

TONOGOLD RESOURCES, INC.

FINANCIAL STATEMENTS (Unaudited)

For the Three months ended March 31st 2023 and 2022

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Tonogold Resources Inc

Condensed Balance Sheet

Unaudited

	As at		31-Mar-2023	31-Dec-2022
ASSETS				
Cash		\$	64,612	\$ 29,039
Prepaid expenses		\$	-	\$ -
Total Current Assets		\$	64,612	\$ 29,039
Fixed Assets				
Property, plant and equipment, net		\$	31,251	\$ 31,251
Other Assets				
Investment in Mil-ler Resources and Energy SA CV (Note 6a)				\$ -
Investment in Persistence Mining (Note 5)		\$	5,000	\$ 5,000
Investment in Comstock		\$	653,179	\$ 643,179
Investment in Durango Project (Note 6b)		\$	-	\$ -
Total Assets		\$	754,043	\$ 708,470
LIABILITIES AND STOCKHOLDERS' (DEFICIT) Current Liabilities				
Convertible Note (Comstock consideration) Note 6d(iv)		\$	-	\$ -
Mil-Ler Settlement (Note 6a)		\$	-	\$ -
Accounts payable		\$	900	\$ 600
Share subscription account (Note 7e)		\$	300,000	\$ 4,621,612
Accruals other		\$	2,608,191	\$ 2,466,191
Accrued payroll - Directors		\$	1,039,000	\$ 905,000
Accrued interest - Note 8f (ii)		\$	6,966,673	\$ 6,159,393
Loans from Directors		\$	-	\$ -
Accrued payroll taxes		\$	112,201	\$ 112,201
Convertible loans payable - Note 8f (i)		\$	11,514,168	\$ 11,514,168
Total Current Liabilities		\$	22,541,133	\$ 25,779,165
Stockholders' Deficit				
Redeemable Convertible Preference Share 1,000,000 authorized as at March 31st 2023 and December 31st 2022				
Series D preferred Shares 10,000 Authorised zero issued and outstanding at March 31st 2023 and December 31st 2022		\$	-	\$ -
Common stock, \$0.001 par value: shares authorized 999,000,000 (March 31st 2023 and December 31st 2022) and 401,427,901 shares issued and outstanding at March 31st 2023 and 345,543,338 shares issued and outstanding December 31st 2022				
Additional paid-in capital		\$	51,463,436	\$ 47,147,709
Deficit accumulated		\$	(73,651,954)	\$ (72,563,947)
Total Stockholders' Deficit		\$	(21,787,089)	\$ (25,070,695)
Total Liabilities and Stockholder's (Deficit)		\$	754,043	\$ 708,470

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

Tonogold Resources Inc

Statement of Operations

(Unaudited)

	3-months ending March 31st	
	2023	2022
Net Revenues	\$ -	\$ -
Cost of Revenue	\$ -	\$ -
Gross Profit/(Loss)	\$ -	\$ -
Operating Expenses		
Mineral Property Costs	\$ -	\$ -
General and Administration	\$ 280,727	\$ 750,407
Total Operating Expenses	\$ 280,727	\$ 750,407
Loss from Operations	\$ (280,727)	\$ (750,407)
Interest expense - <i>Note 8f(ii)</i>	\$ 807,280	\$ 673,540
Loss before Provision for income taxes	\$ (1,088,007)	\$ (1,423,947)
Write down of Comstock Assets Note 13f	\$ -	\$ (549,999)
Provision for Income Taxes	\$ -	\$ -
NET GAIN/(LOSS)	\$ (1,088,007)	\$ (873,948)
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	373,485,620	345,543,338
Weighted number of shares fully diluted	405,334,151	358,858,338

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Tonogold Resources Inc
Statement of Cash flows
(Unaudited)

