

TONOGOLD RESOURCES, INC.

FINANCIAL STATEMENTS (Unaudited)

For the Three months ended March 31st, 2021 and 2020

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Tonogold Resources Inc

Condensed Balance Sheet

Unaudited

As at	31-Mar-2021	31-Dec-2020
ASSETS		
Cash	\$ 1,400,457	\$ 3,208,763
Prepaid expenses	\$ 260,651	\$ 342,269
Total Current Assets	\$ 1,661,107	\$ 3,551,032
Fixed Assets		
Property, plant and equipment, net	\$ 46,251	\$ 16,139
Investment in Mil-ler Resources and Energy SA CV	\$ 1	\$ 1
Investment in Persistence Mining	\$ 5,000	\$ 5,000
Investment in Comstock	\$ 32,530,651	\$ 29,990,144
Total Assets	\$ 34,243,011	\$ 33,562,316
LIABILITIES AND STOCKHOLDERS' (DEFICIT) Current Liabilities		
Convertible Note (Comstock consideration) Note 6d(iv)	\$ 5,550,000	\$ 4,475,000
Accounts payable	\$ 301	\$ -
Share subscription account	\$ -	\$ 479,148
Accruals other	\$ 586,734	\$ 441,625
Accrued payroll - Directors	\$ 509,867	\$ 526,624
Accrued interest - Note 8f (ii)	\$ 1,942,520	\$ 1,550,995
Accrued payroll taxes	\$ 168,751	\$ 173,743
Convertible loans payable - Note 8f (i)	\$ 11,492,168	\$ 11,507,168
Total Current Liabilities	\$ 20,250,342	\$ 19,154,302
Stockholders' Deficit		
Redeemable Convertible Preference Share 1,000,000 authorized as at March 31st 2021 and December 31st 2020		
Series D preferred Shares 10,000 Authorised zero issued and outstanding at March 31st 2021 and at December 31st 2020	\$ -	\$ -
Common stock, \$0.001 par value: 699,000,000 shares authorized (at March 31st 2021 and December 31st 2020), 343,283,565 shares issued and outstanding at March 31st 2021 and 337,567,406 at December 31, 2020	\$ 343,284	\$ 337,568
Additional paid-in capital	\$ 46,472,036	\$ 45,759,314
Deficit accumulated	\$ (32,822,650)	\$ (31,688,868)
Total Stockholders' Deficit	\$ 13,992,669	\$ 14,408,014
Total Liabilities and Stockholder's (Deficit)	\$ 34,243,011	\$ 33,562,316

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

Tonogold Resources Inc

Statement of Operations

(Unaudited)

	Three months ending March 31st	
	2021	2020
Net Revenues	\$ -	\$ -
Cost of Revenue	\$ -	\$ -
Gross Profit/(Loss)	\$ -	\$ -
Operating Expenses		
Mineral Property Costs		
General and Administration	\$ 738,201	\$ 592,219
Total Operating Expenses	\$ 738,201	\$ 592,219
Loss from Operations	\$ (738,201)	\$ (592,219)
Interest expense - Note 8f (ii)	\$ 395,582	\$ 236,984
Loss before Provision for income taxes	\$ (1,133,783)	\$ (829,203)
Provision for Income Taxes		\$ -
NET GAIN/(LOSS)	\$ (1,133,783)	\$ (829,203)
Net loss per share - on issue	\$ (0.00)	\$ (0.00)
Net loss per share - fully diluted	\$ (0.00)	\$ (0.00)
Weighted number of shares on issue	340,425,486	262,001,210
Weighted number of shares fully diluted	342,821,224	262,001,210

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Tonogold Resources Inc
Statement of Cash flows
(Unaudited)

	3 months ended	
	31-Mar-21	31-Mar-20
<i>Cash Flows from Operating Activities</i>		
Net gain or (loss)	\$ (1,133,783)	\$ (829,203)
<i>Adjust to reconcile net loss to net cash provided by ops:</i>		
Depreciation	\$ -	\$ -
Interest on Convertible Loan Notes	\$ 395,582	\$ 236,984
Notes issued for services	\$ -	\$ 122,500
Shares Issued for services	\$ -	\$ -
<i>Provisions Changes in operating working capital:</i>		
Increase (decrease) in accounts payable	\$ 301	\$ (60,477)
Increase (decrease) in share subscription	\$ 0	\$ (49,206)
Increase (decrease) in accrued expenses	\$ 145,109	\$ (148,094)
Increase (decrease) in loans from directors	\$ -	\$ -
Increase (decrease) payroll taxes	\$ (4,991)	\$ (77,798)
Increase (decrease) accrued payroll liabilities	\$ (16,757)	\$ 62,752
(Increase) decrease in pre-paid expenses	\$ 81,618	\$ (1,257,201)
<i>Net change in operating working capital</i>	\$ 205,280	\$ (1,530,023)
<i>Net Cash Provided/(Used) in Operations Cash Flows From Investing Activities</i>		
	\$ (532,921)	\$ (1,999,742)
Investment in Comstock venture	\$ (1,245,274)	\$ (647,658)
Investment in property, plant and equipment	\$ (30,111)	\$ -
Investment in Durango project	\$ -	\$ -
<i>Net Cash Provided by (Used in) Investments Activities</i>	\$ (1,275,385)	\$ (647,658)
<i>Cash Flows from Financing Activities</i>		
Share Issue - Note 7	\$ -	\$ 330,000
Convertible loans - Note 8f(i)	\$ -	\$ 2,635,300
Cost of issues	\$ -	\$ (217,500)
Redemption of preference shares	\$ -	\$ -
Net Cash Provided by Financing Activities	\$ -	\$ 2,747,800
Net (Decrease) Increase in Cash	\$ (1,808,306)	\$ 100,400
Cash - Beginning of Period	\$ 3,208,763	\$ 292,094
Cash - Ending of Period	\$ 1,400,457	\$ 392,493

