
TOTAL	**$ 2,793,516**	**$ 737,500**	**$ (1,959,766)**	**$ 1,571,250**

Accrued Interest	At Sept 30th	Charge	Converted	At Dec 31st
CLN1	$ -			$ -
CLN2	$ 230,765	$ 44,447	$ (275,212)	$ -
CLN3	$ 38,167	$ 39,774		$ 77,941
TOTAL	**$ 268,932**	**$ 84,221**	**$ (275,212)**	**$ 77,941**

a. CLN1

The Company issued a series of loan notes ("**CLN1**"), which were convertible into common shares with a principle balance of $950,000 at June 30, 2015. During 2017, the Company secured the agreement of the holders of CLN1 to convert the principle balance plus accrued interest to August 31st, 2017 ($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 (see Note 7 above). This agreement paved the way for a second series of loan notes (CLN2) to be issued to help fund the option payments in respect of Lucerne and Durango, the due diligence programs in respect of those projects and to fund general working capital requirements.

b. CLN2

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. Since the launch through to December 2018, an aggregate of $2.2 million was raised from CLN2. During the December 2017 quarter, $20,000 of principle and $2,769 of accrued interest were converted into Common shares at 5 cents per share (455,387 shares). The principle amount outstanding under CLN2 as at December 31st 2018 was $1,959,766. These notes accrue interest at 12% per annum (which is capitalized) and are due to be repaid on November 30th, 2018, if not previously converted into ordinary shares. As at December 31st, 2018, accrued interest relating to CLN2 amounted to $231,000

In addition, free attaching Warrants were granted to investors of CLN2 as follows:

- Subscribers to CLN2 who invested in 2016 were granted 40-warrants for each $1 invested in CLN exercisable at 5 cents per share expiring July 31st, 2018 (10.1 million warrants were issued)
- Subscribers to CLN2 who invested after 2016 were granted 15-warrants for each $1 invested in CLN exercisable at 9 cents per share expiring July 31st, 2018 (29.4 million warrants were issued)

These funds raised through the issue of this Loan Note have provided the financial resources required to complete the initial phase of the Comstock Joint Venture and toward the requirements for this year (see Mineral Properties Note 6 above).

During the September 2018 quarter, $288,122 ($233,000 (principle) plus $55,122 (accrued interest)) was converted by the holders into Shares at 5 cents per share with **5,762,441** new shares issued.

During the December 2018 quarter, a further $1,959,766 of principle plus accrued interest of $275,221 was converted into Shares at 5 cents per share with **44,700,060** new shares being issued during December 2018

c. CLN3

Tonogold launched a new Convertible Loan Note (CLN3) during the December quarter. A summary of the key terms are as follows:

- Interest 12% pa compounded monthly and capitalized
- Maturity – December 31st, 2019
- Convertible into fully paid shares in Tonogold at the holder's option at any time prior to maturity at 10 cents per share
- The granting of 10 free warrants for each $1 invested in the Note, exercisable at 20 cents per share prior to their expiry (December 31st, 2019)

During the December 2018 quarter, $737,500 had been received from investors in respect of CLN3. At December 31st, 2018 a total of $1,571,250 had been raised. Accrued interest totaled $77,941.

d. Summary

i. During the December 2018 quarter,

- $1,959,766 of principle plus accrued interest of $275,221 in respect of CLN2 were converted into Shares at 5 cents per share with **44,700,060** new shares being issued in December 2018.
- $737,500 was raised through the issue of CLN3.
- $356,714 was raised through the exercise of 6.3 million warrants

ii. Details of the principle amount of Convertible Loan Notes outstanding at December 31st' 2018 for all Loan Notes of $1,571,250 is provided in the table below.

Convertible Loan Notes - Principle	CLN2 Pre Jan 1st 2017	CLN2 Post Jan 1st 2017	CLN2 TOTAL	CLN3	TOTAL
Investment received ($)	$ 253,000	$ 1,959,766	$ 2,212,766	$ 833,750	**$ 3,046,516**
Converted into shares (October 2017)	$ (253,000)	$ -	$ (253,000)		**$ (253,000)**
Balance September 30th 2018	**$ -**	**$ 1,959,766**	**$ 1,959,766**	**$ 833,750**	**$ 2,793,516**
Funds received December 2018 qtr			**$ -**	$ 737,500	**$ 737,500**
Converted into Shares (December 2018)		**$ (1,959,766)**	**$ (1,959,766)**		**$ (1,959,766)**
Balance December 31st 2018	**$ -**	**$ -**	**$ -**	**$ 1,571,250**	**$ 1,571,250**

iii. Details of the accrued interest of $77,941 as at December 31st, 2018 and the charge for the quarter are provided below.