	3 months ended	
	31-Mar-23	31-Mar-22
Cash Flows from Operating Activities		
Net gain or (loss)	\$ (1,088,007)	\$ (873,948)
Adjust to reconcile net loss to net cash provided by ops:		
Depreciation	\$ -	\$ -
Interest on Convertible Loan Notes (Note 8f(ii))	\$ 807,280	\$ 673,538
Provisions Changes in operating working capital:		
Increase (decrease) in accounts payable	\$ 300	\$ 300
Increase (decrease) in share subscription (Note 7(d) and (e))	\$ 50,000	\$ 1,006,750
Increase (decrease) in accrued expenses	\$ 142,000	\$ 858,388
Increase (decrease) in loans from directors	\$ -	\$ -
Increase (decrease) payroll taxes	\$ -	\$ (10,660)
Increase (decrease) accrued payroll liabilities	\$ 134,000	\$ (59,999)
Miller Settlement (Note 6a)	\$ -	\$ (188,750)
(Increase) decrease in pre-paid expenses	\$ -	\$ 60,919
Net change in operating working capital	\$ 326,300	\$ 1,666,948
Net Cash Provided/(Used) in Operations Cash Flows From Investing Activities		
	\$ 45,573	\$ 1,466,538
Investment in Comstock venture	\$ (10,000)	\$ (1,514,569)
Investment in property, plant and equipment	\$ -	\$ -
Net Cash Provided by (Used in) Investments Activities	\$ (10,000)	\$ (1,514,569)
Cash Flows from Financing Activities		
Share Issue - Note 7	\$ -	\$ -
Convertible loans - Note 8f(i)	\$ -	\$ -
Cost of issues	\$ -	\$ -
Net Cash Provided by Financing Activities	\$ -	\$ -
Net (Decrease) Increase in Cash	\$ 35,573	\$ (48,031)
Cash - Beginning of Period	\$ 29,039	\$ 82,842
Cash - Ending of Period	\$ 64,613	\$ 34,811

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

	COMMON SHARES		ADDITIONAL PAID-IN CAPITAL	Preferred Shares	INCOME / (DEFICIT)	ACCUMULATED (DEFICIT) / SURPLUS	SUBSCRIBED STOCK (Note 7i)
	Shares	Par Value (\$0.001)					
Balance January 1st 2021	337,567,406	\$ 337,568	\$45,759,314	\$ -	\$ (31,688,867)	\$ 14,408,015	\$ -
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	\$ 343,285	\$46,472,036	\$ -	\$ (32,822,650)	\$ 13,992,671	\$ -
Shares for drilling	1,972,824	\$ 1,973	\$ 589,874	\$ -	\$ -	\$ 591,847	\$ -
Loss for the period	-	\$ -	\$ -	\$ -	\$ (1,151,044)	\$ (1,151,044)	\$ -
Balance June 30th 2021	345,256,389	\$ 345,257	\$47,061,911	-	(33,973,694)	13,433,475	\$ -
Subscriptions received	-	\$ -	\$ -	-	-	\$ -	\$ 700,000
Shares for drilling	286,949	\$ 287	\$ 85,798	-	-	\$ 86,085	\$ -
Loss for the period	-	\$ -	\$ -	-	(1,163,660)	\$ (1,163,660)	\$ -
Balance September 30th 2021	345,543,338	\$ 345,544	\$47,147,709	-	\$ (35,137,353)	12,355,900	\$ 700,000
Subscriptions received	-	\$ -	\$ -	-	\$ -	\$ -	\$ 625,000
Loss for the period	-	\$ -	0	-	\$ (1,375,046)	\$ (1,375,046)	
Balance December 31st 2021	345,543,338	\$ 345,544	\$47,147,709	\$ -	\$ (36,512,400)	\$ 10,980,853	\$ 1,325,000
Loss for the period	-	\$ -	\$ -	\$ -	\$ (873,948)	\$ (873,948)	\$ 1,006,750
Balance March 31st 2022	345,543,338	\$ 345,544	\$47,147,709	\$ -	\$ (37,386,348)	\$ 10,106,905	\$ 2,331,750
Subscriptions received	-	\$ -	\$ -	-	\$ -	\$ -	\$ 695,000
Loss for the period	-	\$ -	\$ -	\$ -	\$ (1,436,393)	\$ (1,436,393)	
Balance June 30th 2022	345,543,338	\$ 345,544	\$47,147,709	\$ -	\$ (38,822,740)	\$ 8,670,513	\$ 3,026,750
Subscriptions received	-	\$ -	\$ -	-	\$ -	\$ -	\$ 1,266,612
Loss for the period	-	\$ -	\$ -	\$ -	\$ (1,178,741)	\$ (1,178,741)	
Balance September 30th 2022	345,543,338	\$ 345,544	\$47,147,709	\$ -	\$ (40,001,481)	\$ 7,491,772	\$ 4,293,362
Subscriptions received	-	\$ -	\$ -	-	\$ -	\$ -	\$ 328,250
Loss for the period	-	\$ -	\$ -	\$ -	\$ (32,562,466)	\$ (32,562,466)	
Balance December 31st 2022	345,543,338	\$ 345,544	\$47,147,709	\$ -	\$ (72,563,947)	\$(25,070,694)	\$ 4,621,612
Subscriptions received (note 7e)	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000
New shares issued (see Note 7d)	55,884,563	\$ 55,884	\$ 4,315,727	\$ -	\$ -	\$ 4,371,611	\$(4,371,612)
Loss for the period	-	\$ -	\$ -	\$ -	\$ (1,088,007)	\$ (1,088,007)	\$ -
Balance March 31st 2023	401,427,901	\$ 401,428	\$51,463,436	\$ -	\$ (73,651,953)	\$(21,787,089)	\$ 300,000