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

	COMMON SHARES		ADDITIONAL PAID-IN CAPITAL	SUBSCRIBED STOCK	Preferred Shares	INCOME / (DEFICIT)	SHAREHOLDERS
	Shares	Par Value (\$0.001)					ACCUMULATED (DEFICIT)/ SURPLUS
Balance January 1st 2019	191,254,812	\$ 191,254	\$25,712,196	\$ 33,750	\$ -	\$ (24,983,740)	\$ 953,461
Share Issue (exercise of warrants)	10,121,220	\$ 10,121.83	\$ 610,653	\$ (33,750)			\$ 587,024
Net Loss for the quarter		\$ -				\$ (478,746)	\$ (478,746)
Balance March 31st 2019	201,376,032	\$ 201,376	\$26,322,848	\$ -	\$ -	\$ (25,462,485)	\$ 1,061,739
Share Issue (exercise of warrants)	1,149,999	\$ 1,150	\$ 86,600	\$ -			\$ 87,750
Preferred Shares issued during the quarter					\$ 3,920,000		\$ 3,920,000
Net Loss for the quarter		\$ -				\$ (531,697)	\$ (531,697)
Balance June 30th 2019	202,526,031	\$ 202,526	\$26,409,448	\$ -	\$ 3,920,000	\$ (25,994,182)	\$ 4,537,792
Preferred Shares issued during the quarter					\$ 830,000		\$ 830,000
Net Loss for the quarter		\$ -				\$ (593,965)	\$ (593,965)
Balance September 30th 2019	202,526,031	\$ 202,526	\$26,409,448	\$ -	\$ 4,750,000	\$ (26,588,147)	\$ 4,773,827
Share Issue (exercise of warrants)	33,795,269	\$ 33,795	\$ 2,357,241	\$ -	\$ -	\$ -	\$ 2,391,036
Share Issue (conversion of Notes)	22,929,910	\$ 22,980	\$ 2,275,011	\$ -	\$ -	\$ -	\$ 2,297,991
Preferred Shares issued during the quarter	-	\$ -	\$ -	\$ -	\$ 1,350,000	\$ -	\$ 1,350,000
Net Loss for the quarter	-	\$ -	\$ -	\$ -	\$ -	\$ (737,220)	\$ (737,220)
Balance December 31st 2019	259,251,210	259,301	31,041,700	\$ -	6,100,000	(27,325,367)	10,075,634
Share Issue (exercise of warrants)	5,500,000	\$ 5,500	\$ 324,500				\$ 330,000
Cost of past raisings			\$ (217,500)				\$ (217,500)
Net Loss for the quarter						\$ (829,203)	\$ (829,203)
Balance March 31st 2020	264,751,210	\$ 264,801	\$31,148,700	\$ -	\$ 6,100,000	\$ (28,154,570)	\$ 9,358,931
Conversion of Preferred shares into Shares	6,111,111	\$ 6,111	\$ 1,093,889		\$ (1,100,000)		\$ -
Minor correction from past		\$ (50)	\$ 82,550				\$ 82,500
Net Loss for the quarter						\$ (926,302)	\$ (926,302)
Balance June 30th 2020	270,862,321	\$ 270,862	\$32,325,139	\$ -	\$ 5,000,000	\$ (29,080,873)	\$ 8,515,129
Conversion of Preferred shares into Shares	15,666,667	\$ 15,667	\$ 2,804,333		\$ (2,820,000)		\$ -
Share Placement (30c) - August 2020	14,503,350	\$ 14,503	\$ 4,336,502				\$ 4,351,005
Shares issued for drilling	107,085	\$ 107	\$ 32,018				\$ 32,126
Share Placement (35c) - September 2020	743,571	\$ 744	\$ 259,506	\$ 1,207,201			\$ 1,467,451
Conversion of CLN4	2,854,798	\$ 2,855	\$ 511,009				\$ 513,864
Exercise of Warrants				\$ 481,589			\$ 481,589
Cost of issues			\$ (460,000)				\$ (460,000)
Loss for the period						\$ (1,144,439)	\$ (1,144,439)
Balance September 30th 2020	304,737,792	\$ 304,738	\$39,808,507	\$ 1,688,790	\$ 2,180,000	\$ (30,225,312)	\$ 13,756,724
Share Placement	5,404,531	\$ 5,405	\$ 1,852,848	\$ (1,207,201)			\$ 651,052
Exercise of CLN3 Warrants	12,341,459	\$ 12,341	\$ 974,034	\$ (481,589)			\$ 504,786
Exercise of CLN4 Warrants	2,080,000	\$ 2,080	\$ 517,920				\$ 520,000
Conversion of CLN4	1,602,874	\$ 1,603	\$ 286,914				\$ 288,517
Conversion of CLN3	9,723,780	\$ 9,724	\$ 962,654	\$ 479,148			\$ 1,451,526
Shares for service	200,000	\$ 200	\$ 19,800				\$ 20,000
Shares for drilling	1,476,970	\$ 1,477	\$ 441,614				\$ 443,091
Redemption of Preference shares					\$ (2,180,000)		\$ (2,180,000)
Cost of issues			\$ (124,770)				\$ (124,770)
Options for past salary due (see Note 9b)			\$ 1,019,792				\$ 1,019,792
Subscribed Stock transferred to Liabilities				\$ (479,148)			\$ (479,148)
Loss for the period						\$ (1,463,555)	\$ (1,463,555)
Balance December 31st 2020	337,567,406	\$ 337,567	\$45,759,314	\$ -	\$ -	\$ (31,688,867)	\$ 14,408,014
Conversion of CLN3	4,791,478	\$ 4,791	\$ 474,357	\$ -	\$ -	\$ -	\$ 479,148
Conversion of CLN3	190,570	\$ 191	\$ 18,866	\$ -	\$ -	\$ -	\$ 19,057
Shares for drilling	734,111	\$ 734	\$ 219,500	\$ -	\$ -	\$ -	\$ 220,234
Loss for the period	-	\$ -	\$ -	\$ -	\$ -	\$ (1,133,783)	\$ (1,133,783)
Balance March 31st 2021	343,283,565	\$ 343,284	\$46,472,036	\$ -	\$ -	\$ (32,822,650)	\$ 13,992,671