Convertible Loan Notes - Accrued Interest	CLN2 Pre Jan 1st 2017	CLN2 Post Jan 1st 2017	CLN2 TOTAL	CLN3	TOTAL
Balance at September 30th 2018	$ -	$ 230,774	$ 230,774	$ 38,167	$ 268,941
Charge for the December quarter	-	44,447	44,447	$ 39,774	**$ 84,221**
Converted into Shares (December 2018)	-	(275,221)	(275,221)		$ (275,221)
Exercse price	$ -	$ -	$ -	$ 77,941	**$ 77,941**

iv. Details of the 24,636,945 warrants outstanding issued in respect of the Convertible Loan Notes, are provided in the table below:

Convertible Loan Notes - Warrants	CLN2 Pre Jan 1st 2017	CLN2 Post Jan 1st 2017	CLN2 TOTAL	CLN3	TOTAL
On issue at September 30th 2018	1,914,285	13,058,174	14,972,459	9,087,500	24,059,959
Exercised during the December 2028 quarter	(1,914,285)	(4,391,667)	(6,305,952)	-	(6,305,952)
Expired during the December quarter		(492,062)	(492,062)	-	(492,062)
Issued during the quarter	-	-	-	7,375,000	7,375,000
Warrants remaining at December 31st 2018	**-**	**8,174,445**	**8,174,445**	**16,462,500**	**24,636,945**

v. The number of shares issued as a result of warrants being exercised was 10,4464,352 and included 4.1 million bonus shares offered as an incentive for early exercise (as summarized in the table below).

Shares issued from warrants	6,305,952
Bonis shares issued (early exercise incentive)	4,140,400
Shares actually issued	**10,446,352**

Further details of the Warrants are provided under Note 14 below.

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 CLN1 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

As at December 31st 2018 the Company had issued 9.0 million warrants for services, of which The details of warrants issued to executives and directors are as follows:

Name	Position	Number	Exercise Price	Expiry
Mark Ashley	CEO	2,500,000	$ 0.15	July 30th, 2023
Travis Miller	COO	2,000,000	$ 0.15	July 30th, 2023
Jordan Moelis	Non-executive Director	1,000,000	$ 0.15	July 30th, 2023
Gustavo Mazon	Non-executive Director	1,000,000	$ 0.15	July 30th, 2023
Brian Zumudio	Non-executive Director	1,000,000	$ 0.15	July 30th, 2023
Fernando Berdegue	Strategic advisor	1,000,000	$ 0.15	July 30th, 2023
Jeffery J Janda	previous director	500,000	$ 1.00	May 31st, 2019
TOTAL		**9,000,000**		

Note 11. Employment agreement

In June 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 (reviewable annually) plus the issue of 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 13). Mr. Miller will be based in Hermosillo, Mexico and shall receive an annual remuneration of $180,000 (reviewable annually) plus the issue of 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 June 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 54,100,000 Tonogold shares.

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 26, 2014. The 54.1 million shares required to be issued pursuant to this transaction, were issued in October 2017.

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

a. A total of breakdown of the 33.6 million Warrants outstanding as at December 31, 2018 are provided in the table below:

Detail	Reference	Number	Average Exercise Price	Expiry
Issued re CLN2	See Note 8	900,000	$ 0.09	Apr-19
Issued re CLN2	See Note 8	3,750,000	$ 0.09	May-19
Executives/Directors	See Note 10	500,000	$ 1.00	May-19
Issued re CLN2	See Note 8	645,000	$ 0.09	Jun-19
Issued re CLN2	See Note 8	2,879,445	$ 0.09	Jul-19
Issued re CLN3	See Note 8	16,462,500	$ 0.20	Dec-19
Executives/Directors	See Note 10	8,500,000	$ 0.15	Jul-23
TOTAL/average		**33,636,945**	**$ 0.17**	

b. A reconciliation of the number of warrants from September 30th, 2018 to December 31st, 2018 is provided below:

Outstanding at september 30, 2018	33,059,959
Exercised	(6,305,952)
Expired	(492,062)
Issued re CLN3	7,375,000
Outstanding at December 31st, 2018	**33,636,945**

c. $490,964 was received in respect of the 6,305,952 shares issued during the December 2018 quarter from the exercise of warrants of which $**322,964** was received during the December quarter and **$168,000** at the end the previous quarter – being too late in that quarter for the shares to have been issued.

d. A further $**33,750** (*bringing total funds received during the quarter to **$356,714***) had been received at the end of the December quarter in respect of the exercise of 375,000 warrants but too late for the shares to have been issued. These shares were issued subsequent to the year end.

e. A reconciliation of the Share Subscription account, which reflects funds received in respect of share issues, but for which the shares have yet to be issued.