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 2023 and 2022
(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.

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 2023 and 2022 are unaudited and, in the opinion of management, contain all adjustments that are of a normal and recurring nature necessary to present fairly the financial position and results of operations for such periods. These financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC").

Cash and Cash Equivalents

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

Financial Instruments

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

Property and Equipment

Property and equipment are stated at cost and depreciated on the straight-line method over the estimated life of the asset, which is 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, 2023 and 2022.

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 \$36 million during the Three months ended March 31st, 2023. 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 2023	Dec 31st 2022
Net Operating Losses carry Forward	\$ (20,284,635)	\$ (19,990,873)
Valuation allowance	\$ (20,284,635)	\$ (19,990,873)
Deferred tax Asset	\$ -	\$ -

The Company had available approximately \$54.6 million and \$53.7 million at March 31st 2023 and December 31st 2022 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 2022 and March 31st, 2023:

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 if/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 quarter, representing a one-off charge to earnings of \$357,297.

Note 6. Mineral Properties

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

a) Mexico – Mil-Ler

- i. On September 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 Tonogold shares were issued pursuant to this transaction, in October 2017.
- ii. Mil-Ler purportedly owned 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 due to the price of iron ore falling to below US\$50/t (62% Fe basis).
- iii. 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 transaction in 2014. The Board of

Directors immediately began an investigation into why and how this occurred and will seek to cure the issue in the manner most favorable to the Company.

- iv. During the March 2022 quarter the Board resolved to make a proposal to settle the Miller matter with Travis Miller (a director of the Company and the main shareholder of Miller at the time of its acquisition) and the other previous owners of Miller (the “Miller Parties”) with them being required to pay \$550,000 to the Company in order to retain the 54.1 million Tonogold shares issued in consideration of the acquisition. As at December 31st 2021, the Miller Parties had provided the Company with \$188,750 toward the settlement amount (as previously noted in the Financial Statement relating to this period). During the March 2022 quarter, the Miller Parties provided the remaining \$361,250 and settlement occurred during the March 2022 quarter.
- v. The \$550,000 received (less the remaining carrying value of \$1) was recorded as a partial write-back of the provision made in 2015 as earnings during the March 2022 quarter.

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 Tonogold was 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 (CMI agreed to add this to the CMI Note plus a \$262,500 penalty in consideration for the Note’s maturity totaling \$5.55 million being extended from September 2021 to March 31st, 2022)
 - d. During the June 2021 quarter Tonogold and CMI entered into an Omnibus Agreement which established the short-term suspension of reimbursement payments required to be made to CMI under the company's Membership Purchase Agreement and Senior Secured Convertible Note. Under the negotiated terms, project reimbursements were

suspended from June 1st through August 30th, 2021. The suspended reimbursement payments that were anticipated to aggregate approximately \$1,000,000, were added to the principal amount of the convertible note in addition to a 10 percent fee. The addition of the \$1,100,000 to the note brings the total principal to \$6,650,000.