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

Tonogold Resources, Inc.

Footnotes to Financial Statements

For the Three months ended March 31st, 2021 and 2020
(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 Nevada and Mexico.

Note. 2. Significant Accounting Policies

Basis of Presentation

The accompanying financial statements of Tonogold Resources, Inc. (or the "Company") for the Three months ended March 31st, 2021 and 2020 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 5 to 10 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 classify 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 Three months ended March 31st, 2021 and 2020.

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 \$1.1 million during the Three months ended March 31st, 2021. 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	March 31st 2021	March 31st 2020
Net Operating Losses carry Forward	\$ (8,570,546)	\$ (7,310,164)
Valuation allowance	\$ (8,570,546)	\$ (7,310,164)
Deferred tax Asset	\$ -	\$ -

The Company had available approximately \$21.7 million and \$17.9 million at March 31st, 2021 and 2020 respectively, of unused Federal and California net operating loss carry-forward 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 March 31st, 2021 and December 31st, 2020, respectively:

Statutory Rate	21%
Net operating loss carry forward	80%

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, all costs previously capitalized were written off during the that quarter, representing a one-off charge to earnings of \$357,297.

During 2015 the Company wrote down its investment in Mil-Ler Resources Inc to \$1

Note 6. Mineral Properties

Currently the Company holds mineral properties in Virginia City, Nevada (Comstock) (see 6c and d below)

a) Mexico – Mil-Ler

On December 26, 2014 the Company acquired 100% of Mil-Ler Resources and Energy SA ("Mil-Ler"), a Mexican registered entity in an all-share transaction where 54.1 million shares which were required to be issued pursuant to this transaction, were issued in October 2017.

Mil-Ler owns mineral rights over approximately 340 square kilometers 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 project remains on care-and-maintenance.

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.

Also see Subsequent Note 15 below.

b) *Mexico – Durango*

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 a 12-month option. Tonogold elected not to exercise the Option and therefore withdrew from this arrangement during the December 2018 quarter.

c) *Nevada - Comstock Mining (joint venture)*

- i. On October 5th, 2017, the Company announced that it had secured an Option Agreement with Comstock Mining Inc (“**CMI**”). which amongst other things, provided 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 County. This agreement was superseded in January 2019 when a new agreement was entered into by the parties.
- ii. In October 2017, Tonogold paid CMI \$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 CMI prior to the expiry of the initial 6-month period.

d) *Nevada - Comstock New Agreement*

- i. On January 28th 2019, Tonogold announced that it had entered into a comprehensive and binding agreement (“**New Agreement**”) with CMI which, on Closing provided Tonogold with, amongst other matters, 100% of the Lucerne project (including the Lucerne gold/silver deposit) and 100% rights over CMI's rights over various

exploration claims covering, amongst others, those over the historically significant Gold Hill and Virginia City area in Storey County, Nevada (“**Comstock Acquisition Assets**”).

