TONOGOLD RESOURCES, INC.

Updated (November 14, 2018)

FINANCIAL STATEMENTS

For the Nine months ended September 30th 2018 and 2017

CONTENTS

Tonogold Resources Inc
Condensed Balance Sheet
Unaudited

	30-Sep-2018	31-Dec-2017
ASSETS		
Cash	$ 292,634	$ 823,979
Prepaid expenses	$ 184	$ -
Total Current Assets	**$ 292,818**	**$ 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	$ 2,991,662	$ 404,788
Investment in Durango Project	$ 340,908	$ -
Total Assets	**$ 3,630,389**	**$ 1,236,546**
LIABILITIES AND STOCKHOLDERS' (DEFICIT) Current Liabilities		
Accounts payable	$ 7,650	$ 5,450
Share subscription account	$ 168,000	$ -
Accruals other	$ 1,144,370	$ 834,500
Accrued payroll		$ -
Accrued interest (Loan Notes)	$ 268,942	$ 102,965
Loans from Directors	$ 46	$ -
Accrued payroll taxes	$ 226,138	$ 231,815
Convertible loans payable	$ 2,793,516	$ 1,980,000
Total Current Liabilities	**$ 4,608,662**	**$ 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, 136,108,399 shares issued and outstanding at September 30th, 2018 and 104,777,046 at Dec 31, 2017	$ 136,108	$ 104,777
Additional paid-in capital	$ 23,041,390	$ 20,927,616
Subscribed common stock (Nil at Sept 30, 2018 and Dec 31, 2017)	$ -	$ -
Deficit accumulated	$ (24,155,771)	$ (22,950,577)
Total Stockholders' Deficit	**$ (978,273)**	**$ (1,918,184)**
Total Liabilities and Stockholder's (Deficit)	**$ 3,630,389**	**$ 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		9 months ending	
	Sept 30th 2018	Sept 30th 2017	Sept 30th 2018	Sept 30th 2017
Net Revenues	$ -	$ -	$ -	$ -
Cost of Revenue	$ -	$ -	$ -	$ -
Gross Profit/(Loss)	**$ -**	**$ -**	**$ -**	**$ -**
Operating Expenses				
Mineral Property Costs	$ -	$ -	$ -	$ -
General and Administration	$ 362,585	$ 281,089	$ 984,095	$ 644,741
Total Operating Expenses	**$ 362,585**	**$ 281,089**	**$ 984,095**	**$ 644,741**
Profit/(loss from Operations	**$ (362,585)**	**$ (281,089)**	**$ (984,095)**	**$ (644,741)**
Interest expense	$ 104,171	$ 32,728	$ 221,099	$ 45,576
Profit/(Loss) before Provision for income taxes	**$ (466,756)**	**$ (313,817)**	**$ (1,205,193)**	**$ (690,317)**
Provision for Income Taxes	$ -	$ -	$ -	$ -
NET GAIN/(LOSS)	**$ (466,756)**	**$ (313,817)**	**$ (1,205,193)**	**$ (690,317)**
Net loss per share - on issue	$ (0.00)	$ (0.02)	$ (0.01)	$ (0.04)
Net loss per share - fully diluted	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.01)
Weighted number of shares on issue	129,783,845	19,181,665	117,280,445	19,181,665
Weighted number of shares fully diluted	130,158,845	105,976,986	119,292,945	105,976,986

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Tonogold Resources Inc

Statement of Cash flows

(Unaudited)