- e. CMI had the option to convert all or part of the \$6.65 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. However, during the March 2022 quarter, the Company entered into a formal agreement with CMI regarding the Company's debt held by CMI (senior secured convertible promissory note in the amount of \$6,650,000 (the "Debt")). The Option Agreement provides that in exchange for extinguishing the Debt owed to CMI, the Company has re-conveyed to CMI the 100% Membership Interests the Company holds in Comstock Mining LLC ("LLC"), (the entity that owns the Lucerne Deposit) and CMI has granted an exclusive option to the Company to re-acquire LLC during the next 15 months (the "Option"). By paying \$750,000 to CMI, Tonogold will secure the Option until December 31, 2022. Tonogold may further extend the Option period to July 1, 2023 by paying CMI \$500,000 to CMI prior to December 31st 2022. The Option to re-acquire LLC can be exercised by Tonogold at any time prior to the expiry of the Option by paying CMI \$7,750,000. Various provisions contained in the Option agreement provide value protection of the assets of LLC during the term of the option including but not limited to, requiring the assets to be substantially unchanged (e.g., no mining at Lucerne by CMI is allowed). Details of this transaction were reported to the market in an announcement dated April 4th 2022 ([Link: https://tonogold.com/tonogold-eliminates-debt-held-by-comstock-mining/](https://tonogold.com/tonogold-eliminates-debt-held-by-comstock-mining/))

- vi. During the December 2022 quarter, the Company declined to exercise the option to re-acquire Comstock Mining LLC. The exclusive option agreement has expired and 100% ownership of Comstock Mining LLC remains with CMI. Details were reported to the market in an announcement dated January 5th 2023 ([Link: https://tonogold.com/tonogold-resources-inc-declines-to-exercise-option-to-acquire-the-lucerne-properties-receives-termination-notice-for-processing-facility-option-and-mineral-exploration-lease/](https://tonogold.com/tonogold-resources-inc-declines-to-exercise-option-to-acquire-the-lucerne-properties-receives-termination-notice-for-processing-facility-option-and-mineral-exploration-lease/)).

- vii. As a consequence, the carrying costs relating to these Comstock assets (\$31.3 million) were written off during the December quarter leaving a carrying value in the balance sheet of \$643,179 relating to the Occidental and other properties secured by Tonogold outside of the Comstock Mining arrangement.

- viii. During the December 2022 quarter, the Company failed to make required payments of approximately \$1.3 million to CMI under the New Agreement. As a result, CMI terminated the agreement providing access to and use of the Process Facility and exploration, development and mining rights to The Expanded Land Position.
- ix. **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:
 - o Convertible at any time by CMI at \$0.18 per share,
 - o 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 a further \$2.82 million of the Pref Shares into 15.667 million Common Shares in Tonogold in December 2020.
 - e) In October 2020, Tonogold elected to redeem the remaining \$2.18 million of the Pref Shares and paid CMI \$2.6 million funded mainly from the proceeds of a 35-cent share placement (Note 7c(v))

Note 7. Share Capital

- a. During the March 2021 quarter,
 - i. 4.8 million shares were issued relating to notices to convert CLN's into shares that were received during the December 2020 quarter.
 - 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
- b. During the June 2021 quarter,

1,972,824 shares were issued to DrillRite as part of the drilling for shares arrangement, bringing the total number issued under this arrangement to 4,290,990 shares representing \$1.3 million of