- ii. Under the New Agreement (as amended), Tonogold paid CMI total consideration of \$15 million, made up as follows:
 - \$6.025 million in cash (the “**Cash Component**”),
 - The issue of a \$5.475 million Convertible Loan Note (“**CMI Note**”) and
 - \$3.5 million in Convertible preference shares (“**Pref Shares**”).
- iii. The \$6.025 million **Cash Component** was settled during 2019
- iv. The \$5.475 million **CMI Note** was issued in March 2020 which provided for:
 - a) Monthly cash Interest of 12% pa.
 - b) \$1 million repayment due in October 2020:
 - \$0.5 million was repaid during the June 2020 quarter and by repaying early we were able to negotiate a \$100,000 discount.
 - The remaining discounted \$0.4 million was repaid during the December 2020 quarter).
 - c) During the March 2021 quarter, an \$812,500 advance payment in respect of the Northern Comstock Joint Venture was required to be made triggered by CMI’s equity raising (see Note 6d(x)5 below). CMI agreed to add this to the CMI Note plus a \$262,500 penalty in consideration for the Note’s maturity now totaling \$5.55 million being extended from September 2021 to March 31st 2022.
 - d) CMI have the option to convert all or part of the \$5.55 million balance into Common Shares in Tonogold at the lower of 25 cents or 85% of the 20-day VWAP at any time prior to maturity.
- v. **Pref Shares.**
 - a) In addition to the \$3.5 million of Pref Shares issued to CMI as part of the consideration, a further \$2.6 million was issued in respect of other costs over the period to December 2020, bringing the total of Pref Shares issued to CMI of \$6.1 million.
 - b) The principal terms of the Pref Shares were:

- Convertible at any time by CMI at \$0.18 per share,
 - Redeemable by Tonogold at any time by paying 120% of the face value being redeemed.
 - c) CMI elected to convert \$1.1 million of the Pref Shares into 6.1 million Common Shares in May 2020.
 - d) CMI elected to convert \$2.82 million of the Pref Shares into 15.667 million Common Shares in Tonogold in December 2020.
 - e) During the December 2020 quarter, Tonogold elected to redeem the remaining \$2.18 million and paid CMI \$2.6 million in October 2020 funded mainly from the proceeds of a 35-cent share placement (Note 7j(v)).
- vi. Final Completion of the agreement between the Company and CMI took place during the December 2019 quarter
- vii. CMI has been granted a Net Smelter Return Royalty of 1.5% over future production from the Storey County claims.
- viii. 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 CMI’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 AuEq producer), Crown Point (1.8 million AuEq ounces), Consolidated Imperial (1.1 million AuEq 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 which commenced during September 2021.

ix. 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 CMI \$25 million. An alternative arrangement was negotiated and agreed between CMI 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, CMI 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 CMI \$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:

1. The variable rate shall reduce to \$0.50 per ton once the cumulative payments (both fixed and variable) made to CMI under this arrangement have reached \$15 million,
2. The variable rate shall reduce to \$0.25 per ton once the cumulative payments (both fixed and variable) made to CMI under this arrangement have reached \$25 million (but with a minimum payment of \$100,000 per quarter),
3. The fixed rate of \$1 million pa shall be terminated once the cumulative payments (both fixed and variable) made to CMI under this arrangement have reached \$25 million.

x. HOLDING COSTS

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:

1. The Lucerne Project - \$1 million pa,
2. The American Flats Property \$1 million pa, and
3. The Expanded Storey County Claims - \$0.1 million pa.

4. 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.
5. Northern Comstock Joint Venture obligations
 - a. The assumption of CMI's obligations under the Northern Comstock Agreement whereby annual capital payments of \$812,500 per annum are made (being 11 months at \$30,000 pm commencing September each year plus a bullet payment of \$482,500 each August).
 - b. The final payment under this arrangement was scheduled to occur in 2027, however during the March 2021 quarter, one of two possible acceleration events was triggered by CMI requiring the final years payment to be advanced and became immediately payable in cash.
 - c. CMI made the payment required and agreed that Tonogold could reimburse them by adding it to the CMI Note (see note 6d(iv)c above).
 - d. As a result of the accelerated payment, the final capital payment due under the Northern Comstock Joint Venture has been brought forward by 12-months to August 2026.
- xi. CMI 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.

Note 7. Share Capital

- a. During the June 2018 quarter, 18,682,244 new shares were issued as a result of warrants granted pursuant to CLN2 being exercised. This resulted in a cash injection of \$1,485,984.
- b. 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.
- c. During the December 2018 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.
 - ii. **44,700,060** new shares were issued in respect of the conversion (at 5 cents per share) of \$1,959,766 of principal plus accrued interest of \$275,221 in respect of CLN2.
- d. During the March 2019 quarter, 10,121,220 new shares were issued as a result of exercise of warrants granted pursuant to CLN2.
- e. During the June 2019 quarter,
 - i. 1,150,000 new shares were issued as a result of exercise of warrants granted pursuant to CLN2.
 - ii. 3,920 redeemable convertible preference shares – series D (“Pref Shares”) to CMI having a face value of \$3,920,000 (\$3,500,000 issued in respect of the equity component of the Comstock Acquisition (see Note 6d(v), and \$420,000 in respect of other reimbursables).
- f. During the September 2019 quarter the Company issued a further 830 Pref Shares to CMI having a face value of \$830,000, on the same terms as outlined under Note 7e(ii) above.
- g. During the December 2019 quarter:
 - i. 33,795,269 shares were issued as a result of warrants being exercised (resulting in a cash inflow of \$2,424.786),
 - ii. 22,929,910 shares were issued as a result of convertible notes (CLN3) being converted, and
 - iii. 1,350 redeemable convertible preference shares – series D (“CPF”) were issued to CMI having a face value of \$1,350,000, on the same terms as outlined under Note 7e(ii) above.
- h. During the March 2020 quarter 5,500,000 new shares were issued as a result of the exercise of warrants.
- i. During the June 2020 quarter, CMI elected to convert \$1.1 million of their \$6.1 million Convertible Preference shares into Common Shares and received 6.1 million Common Shares in Tonogold.
- j. During the September 2020 quarter:
 - i. CMI elected to convert a further \$2.82 million of the Pref Shares and received 15.7 million Common Shares in Tonogold.