	Amount	Shares
Balance (previous quarter)	$ 168,000	2,800,000
Funds received (current quarter)	$ 356,714	3,880,952
Shares Issued	$ (490,964)	(6,305,952)
Shares to be issued (following quarter)	**$ 33,750**	**$ 375,000**

Note 15. Subsequent Events

The Company has evaluated subsequent events from December 31st, 2018 through the date the financial statements were available to be issued and it has been determined that other that the New Agreement entered into with Comstock Mining Inc (detailed below), there have been no subsequent events for which disclosure is required.

New Agreement with Comstock Mining Inc

On January 28th 2019, Tonogold announced that it had entered into a comprehensive and binding agreement ("New Agreement") with Comstock Mining Inc ("Comstock") which, on completion will provide Tonogold with, amongst other matters, 100% of the Lucerne project (including the Lucerne gold/silver deposit) in Storey County, Nevada.

This New Agreement leverages off the agreement entered into during October 2017, under which Tonogold had the right to earn a 51% interest in the Lucerne gold project by investing $20 million into the project over 42-months beginning October 2017. The October 2017, agreement will be superseded by the New Agreement once completion has occurred.

Tonogold also announced that it would be seeking a listing on the Toronto Venture Exchange (TSXV) by way of an IPO to coincide with a capital raising in order to provide the funding to complete this acquisition and to fund the advancement of the project over the next 12-months.

Under the New Agreement, Tonogold has agreed to pay Comstock $15 million, of which a non-refundable deposit of $1 million was paid on January 23rd 2019 (on signing the New Agreement), and a further $1 million was paid on March 15th with the remaining $13 million payable, at Tonogold's election, by either:

1. $8 million cash on Completion plus $5 million cash 12-months from Completion, or
2. $9.5 million cash plus $1.75 million in Tonogold shares (at the IPO price) at Completion plus $1.75 million in cash or, at Tonogold's election, Tonogold shares 12-months from Completion at the weighted average share price at that time.

Under alternative 1 above, Comstock will be granted security in respect of the $5 million deferred payment. Under alternative 2, Comstock will not have any security interest, thus providing Tonogold the flexibility to arrange a third-party debt facility to support the TSXV equity raising.

Completion of the transaction will occur once Tonogold has formally secured the funding required. Under the New Agreement, Completion is scheduled for March 31st 2019, although Tonogold has the right to extend this date to April 30th 2019 by paying Comstock a further $1 million deposit and again to May 31st 2019 for another $1 million. In both cases the additional deposits shall be applied in full to the cash payment due on Completion.

In addition, Comstock will be granted a Net Smelter Return Royalty of 1.5% over future production from Lucerne.

EXPANDED LAND POSITION

Under the October 2017 agreement, Tonogold's right to acquire 51% of the Lucerne project comprised some 1,200 acres of mining claims within Storey County. The New Agreement provides Tonogold 100% control over the 1,200 acres being the Lucerne project plus 100% exploration, development and mining rights (via a lease arrangement) over Comstock's remaining mining claims in Storey County (totaling just over 2,800 acres) ("**Tonogold's Expanded Land Position**"), which cover major areas of the highly significant past Comstock Lode producers to the north of Lucerne, including the Belcher deposit which operated between 1863 and 1916 (1.9 million ounce AuE producer), Crown Point (1.8 million AuE ounces), Consolidated Imperial (1.1 million AuE ounces).

The provisions in respect of Tonogold's Expanded Land Position of the New Agreement enables Tonogold to initiate and roll-out a significant new leg to its regional strategy, which will be the focus of a systematic and aggressive exploration program commencing as soon as possible. The results of this program are expected to substantially change (improve) the already significant value accretive nature of our acquiring 100% of Lucerne.

Comstock will be granted a Net Smelter Return royalty of 3% from production from the Tonogold Expanded Land Position Area, reducing to 1.5% after the first year of production.

ACCESS TO AND USE OF THE PROCESS FACILITIES

Under the October 2017 agreement, Tonogold had an option to acquire a 51% interest in the process facility, plant, infrastructure and 983 acres of mining claims to the west of Lucerne (known as the American Flats properties) by paying Comstock $25 million. An alternative arrangement was negotiated and agreed between Comstock and Tonogold and announced to the market in April 2018, which provided Tonogold the right to use the American Flats property for a fee of $1 per ton of material treated plus $1 million per annum.