DrillRites direct costs

- c. During the September 2021 quarter, 288,949 shares were issued to DrillRite as part of the drilling for shares arrangement, bringing the total number issued under this arrangement to 4,577,941 shares representing \$1.4 million of DrillRite's direct drill costs.
- d. During the March 2023 quarter, 55,884,563 new shares were issued in respect of \$4.4 million previously received at prices between \$0.064 and \$0.16 per share (average \$0.08 per share). Funds previously received were held in the Share Subscription account. In addition, 3.9 million warrants with an average strike price of \$0.22 per share with an expiry date of March 31st 2025 were granted to some of those subscribers (representing total subscriptions of \$1.3 million out of the \$4.4 million). Further warrants in respect of the remaining \$3.1 million of the total shares issued are to be issued in the future (the price and number to be calculated based on a future capital raising)
- e. **Share subscription.**
 - i. An additional \$50,000 was received by the company during the March 2023 quarter in respect of a share placement but the shares have yet to be issued.
 - ii. A total of \$300,000 has been received by the company in respect of share placements for which shares have yet to be issued.

Note 8. Convertible Loan Notes

There were no activities regarding the Convertible Loan Notes during the March 2023 quarter other than the charge for accrued interest.

a. **CLN1**

The Company issued a series of 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 principle balance plus accrued interest to August 31st 2017 (\$262,000) into ordinary shares at a conversion price of 5 cents per share. As a result, 24,239,994 shares were issued during October 2017 (see Note 7 above). This agreement paved the way for a second series of loan notes (CLN2) to be issued to help fund the option payments in respect of Lucerne and Durango, the due diligence programs in respect of those projects and to fund general working capital requirements.

b. **CLN2**

During 2016, the Company launched a raising through the issue of a second series of Convertible Loan Notes ("CLN2"), convertible into Common shares at 5 cps. Since the launch through to March

2019, 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). 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 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 (principle) plus \$55,122 (accrued interest)) was converted by the holders into Shares at 5 cents per share with **5,762,441** new shares issued.

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

c. **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 to date.

d. CLN4

During the June 2019 quarter, Tonogold launched Convertible Loan Note series 4 (“CLN4”). A summary of the key terms are 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 18 cents per share,
- 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 \$9.0 million had been received from investors in respect of CLN4 and \$750,000 has been converted into Common Shares so far.

e. Proposal to extend the maturity of CLN3 and CLN4

During 2022, the Company has made proposals to holders of CLN3 and CLN4 to extend the maturity date to August 31st 2022 and change the terms of the Notes and associated warrants subject to Note holders entering into conditional agreements committing to convert their Notes as follows:

i. CLN 3.

- The interest rate is to be increased from 12% pa to 18% pa effective January 1st 2022
- The Company has further reduced the conversion price from \$0.07 to \$0.045 per share.
- Any warrants issued pursuant to the Note that have not been previously exercised shall have their expiry date extended by 12-months from the date the Note is converted.
- The strike price of the remaining warrants has been reduced from 20 to 16 cents per share.

ii. CLN4

- The interest rate is to be increased from 12% pa to 18% pa effective January 1st 2022
- The Company has further reduced the conversion price from \$0.13 per share to \$0.08 per share

- Any warrants issued pursuant to the Note that have not been previously exercised shall have their expiry date extended by 12-months from the date the Note is converted and the strike price reduced from \$0.25 to \$0.16 per share

f. **Summary**

- i. Details of the principal amount of Convertible Loan Notes outstanding at March 31st 2023 for all Convertible Loan Notes of \$11.5 million is provided in the table below.