- ii. Tonogold 30-cent share placement (August 2020).
 - a. Tonogold undertook a share placement at 30 cents per share with the granting of 1 warrant for every 2 shares subscribed.
 - b. The warrant can be exercised at 50 cents per share at any time prior to the earlier of (i) August 31st 2022 or (ii) in the event that the closing price of Tonogold Common Shares is above 70 US cents for 20 consecutive trading days (an “Accelerator Event”) the expiry date shall be brought forward to that date which is the earlier of (i) 60 days following the Company notifying the Warrant holder of the occurrence of the Accelerator Event or (ii) August 31st 2022.
 - c. Subscriptions totaling \$4.551 million were received and accepted (15,170,071 new shares plus 7,585,009 warrants issued) of which all but \$200,000 (666,667 shares) being received and shares issued prior to the end of the September 2020 quarter. These funds were received (and shares issued) during the December 2020 quarter.
- iii. Funds received were to be directed mainly to the 26,000 meter “Proof of Concept” drill program announced by Tonogold on September 8th 2020 with an estimated total cost of \$7 million of which \$3.5 million is being funded by the drilling contractor via a 30-cent share for services agreement (with up to 11.7 million shares being reserved for this purpose).
- iv. 107,085 Common Shares were issued to the drill contractor (DrillRite) pursuant to the shares for Services agreement representing 50% on the drill cost for partial month of September (i.e. the commencement of the drill program).
- v. 35-cent placement (September 2021):
 - a. Tonogold undertook a 35-cent share placement to raise \$2.7 million in order to fund the Redemption of the remaining Pref Shares held by CMI, (up to 9 million shares).
 - b. No warrants were offered.
 - c. The redemption of the Pref Share was completed during the December 2020 quarter (Note 6d(v)e).
 - d. At the end of the September quarter subscriptions and funds totaling \$1.47 million (4.2 million shares) had been received with \$0.3 million (743k shares) being processed and \$1.2 million held in the Share

Subscription account.

- vi. Conversion of CLN4 (\$500,000 plus accrued interest of \$13,864) into common Shares at \$0.18 per share with 2,854,798 Common Shares being issued.
- k. During the December 2020 quarter:
 - i. 5.4 million shares were issued from funds received in respect of the share placement announced in the September quarter which is now closed.
 - ii. 14.4 million new shares were issued as a result of the exercise of warrants granted as part of CLN3 and CLN4 (see Note 8f)
 - iii. Notices to convert CLNs into shares totaling \$1.4 million of principal plus \$0.3 million of interest were received during the December 2020 quarter representing a total of 16.1 million new shares, of which 11.3 were issued prior to the year end and 4.8 million (\$479k) were issued in January 2021.
- l. During the March 2021 quarter,
 - i. The 4.8 million shares discussed in k(iii) above were issued.
 - ii. A further 190,570 shares were issued as a result of the holder of a CLN3 Note electing to convert the principal and accrued interest into shares (at 10 cents per share)
 - iii. 734,111 shares were issued to DrillRite as part of the drilling for shares arrangement

Note 8. Convertible Loan Notes

- a. **SUMMARY** - Other than the conversion of \$15,000 plus interest into shares by a CLN3 holder, there was no activities regarding the Convertible Loan Notes during the March 2021 quarter
- b. **CLN1** - The Company issued a series of Convertible Loan Notes (“CLN1”), which were convertible into common shares with a principal balance of \$950,000 at June 30, 2015. During 2017, the Company secured the agreement of the holders of CLN1 to convert the principal 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 convertible 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.
- c. **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 March 2019, an aggregate of \$2.2 million was raised from CLN2. During the December 2017 quarter, \$20,000 of principal and \$2,769 of accrued interest were converted into Common shares at 5 cents per share (455,387 shares). These notes accrued interest at 12% per annum (which was capitalized).

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 Convertible Loan Note 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 December 2018 quarter, \$288,122 (\$233,000 (principal) 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, the remaining \$1,959,766 of principal 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 leaving a zero balance at that date.

- d. CLN3** - Tonogold launched a new Convertible Loan Note (CLN3) during the December 2018 quarter. A summary of the key terms were as follows:
- Interest 12% pa compounded monthly and capitalized,
 - Maturity – December 31st, 2021,
 - 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 2021).