Under the New Agreement, Comstock shall retain ownership of the American Flats Property but provides Tonogold an option for exclusive operating rights via a 20-year lease to use, operate and manage the American Flats properties, with Tonogold paying Comstock $1 per ton of material treated (variable rate) plus $1 million per annum (fixed rate) commencing once a production decision is made, but with the following adjustments:

i. The variable rate shall reduce to $0.50 per ton once the cumulative payments (both fixed and variable) made to Comstock under this arrangement have reached $15 million

ii. The variable rate shall reduce to $0.25 per ton once the cumulative payments (both fixed and variable) made to Comstock under this arrangement have reached $25 million (but with a minimum payment of $100,000 per quarter)

iii. The fixed rate of $1 million pa shall be terminated once the cumulative payments (both fixed and variable) made to Comstock under this arrangement have reached $25 million

<u>HOLDING COSTS</u>

i. Tonogold shall be responsible for meeting (or continuing to meet) the carrying costs (lease costs, permits, insurance, annual claim fees, property tax, etc.) associated with the areas covered by the New Agreement, including:

   a. The Lucerne Project - $1 million pa

   b. The American Flats Property $1 million pa, and

   c. The Expanded Storey County Claims - $0.1 million pa (new commitment)

ii. The total holding costs to be met by Tonogold pursuant to the New Agreement is estimated at $2.1 million per year, of which over $1 million per year having been Tonogold’s responsibility since the October 2017 agreement.

PART 2

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operations

The Company maintains leases on gold mining properties. The Company is currently focused on the Joint Venture arrangement with Comstock.

During the quarter, MDA advanced their verification and validation work in respect of their newly constructed resource model for Lucerne. It is expected that this will be completed, and a formal 43-101 Resource Report issued during the March 2019 quarter.

Revenues

The Company has no revenues for the Twelve months ended December 31, 2018 and 2017.

Mineral Property Costs

There were no Mineral property costs during the quarter.

General and Administrative Expenses

	Three months ending Dec 31st		Twelve months ending Dec 31st	
	2018	2017	2018	2017
Wages and salaries Office	$ 285,120	$ 268,022	$ 1,051,821	$ 754,402
Insurance	$ 11,719	$ 7,182	$ 49,224	$ 41,620
Rent	$ -	$ 4,895	$ 1,575	$ 4,895
Office costs	$ 3,706	$ (2,877)	$ 12,577	$ 1,832
Investor relations	$ 15,563	$ 13,711	$ 73,063	$ 34,413
OTC Markets, Inc. filings	$ 450	$ 11,450	$ 15,162	$ 19,283
Travel	$ 46,771	$ 3,269	$ 104,306	$ 23,058
Telephone	$ 1,280	$ 706	$ 4,405	$ 2,975
Legal fees	$ 3,172	$ 12,192	$ 24,829	$ 74,103
Accounting fees	$ -	$ (1,100)	$ -	$ 462
Other expense	$ 18,666	$ 21,173	$ 33,581	$ 26,322
TOTAL	**$ 386,449**	**$ 338,622**	**$ 1,370,543**	**$ 983,364**

Total expenses for 2018 were higher than the corresponding periods of 2017, reflecting higher corporate and operational activity. Increased travel costs reflect significant travel both in terms of the run up to securing the New Agreement with Comstock Mining as well as site visits.

Interest Expense

Interest expense $184,000 for the three months ended December 31, 2018 compares to $61,000 for the corresponding period for 2017. The increase is the result of an increase in the Convertible Loan Notes issued during this period.

Exploration Costs Written Off

A one-time charge of $357,000 was incurred during the December quarter resulting from the Companies decision to withdraw from the Option over the Durango gold/silver project in Mexico in order to focus on our expanding holdings at Comstock, Nevada.

Provision for Income Tax

We incurred taxable losses; consequently, no liability to taxation was incurred during the Twelve months ended December 31, 2018 and 2017.

Working Capital

As of December 31st, 2018 the Company had cash of $295,000. The Company had a **positive** working capital position of $1.3 million at December 31st, 2018 compared to **negative** $1.9 million at December 31st, 2017. The Company incurred a net loss from continuing operations of $0.5 million for the three months and $1.7 million for the year ended December 31st, 2018 compared to a net loss of $0.4 million for the three months and $1.1 million for the year ended December 31st, 2017.

At December 31st, 2018 the Company had a total principle balance of $1.6 million outstanding in respect of the convertible loan notes compared to $2.0 million at December 31st, 2017.

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 Three and Twelve months ended December 31, 2018 and 2017.

	Three months ending Dec 31st		**Twelve months ending Dec 31st**	
	2018	**2017**	**2018**	**2017**
Net Cash provided by/ (used in):				
Operations	$ (200,912)	$ (443,669)	$ (875,974)	$ (685,306)
Investing	$ (891,143)	$ (145,827)	$ (3,818,925)	$ (404,788)
Financing	$ 1,094,214	$ 1,347,000	$ 4,165,714	$ 1,762,000
Increase/(decrease) in cash	**$ 2,159**	**$ 757,504**	**$ (529,184)**	**$ 671,906**