<i>Convertible Loan Notes - Principle</i>	CLN3	CLN4	TOTAL
Balance December 31st 2018	\$ 1,571,250	\$ -	\$ 1,571,250
<i>Funds received March 2018 quarter</i>	\$ 1,656,727	\$ -	\$ 1,656,727
Balance March 31st 2019	\$ 3,227,977	\$ -	\$ 3,227,977
<i>Funds received June 2019 quarter</i>	\$ 1,825,000	\$ 190,000	\$ 2,015,000
Balance June 30th 2019	\$ 5,052,977	\$ 190,000	\$ 5,242,977
<i>Funds received Sept 2019 quarter</i>	\$ 1,360,000	\$ 560,000	\$ 1,920,000
Balance Sept 30th 2019	\$ 6,412,977	\$ 750,000	\$ 7,162,977
<i>Funds received Dec 2019 quarter</i>	\$ 10,000	\$ 807,000	\$ 817,000
<i>Notes Converted</i>	\$ (2,021,250)	\$ -	\$ (2,021,250)
Balance Dec 31st 2019	\$ 4,401,727	\$ 1,557,000	\$ 5,958,727
<i>Funds received March 2020 quarter</i>	\$ -	\$ 2,635,300	\$ 2,635,300
<i>Issued for services</i>	\$ -	\$ 122,500	\$ 122,500
Balance March 31st 2020	\$ 4,401,727	\$ 4,314,800	\$ 8,716,527
<i>Funds received June 2020 quarter</i>	\$ -	\$ 3,362,116	\$ 3,362,116
Balance June 30th 2020	\$ 4,401,727	\$ 7,676,916	\$ 12,078,643
<i>Notes Converted</i>	\$ -	\$ (500,000)	\$ (500,000)
<i>Funds received Sept 2020 quarter</i>	\$ -	\$ 1,328,525	\$ 1,328,525
Balance Sept 30th 2020	\$ 4,401,727	\$ 8,505,441	\$ 12,907,168
<i>Notes Converted</i>	\$ (1,150,000)	\$ (250,000)	\$ (1,400,000)
Balance December 31st 2020	\$ 3,251,727	\$ 8,255,441	\$ 11,507,168
<i>Notes Converted</i>	\$ (15,000)	\$ -	\$ (15,000)
Balance September 30th 2021	\$ 3,236,727	\$ 8,255,441	\$ 11,492,168
Adjustment (December 2021 quarter)	\$ -	\$ 22,000	\$ 22,000
Balance March 31st 2023#	\$ 3,236,727	\$ 8,277,441	\$ 11,514,168

#NOTE There have been no changes since the December 2021 quarter

- ii. Details of the accrued interest balance as at March 31st 2023 of \$7.0 million, which includes the charge for the March 2023 quarter of \$0.8 million, is provided in the table below

<i>Convertible Loan Notes - Interest</i>	CLN3	CLN4	TOTAL
Balance January 1st 2020	\$ 411,157	\$ 49,725	\$ 460,882
<i>Charge for the March 2020 quarter</i>	\$ 134,443	\$ 102,542	\$ 236,985
Balance March 31st 2020	\$ 545,600	\$ 152,267	\$ 697,867
<i>Charge for the June 2020 quarter</i>	\$ 151,990	\$ 183,374	\$ 335,364
Balance June 30th 2020	\$ 697,590	\$ 335,641	\$ 1,033,231
<i>Charge for the September 2020 quarter</i>	\$ 171,389	\$ 259,140	\$ 430,529
<i>Notes Converted</i>		\$ (13,864)	\$ (13,864)
Balance September 30th 2020	\$ 868,979	\$ 580,917	\$ 1,449,896
<i>Charge for the December 2020 quarter</i>	\$ 163,293	\$ 277,849	\$ 441,142
<i>Notes Converted</i>	\$ (301,526)	\$ (38,517)	\$ (340,043)
Balance December 31st 2020	\$ 730,745	\$ 820,249	\$ 1,550,995
<i>Charge for the March 2021 quarter</i>	\$ 120,583	\$ 274,999	\$ 395,582
<i>Notes Converted</i>	\$ (4,057)	\$ -	\$ (4,057)
Balance at March 31st 2021	\$ 847,272	\$ 1,095,248	\$ 1,942,520
<i>Charge for the June 2021 quarter</i>	\$ 125,140	\$ 286,516	\$ 411,656
Balance at June 30th 2021	\$ 972,412	\$ 1,381,764	\$ 2,354,176
<i>Charge for the September 2021 quarter</i>	\$ 130,474	\$ 298,630	\$ 429,104
Balance at September 30th 2021	\$ 1,102,886	\$ 1,680,394	\$ 2,783,280
<i>Charge for the December 2021 quarter</i>	\$ 134,446	\$ 313,727	\$ 448,173
Balance at December 31st 2021	\$ 1,237,332	\$ 1,994,121	\$ 3,231,453
<i>Charge for the March 2022 quarter</i>	\$ 204,364	\$ 469,175	\$ 673,539
Balance at March 31st 2022	\$ 1,441,696	\$ 2,463,296	\$ 3,904,992
<i>Charge for the June 2022 quarter</i>	\$ 216,113	\$ 496,145	\$ 712,259
Balance at June 30th 2022	\$ 1,657,810	\$ 2,959,442	\$ 4,617,251
<i>Charge for the Sept 2022 quarter</i>	\$ 228,618	\$ 524,856	\$ 753,474
Balance at September 30th 2022	\$ 1,886,428	\$ 3,484,298	\$ 5,370,725
<i>Charge for the Sept 2022 quarter</i>	\$ 239,297	\$ 549,371	\$ 788,668
Balance at December 31st 2022	\$ 2,125,725	\$ 4,033,669	\$ 6,159,393
<i>Charge for the March 2023 quarter</i>	\$ 244,944	\$ 562,336	\$ 807,280
Balance at March 31st 2023	\$ 2,370,669	\$ 4,596,005	\$ 6,966,673