CLN3 was closed during 2019. A total of \$6.4 million was received from investors with \$3.2 million being converted into Common Shares in the Company

- e. **CLN4** - During the June 2019 quarter, Tonogold launched Convertible Loan Note series 4 (“CLN4”). A summary of the key terms are as follows:
- o Interest 12% pa compounded monthly and capitalized,
 - o Maturity – December 31st, 2021,
 - o Convertible into fully paid shares in Tonogold at the holder’s option at any time prior to maturity at 18 cents per share,
 - o The granting of 5.56 free warrants for each \$1 invested in the Note, exercisable at 25 cents per share prior to their expiry (December 31st, 2021).

To date quarter, \$8.8 million had been received from investors in respect of CLN4 and \$750,000 has been converted into common Shares. CLN4 closed during the September 2021 quarter.

f. **Summary –**

- i. Details of the principal amount of Convertible Loan Notes outstanding at March 31st, 2021 for all Convertible Loan Notes of \$11.5 million is provided in the table below.

Convertible Loan Notes - Principle	CLN3	CLN4	TOTAL
Balance December 31st 2018	\$ 1,571,250	\$ -	\$ 1,571,250
Funds received March 2018 quarter	\$ 1,656,727	\$ -	\$ 1,656,727
Balance March 31st 2019	\$ 3,227,977	\$ -	\$ 3,227,977
Funds received June 2019 quarter	\$ 1,825,000	\$ 190,000	\$ 2,015,000
Balance June 30th 2019	\$ 5,052,977	\$ 190,000	\$ 5,242,977
Funds received Sept 2019 quarter	\$ 1,360,000	\$ 560,000	\$ 1,920,000
Balance Sept 30th 2019	\$ 6,412,977	\$ 750,000	\$ 7,162,977
Funds received Dec 2019 quarter	\$ 10,000	\$ 807,000	\$ 817,000
Notes Converted	\$ (2,021,250)	\$ -	\$ (2,021,250)
Balance Dec 31st 2019	\$ 4,401,727	\$ 1,557,000	\$ 5,958,727
Funds received March 2020 quarter	\$ -	\$ 2,635,300	\$ 2,635,300
Issued for services	\$ -	\$ 122,500	\$ 122,500
Balance March 31st 2020	\$ 4,401,727	\$ 4,314,800	\$ 8,716,527
Funds received June 2020 quarter	\$ -	\$ 3,362,116	\$ 3,362,116
Balance June 30th 2020	\$ 4,401,727	\$ 7,676,916	\$ 12,078,643
Notes Converted	\$ -	\$ (500,000)	\$ (500,000)
Funds received Sept 2020 quarter	\$ -	\$ 1,328,525	\$ 1,328,525
Balance Sept 30th 2020	\$ 4,401,727	\$ 8,505,441	\$ 12,907,168
Notes Converted	\$ (1,150,000)	\$ (250,000)	\$ (1,400,000)
Balance December 31st 2020	\$ 3,251,727	\$ 8,255,441	\$ 11,507,168
Notes Converted	\$ (15,000)	\$ -	\$ (15,000)
Balance March 31st 2021	\$ 3,236,727	\$ 8,255,441	\$ 11,492,168

- ii. Details of the accrued interest balance as at March 31st, 2021 are provided below.

Convertible Loan Notes - Interest	CLN3	CLN4	TOTAL
Balance at December 31st 2018	\$ 77,941	\$ -	\$ 77,941
Charge for the December quarter	\$ 78,243	\$ -	\$ 78,243
Balance at March 31st 2019	\$ 156,184	\$ -	\$ 156,184
Charge for the June 2019 quarter	\$ 127,010	\$ 1,648	\$ 128,658
Balance June 30th 2019	\$ 283,194	\$ 1,648	\$ 284,842
Charge for the Sept 2019 quarter	\$ 191,236	\$ 9,247	\$ 200,483
Balance Sept 30th 2019	\$ 474,431	\$ 10,895	\$ 485,326
Charge for the Dec 2019 quarter	\$ 213,467	\$ 38,830	\$ 252,297
Notes Converted	\$ (276,741)	\$ -	\$ (276,741)
Balance Dec 31st 2019	\$ 411,157	\$ 49,725	\$ 460,882
Charge for the March 2020 quarter	\$ 134,443	\$ 102,542	\$ 236,985
Balance March 31st 2020	\$ 545,600	\$ 152,267	\$ 697,867
Charge for the June 2020 quarter	\$ 151,990	\$ 183,374	\$ 335,364
Balance June 30th 2020	\$ 697,590	\$ 335,641	\$ 1,033,231
Charge for the September 2020 quarter	\$ 171,389	\$ 259,140	\$ 430,529
Notes Converted		\$ (13,864)	\$ (13,864)
Balance September 30th 2020	\$ 868,979	\$ 580,917	\$ 1,449,896
Charge for the December 2020 quarter	\$ 163,293	\$ 277,849	\$ 441,142
Notes Converted	\$ (301,526)	\$ (38,517)	\$ (340,043)
Balance December 31st 2020	\$ 730,745	\$ 820,249	\$ 1,550,995
Charge for the December 2020 quarter	\$ 120,583	\$ 274,999	\$ 395,582
Notes Converted	\$ (4,057)	\$ -	\$ (4,057)
Balance at March 31st 2021	\$ 847,272	\$ 1,095,248	\$ 1,942,520