	3 months ended		9 months ended	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
Cash Flows from Operating Activities				
Net gain or (loss)	$ (466,756)	$ (313,817)	$ (1,205,193)	$ (690,317)
Adjustment to reconcile net loss to net cash provided by operations:				
Depreciation	$ 2,778	$ -	$ 2,778	$ -
Provisions Changes in operating working capital:				
Increase (decrease) in accounts payable	$ 300	$ 450	$ 2,200	$ 1,350
Increase (decrease) in share subscription	$ 144,250	$ (110,355)	$ 168,000	$ (60,355)
Increase (decrease) in accrued expenses	$ 184,971	$ 198,500	$ 309,870	$ 415,000
Increase (decrease) in loans from directors	$ (177)	$ (4,052)	$ 46	$ (24,125)
Increase (decrease) payroll taxes	$ 249	$ 60,000	$ (5,677)	$ 77,000
Increase (decrease) accrued liabilities	$ -	$ -	$ -	$ -
(Increase) decrease in pre-paid expenses	$ (184)	$ -	$ (184)	$ -
Net change in operating working captital	**$ 329,409**	**$ 144,543**	**$ 474,255**	**$ 408,870**
Net Cash Provided/(Used) in Operations Cash Flows From Investing Activities	**$ (134,569)**	**$ (169,274)**	**$ (728,160)**	**$ (281,447)**
Investment in Comstock JV	$ 199,177	$ 243,962	$ 2,586,875	$ 258,963
Investment in Durango project	$ 97,458	$ -	$ 340,908	$ -
Net Cash Provided by (Used in) Investments Activities	**$ 296,635**	**$ 243,962**	**$ 2,927,783**	**$ 258,963**
Cash Flows from Financing Activities				
Share Issue	$ 416,122	$ -	$ 1,912,106	$ -
Convertible loans	$ 150,000	$ 100,000	$ 1,046,516	$ 415,000
Interest payable on convertible loans	$ 49,049	$ 26,963	$ 165,977	$ 39,811
Net Cash Provided by Financing Activities	**$ 615,171**	**$ 126,963**	**$ 3,124,599**	**$ 454,811**
Net (Decrease) Increase in Cash	$ 183,966	$ (286,273)	$ (531,345)	$ (85,599)
Cash - Beginning of Period	$ 108,668	$ 352,747	$ 823,979	$ 152,072
Cash - Ending of Period	**$ 292,634**	**$ 66,474**	**$ 292,634**	**$ 66,473**

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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				$ (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	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)				$ -		$ -
Net Loss					$ (333,203)	$ (333,203)
Balance March 31st, 2018	**104,777,046**	**$ 104,777**	**$ 20,927,616**	**$ 0**	**$ (23,283,782)**	**$ (2,251,388)**
Share Issue (exercise of warrants)	18,682,244	$ 4,740	$ 1,491,243	$ -		$ 1,495,983
Net Loss					**$ (405,234)**	**$ (405,234)**
Balance June 30th 2018	**123,459,290**	**$ 109,517**	**$ 22,418,859**	**$ 0**	**$ (23,689,016)**	**$ (1,160,640)**
Correction to September 30th 2018		$ 13,942	$ (13,942)			$ -
Share Issue (exercise of warrants)	6,886,668	$ 6,887	$ 409,235			$ 416,122
Share Issue (Conversion of Loan Note)	5,762,441	$ 5,762	$ 227,238			$ 233,000
Net Loss					$ (466,755)	$ (466,755)
Balance Sept 30th 2018	**136,108,399**	**$ 136,108**	**$ 23,041,390**	**$ 0**	**$ (24,155,771)**	**$ (978,272)**

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

Tonogold Resources, Inc.

Footnotes to Financial Statements

For the Nine months Ended September 30, 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 Nine months ended September 30, 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 Nine 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 Nine months ended September 30, 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 $467,000 during the three months ended September 30, 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	Sept 30th 2018	Dec 31st 2017
Net Operating Losses carry Forward	$ (5,933,236)	$ (5,439,107)
Valuation allowance	$ (5,933,236)	$ (5,439,107)
Deffered tax Asset	$ -	$ -

The Company had available approximately $14,471,309 at September 30, 2018 and $13,266,116 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 September 30, 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.

Note 6. Mineral Properties

Currently the Company holds mineral properties in Mexico through its subsidiary, Mil-ler (see Note 13 below), in Virginia City, Nevada (Comstock) and in Durango, Mexico 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 "*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)

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 June quarter, Tonogold elected to enter into Stage Two and paid Comstock $2 million.

Up to September 30th 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.

The Agreement provides for a Joint Venture Steering Committee which was established in October 2017 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 to acquire a 51% interest in 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**") 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. Alternatively, Tonogold can elect to rent the heap leach facility and infrastructure on the basis of $1 per tonne treated plus $1 million per year of operation.

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

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, which can be extended by 3 additional months at Tonogold's election. Subsequent to the end of the quarter, Tonogold renegotiated the terms such that the initial option period was extended through to the December quarter 2018. At that time, Tonogold can elect to make a further option payment of $1 million to extend the option period through to December 20th, 2018. Both option payments form part of the $7.3 million purchase price in the event the option is exercised.

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 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).

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

iii. 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).

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 (see Note 8 below).

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

Note 8. Convertible Loan Notes

Summary Balance outstanding (September 2018)

SUMMARY	Principle	Accrued Interest
CLN1	$ -	$ -
CLN2	$ 1,959,766	$ 230,775
CLN3	$ 833,750	$ 38,167
TOTAL	**$ 2,793,516**	**$ 268,942**

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.

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 September 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 September 30th 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 September 30th, 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 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.