- iii. Details of the potential future shares to be issued on conversion of Notes (including accrued interest through to March 31st 2023) of 285.5 million is provided in the table below

<i>Convertible Loan Notes - Summary - to March 31st 2023</i>	CLN3	CLN4	TOTAL
<i>Principle</i>	\$ 3,236,727	\$ 8,277,441	\$ 11,514,168
<i>Interest</i>	\$ 2,370,669	\$ 4,596,005	\$ 6,966,673
<i>Total</i>	\$ 5,607,396	\$ 12,873,446	\$ 18,480,841
<i>Convertible at (price per share)</i>	\$ 0.045	\$ 0.080	
Potential future share issue	124,608,790	160,918,070	285,526,860

- iv. During the March 2023 quarter, there were no changes to the warrants issued in respect of the Convertible Notes. At March 31st 2023, there were 57.4 million warrants issued and remaining outstanding in respect of the Convertible Notes, details of which are provided in the table below.

<i>Convertible Loan Notes - Warrants</i>	CLN3	CLN4	TOTAL
Warrants on issue at January 1st 2020	35,962,500	8,378,920	44,341,421
<i>Exercised during the quarter</i>	(5,500,000)	-	(5,500,000)
<i>Expired</i>	(12,512,500)	-	(12,512,500)
<i>Issued during the quarter</i>	-	15,333,368	15,333,368
Warrants on issue at March 31st 2020	17,950,000	23,712,288	41,662,289
<i>Issued during the quarter</i>	-	18,693,365	18,693,365
Warrants on issue at June 30th 2020	17,950,000	42,405,653	60,355,654
<i>Issued during the quarter</i>	-	7,386,599	7,386,599
<i>Overstated expired March 20 quarter</i>	5,979,166	-	5,979,166
Warrants on issue at Sept 30th 2020	23,929,166	49,792,252	73,721,419
<i>Exercised during the December 2020 quarter</i>	(12,341,459)	(2,080,000)	(14,421,459)
<i>Expired during the December 2020 quarter</i>	(2,054,316)	-	(2,054,316)
<i>Adjustment previous periods</i>	-	122,320	122,320
Total at March 31st 2023 #	9,533,391	47,834,572	57,367,964

NOTE; There were no changes since the December 2021 quarter

Note 9. Directors unpaid Remuneration

The balance owing in respect of salary and fees to current and past directors (and accrued) as at December 30th 2020 was \$1.4 million. At the end of 2020, the directors were offered Share Options in lieu of some or all of their past entitlement. A total of \$1.0 million 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

- a) As at March 31st 2023 the Company had issued and outstanding 51.1 million warrants at an average strike price of \$0.57 per share. There were no options issued, exercised during the March 2023 quarter. 500,000 warrants expired during the March 31st 2023 quarter.