- iii. Potential future shares to be issued on conversion of Notes

Convertible Loan Notes - Summary	CLN3	CLN4	TOTAL
Principle	\$ 3,236,727	\$ 8,255,441	\$ 11,492,168
Interest	\$ 847,272	\$ 1,095,248	\$ 1,942,520
Total	\$ 4,083,999	\$ 9,350,689	\$ 13,434,688
Convertible at (price per share)	\$ 0.10	\$ 0.18	
Potential future share issue	40,839,987	51,948,274	92,788,261

- iv. As at March 31st 2021, there were 57.2 million warrants issued and which remained outstanding in respect of the Convertible Notes, details of which are provided in the table below. This represents no change since December 31st 2020

Convertible Loan Notes - Warrants	CLN3	CLN4	TOTAL
On issue at September 30th 2018	9,087,500	-	24,059,959
Exercised during the December 2018 quarter	-	-	(6,305,952)
Expired during the December quarter	-	-	(492,062)
Issued during the quarter	7,375,000	-	7,375,000
Warrants remaining at December 31st 2018	16,462,500	-	24,636,945
Exercised during the March 2019 quarter	-	-	(6,552,480)
Warrants exercised (funds received prev quarter)	-	-	105,000
Issued during the quarter	16,567,269	-	16,567,269
Warrants remaining at March 31st 2019	33,029,769	-	34,756,734
Adjustment previous periods	1,750,000	-	1,750,000
Exercised during the quarter	-	-	(1,150,000)
Expired during the quarter	-	-	(576,965)
Issued during the quarter	20,750,000	1,056,400	21,806,400
Warrants on issue at June 30th 2019	55,529,769	1,056,400	56,586,169
Issued during the quarter	13,600,000	3,113,600	16,713,600
Warrants on issue at Sept 30th 2019	69,129,769	4,170,000	73,299,769
Adjustment previous periods	250,000	-	250,000
Exercised during the quarter	(33,517,269)	(278,000)	(33,795,269)
Issued during the quarter	100,000	4,486,920	4,586,920
Warrants on issue at Dec 31st 2019	35,962,500	8,378,920	44,341,420
Exercised during the quarter	(5,500,000)	-	(5,500,000)
Expired	(12,512,500)	-	(12,512,500)
Issued during the quarter	-	15,333,368	15,333,368
Warrants on issue at March 31st 2020	17,950,000	23,712,288	41,662,288
Issued during the quarter	-	18,693,365	18,693,365
Warrants on issue at June 30th 2020	17,950,000	42,405,653	60,355,653
Issued during the quarter	-	7,386,599	7,386,599
Overstated expired March 20 quarter	5,979,166	-	5,979,166
Warrants on issue at Sept 30th 2020	23,929,166	49,792,252	73,721,418
Exercised during the quarter	(12,341,459)	(2,080,000)	(14,421,459)
Expired during the December quarter	(2,054,316)	-	(2,054,316)
Total at Dec 31st 2020 and March 31st 2021	9,533,391	47,712,252	57,245,643

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

Note 9. Directors unpaid Remuneration

- a) The 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 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.

- b) The balance owing in respect of salary and fees to current and past directors (and accrued) as at December 31st 2020 was \$1.4 million. During the December 2020 quarter, the directors were offered Share Options in lieu of some or all of their past entitlement. A total of \$1.0 million of amounts owing to directors was converted into 9 million 5-year Options at an average strike price of US\$0.61 per shares. The valuation of the options granted used the Black Scholes model.

Note 10. Warrants issued for services

As at March 31st 2021 the Company had issued and outstanding 44.9 warrants for services. Details of warrants issued to executives and directors are as follows, representing no change from that as at December 31st 2020

Name	Position	Number	Exercise Price	Expiry
Gregory Crouch	Consultant	500,000	\$ 0.20	Dec 31st 2022
Mark Ashley	Director	2,500,000	\$ 0.15	July 30th, 2023
Travis Miller	Director	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
Fernando Berdegue	Consultant	1,000,000	\$ 0.15	July 30th, 2023
Brian Zumudio	Non-executive Director	1,000,000	\$ 0.15	July 30th, 2023
Travis Miller	COO	2,250,000	\$ 0.65	Dec 31st 2023
Jordan Moelis	Non-executive Director	2,500,000	\$ 0.65	Dec 31st 2023
Robert Kopple	Non-executive Director	1,600,000	\$ 0.65	Dec 31st 2023
Alan Edwards	Non-executive Chairman	600,000	\$ 0.65	Dec 31st 2023
Thomas Vehrs	Non-executive Director	200,000	\$ 0.55	Dec 31st 2023
Gustavo Mazon	Non-executive Director	1,800,000	\$ 0.45	Dec 31st 2023
Robert Kopple	Non-executive Director	1,000,000	\$ 0.15	Jan 30th, 2024
Odeon Capital	Fee for Capital raising	400,000	\$ 0.25	May 31st, 2024
Alan Edwards	Non-executive Chairman	2,500,000	\$ 0.25	May 31st 2025
Thomas Vehrs	Non-executive director	1,500,000	\$ 0.25	May 31st 2025
Brian Metzenheim	VP Exploration	1,500,000	\$ 0.25	June 30th 2025
Mark Ashley	Director	5,000,000	\$ 0.45	Sept 30th 2025
Mark Ashley	Director	5,000,000	\$ 1.00	Sept 30th 2025
Mark Ashley	Director	5,000,000	\$ 1.85	Sept 30th 2025
Travis Miller	Director	5,000,000	\$ 0.45	Sept 30th 2025
TOTAL/AVERAGE at March 31st 2021 and December 31st 2020		44,850,000	\$ 0.61	