CLN3

Tonogold launched a new Convertible Loan Note (CLN3) during the September 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 15 cents per share
- The granting of 15 free warrants for each $1 invested in the Note exercisable at 20 cents per share prior to their expiry (December 31st 2019)

At September 30th, 2018 $833,750 had been received from investors in respect of CLN3 and accrued interest of $38,167.

Details of the principle amount outstanding at September 30th 2018 for all Loan Notes of $2,793,516 is provided in the table below.

Convertible Loan Notes - Principle	CLN2			CLN3	TOTAL
	Pre Jan 1st, 2017	Post Jan 1st, 2017	Total CLN2		
Investment funds received to September 2017	$ 253,000	$ 1,959,766	**$ 2,212,766**	$ -	$ 2,212,766
Converted (October 2017)	$ (20,000)		**$ (20,000)**	$ -	$ (20,000)
Balance June 30th 2018	**$ 233,000**	**$ 1,959,766**	**$ 2,192,766**	**$ 683,750**	**$ 2,876,516**
Investment received (September 2018)			**$ -**	$ 150,000	$ 150,000
Converted into Shares (September 2018)	$ (233,000)		**$ (233,000)**		$ (233,000)
Balance September 30th 2018	**$ -**	**$ 1,959,766**	**$ 1,959,766**	**$ 833,750**	**$ 2,793,516**

Details of the accrued interest of $268,942 as at September 30th, 2018 are provided below.

Convertible Loan Notes - Accrued Interest	CLN2			CLN3	TOTAL
	Pre Jan 1st, 2017	Post Jan 1st, 2017	Total CLN2		
Balance at June 30th 2018	$ 54,945	$ 164,948	**$ 219,893**	$ -	$ 219,893
Charge for the September quarter	$ 177	$ 65,826	**$ 66,004**	$ 38,167	$ 104,171
Converted into Shares (September 2018)	$ (55,122)		**$ (55,122)**		$ (55,122)
Balance September 30th 2018	**$ 0**	**$ 230,774**	**$ 230,775**	**$ 38,167**	**$ 268,942**

Details of the 24,059,960 warrants outstanding issued in respect of the Convertible Loan Notes, are provided in the table below:

Warrants (issued in respect of Convertible Loan Notes)	CLN2			CLN3	TOTAL
	Pre Jan 1st, 2017	Post Jan 1st, 2017	Total CLN2		
Issued at December 31, 2017	10,120,000	29,396,490	39,516,490		39,516,490
Exercised (pre June 30, 2018)	(3,028,060)	(16,029,185)	(19,057,244)		(19,057,244)
Bonus warrants for early exercise	42,345	801,980	844,325		844,325
On issue at June 30th 2018	**7,134,285**	**14,169,285**	**21,303,571**	**-**	**21,303,571**
Exercised	(5,220,000)	(1,666,668)	(6,886,668)		(6,886,668)
Bonus warrants for early exercise	-	555,557	555,557		555,557
Issued		-	-	9,087,500	9,087,500
On issue at September 30th 2018	**1,914,285**	**13,058,174**	**14,972,460**	**9,087,500**	**24,059,960**

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

Up to September 2018 the Company issued 5.8 million warrants for services, of which 1.3 million expired unexercised during the September 2018 quarter. 4.0 million of the remaining 4.5 million were cancelled at the agreement of the Company and the executives. The Company granted 8.5 million new warrants during the quarter to directors and executives.

The number of warrants as at September 2018, to executives and directors is 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 breakdown of the 33.1 million Warrants outstanding as at September 30, 2018 are provided in the table below:

Detail	Reference	Number	Average Exercise Price	Expiry
Issued re CLN2	See Note 8	2,889,285	$ 0.06	Oct-18
Issued re CLN2	See Note 8	1,500,000	$ 0.09	Dec-18
Issued re CLN2	See Note 8	3,300,000	$ 0.09	Apr-19
Issued re CLN2	See Note 8	4,500,000	$ 0.09	May-19
Executives/Directors	See Note 10	500,000	$ 1.00	May-19
Issued re CLN2	See Note 8	1,190,098	$ 0.09	Jun-19
Issued re CLN2	See Note 8	1,593,076	$ 0.09	Jul-19
Issued re CLN3	See Note 8	9,087,500	$ 0.20	Dec-19
Executives/Directors	See Note 10	8,500,000	$ 0.15	Jul-23
TOTAL/average		**33,059,959**	**$ 0.15**	

A reconciliation of the number of warrants from June 30th, 2018 to September 30th, 2018 is provided below:

Outstanding at June 30, 2018	25,803,571
Exercised Loan Note	(6,886,668)
Bonus shares for early exercise	555,557
Issued re CLN3	9,087,500
Executives/Directors	4,500,000
Outstanding at Sept 30, 2018	**33,059,960**

Note 15. Subsequent Events

The Company has evaluated subsequent events from September 30, 2018 through the date the financial statements were available to be issued and it has been determined that there have been no subsequent events for which disclosure is required.

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 and the recently announced option over three gold and silver properties in Durango, Mexico.

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 December 2018 quarter. To date nothing has come to light that has affected Tonogold's previously stated comments about the likely reduction from Comstock's official Resource estimate.

With Behre Dolbear's history and general understanding of the Lucerne project, they were mandated during the September quarter to prepare a 43-101 Property of Merit Report on behalf of Tonogold for the Lucerne project. Completion of this is expected during the current quarter.

During the quarter, MDA were mandated to complete a Property of Merit Report on the Claudia project which forms part of the Durango project in Mexico. Steve Weiss, the Senior Associate Geologist with MDA, who previously held the role of Exploration Manager for Goldcorp Mexico and has an intimate knowledge of the region, completed a 2-day site visit during the September quarter. It is expected that the report will be finalized during the September quarter.

The 43-101 Property of Merit Reports for both Lucerne and Claudia will be released to the market as soon as they become available and shall also form part of the requirements for Tonogold seeking a TSXV listing, which we are targeting for later this year.

Annual Meeting of Shareholders

The company held it's Annual Meeting of Shareholders on September 24th 2018, at the Gold Hill Hotel in Virginia City, Nevada. All resolutions were passed.

Revenues

The Company has no revenues for the Nine months ended September 30, 2018 and 2017.

Mineral Property Costs

There were no Mineral property costs during the quarter.

General and Administrative Expenses

	Three months ending Sept 30th		None months ending Sept 30th	
	2018	2017	2018	2017
Wages and salaries Office	$ 289,300	$ 168,380	$ 766,700	$ 486,380
Insurance	$ 11,252	$ 13,726	$ 37,506	$ 34,438
Rent	$ -	$ (2,928)	$ 1,575	$ -
Ofice costs	$ 5,086	$ 4,242	$ 8,871	$ 4,709
Investor relations	$ 22,012	$ 20,454	$ 57,500	$ 20,703
OTC Markets, Inc. filings	$ 5,655	$ 4,933	$ 14,712	$ 7,833
Travel	$ 9,869	$ 10,324	$ 57,535	$ 19,789
Telephone	$ 1,101	$ 728	$ 3,125	$ 2,269
Legal fees	$ 8,057	$ 58,911	$ 21,657	$ 61,911
Accounting fees	$ -	$ 1,000	$ -	$ 1,562
Other expense	$ 10,254	$ 1,320	$ 14,914	$ 5,149
TOTAL	**$ 362,585**	**$ 281,089**	**$ 984,095**	**$ 644,741**

Total expenses for 2018 were higher than the corresponding periods of 2017, reflecting significantly higher corporate and operational activity.

Interest Expense

Interest expense $104,000 for the three months ended September 30, 2018 compared to $32,728 for the corresponding period for 2017. The increase is the result of an increase in the Convertible Loan Notes issued during this period.

Provision for Income Tax

We incurred taxable losses; consequently, no liability to taxation was incurred during the Nine months ended September 30, 2018 and 2017.

Working Capital

As of September 30th, 2018 the Company had cash of $293,000. The Company had a negative working capital position of $1.0 million at September 30th, 2018 compared to negative $1.9 million at December 31th, 2017. The Company incurred a net loss from continuing operations of $0.5 million for the three months ended September 30th, 2018 as compared to a net loss of $0.3 million for the three months ended September 30th, 2017.

At September 30th, 2018 the Company had a total principle balance of $2.8 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 Nine 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 Nine months.

Cash flows

The following table summarizes selected items from our "Statement of Cash Flows" for the Three and Nine months ended September 30, 2018 and 2017.

	Three months ending Sept 30th		**Six months ending Sept 30th**	
	2018	**2017**	**2018**	**2017**
Net Cash provided by/(used in):				
Operations	$ (278,819)	$ (58,919)	$ (896,160)	$ (221,092)
Investing	$ (296,635)	$ (243,962)	$ (2,927,783)	$ (258,963)
Financing	$ 759,421	$ 16,608	$ 3,292,599	$ 394,456
Increase/(decrease) in cash	**$ 183,966**	**$ (286,273)**	**$ (531,345)**	**$ (85,599)**