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

Note 11. Employment agreement

In June 2013 the Company entered into an employment agreement with the Chief Executive Officer Mark Ashley 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. The position of Mark Ashley as CEO was terminated in April 2021 (but remains a director of the Company)

Mr. Travis Miller, 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's contract of employment included terms which included that he would be based in Hermosillo, Mexico and shall receive an annual remuneration of \$180,000 (reviewable annually) plus the issue of warrants. Travis Miller resigned as COO in April 2021 (but remains a director of the Company)

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 a private Mexican mining and Exploration Company to acquire up to 34% equity interest in Mil-Ler 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 340 square kilometers 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

Also see Subsequent Note 15 below

Note 14. Warrants outstanding

A total of breakdown of the 109.7 million Warrants outstanding as at March 31st, 2021 (representing no change for the quarter) is provided in the table below:

Detail	Reference	Number	Ave Exercise Price	Expiry
Issued re CLN3	See Note 8f(iv)	9,533,391	\$ 0.20	31-Dec-21
Issued re CLN4		47,712,252	\$ 0.25	31-Dec-21
Executives/Directors/Consultants	See Note 10	44,850,000	\$ 0.61	31-Dec-22
Issued re August 30 cent placement	See Note 7j(ii)b	7,585,009	\$ 0.50	31-Aug-23
TOTAL/average at March 31st 2021 and December 31st, 2020		109,680,652	\$ 0.41	

Note 15. Subsequent Events

The Company has evaluated subsequent events from March 31st, 2021 through the date the financial statements were available to be issued and it has been determined that other than that disclosed in this report and noted below, there have been no subsequent events for which disclosure is required.

On April 26th 2021 Tonogold made an announcement which amongst other matters advised that it had recently become aware that it does not hold title to the Mexican assets it believed it had acquired in the Mil-Ler Resources and Energy SA transaction in 2014. The Board of Directors has begun an investigation into why and how this occurred and will seek to cure the issue in the manner most favorable to the Company. Depending on the results of the review, Tonogold may need to revise or restate some of its prior press releases and financial reports. The Company will provide updates on this matter as appropriate.

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.

Revenues

The Company has no revenues for the Three months ended March 31st, 2021 and 2020

Mineral Property Costs

There were no Mineral property costs during the quarter.

General and Administrative Expenses

	Three months ending March 31st	
	2021	2020
Wages and salaries Office	\$ 318,432	\$ 253,627
Insurance	\$ 73,923	\$ 13,493
Office costs	\$ 5,028	\$ 4,518
Investor relations	\$ 50,799	\$ 127,644
OTC Markets, Inc. filings	\$ 4,894	\$ (3,100)
Travel	\$ 10,197	\$ 40,387
Telephone	\$ 3,347	\$ 262
Legal fees	\$ 38,717	\$ 45,367
Accounting/ Audit fees	\$ 97,279	\$ 97,266
Interest paid (CMI Note)	\$ 134,250	\$ -
Other expense	\$ 1,336	\$ 12,754
TOTAL	\$ 738,201	\$ 592,219

Total expenses for 2021 were higher than the corresponding period of 2020, reflecting higher corporate and operational activity and costs associated with preparing to become a fully reporting entity.

Interest paid of \$134,250 during the three months to March 31st 2021 relates to the Loan Note issued to CMI as part of the Comstock acquisition (Note 6d(iv))

Interest Expense

Accrued Interest expense in respect of the Convertible Notes amounted to \$0.6 million for the Three months ended March 2021 compared to \$0.3 million for the corresponding period for 2020. The increase is the result of an increase in the Convertible Loan Notes outstanding over this period.

Provision for Income Tax

We incurred taxable losses; consequently, no liability to taxation was incurred during the Twelve months ended March 31st, 2021 and 2020.

Working Capital

As of March 31st, 2021 the Company had cash of \$1.4 million. The Company had a **positive** working capital position of \$14.0 million at March 31st, 2021 compared to \$14.4 million at December 31st, 2020. The Company incurred a net loss from continuing operations of \$1.1 million for the Three months to March 2021 compared to \$0.8 million for the corresponding period of 2020.

At March 31st, 2021 the Company had a total principal balance of \$11.5 million outstanding in respect of the Convertible Loan Notes, effectively the same as at December 31st, 2020.

The Company may need to raise additional funds during the next six 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 Six months.

Cash flows

The following table summarizes selected items from our “Statement of Cash Flows” for the three and Three months ended March 31st, 2021 and 2020.

	Three months ending	
	March 31st	
	2021	2020
<i>Net Cash provided by/(used in) :</i>		
Operations	\$ (532,921)	\$ (1,999,742)
Investing	\$ (1,275,385)	\$ (647,658)
Financing	\$ -	\$ 2,747,800
Increase/(decrease) in cash	\$ (1,808,306)	\$ 100,400