Name	Position	Number	Exercise Price	Expiry
Mark Ashley	Previous CEO and Director	2,500,000	\$ 0.15	July 30th, 2023
Travis Miller	Previous COO and Director	2,000,000	\$ 0.15	July 30th, 2023
Jordan Moelis	Previous Non-executive Director	1,000,000	\$ 0.15	July 30th, 2023
Gustavo Mazon	Previous Non-executive Director	1,000,000	\$ 0.15	July 30th, 2023
Fernando Berdegue	Previous Consultant	1,000,000	\$ 0.15	July 30th, 2023
Brian Zumudio	Previous Non-executive Director	1,000,000	\$ 0.15	July 30th, 2023
Travis Miller	Previous COO and Director	2,250,000	\$ 0.65	Dec 31st 2023
Jordan Moelis	Previous 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	Previous Non-executive Chairman	600,000	\$ 0.65	Dec 31st 2023
Thomas Vehrs	Previous Non-executive Director	200,000	\$ 0.55	Dec 31st 2023
Gustavo Mazon	Previous 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	Previous Non-executive Chairman	2,500,000	\$ 0.30	May 31st 2025
Thomas Vehrs	Previous Non-executive director	1,500,000	\$ 0.30	May 31st 2025
Brian Metzzenheim	VP Exploration	1,500,000	\$ 0.25	June 30th 2025
Mark Ashley	Previous CEO and Director	5,000,000	\$ 0.45	Sept 30th 2025
Mark Ashley	Previous CEO and Director	5,000,000	\$ 1.00	Sept 30th 2025
Mark Ashley	Previous CEO and Director	5,000,000	\$ 1.85	Sept 30th 2025
Travis Miller	Previous COO and Director	5,000,000	\$ 0.45	Sept 30th 2025
Odin Christensen	Technical Consultant	1,000,000	\$ 0.35	Feb 23rd 2026
Fred Kofman	Previous Non-executive director	1,500,000	\$ 0.20	July 30, 2026
Scott Jolcover	Consultant	750,000	\$ 0.50	Oct 31, 2025
Odeon Capital	Fee for Capital raising	615,833	\$ 0.18	Jan 1, 2023
Odeon Capital	Fee for Capital raising	390,000	\$ 0.30	Oct 1st 2023
Robert Kopple	Corporate structure advice	2,500,000	\$ 0.16	Dec 27, 2023
TOTAL/AVERAGE at March 31st 2023		51,105,833	\$ 0.57	

- b) A further 10.0 million Options are to be granted to 4 new directors announced by the Company on April 13th 2022 and May 20th 2022 (see Notes 11c and 11d below) are not yet included in this total.

Note 11. Employment agreement

- a) In June 2013 the Company entered into an employment agreement with Mark Ashley as the Chief Executive Officer. 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. Mr. Ashley's role as CEO was terminated on April 22nd 2021.
- b) Mr. Travis Miller 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. Mr. Miller resigned his executive role as COO on April 22nd 2021.

- c) On April 13th 2022, the Company announced the appointment of two new directors; William Hunter (as Chairmans and Interim CEO) and Ryan Welker (as an independent director). As full compensation for the Services to be provided the Company shall (i) pay to each of these new Directors a retainer in the amount of \$20,000 per calendar quarter (or pro-rate thereof) which shall be paid in shares of common stock of the Company (ii) grant to the Director share options to purchase shares of common stock of the Company. The Option will vest as to 50% of the shares covered thereby on the date of grant, and will vest as to the remaining 50% of the shares covered thereby on the first anniversary of the date of grant, subject to the Director's continued service as Chairman of the Board of Directors and Chief Executive Officer. The Option will have an exercise price equal to the higher of (i) the market value per share of the Company's common stock on the date of grant, and (ii) one hundred ten percent (110%) of the price per share at which the Company's common stock is sold in the Equity Raise. The company has agreed to grant 2.5 million options to Mr. Hunter and 2.0 million Options to Mr. Welker.
- d) As Interim CEO, William Hunter will also receive
- i. an annual remuneration of \$300,000 of which \$200,000 is payable in cash and \$100,000 in common shares of Tonogold, and
 - ii. 1.5 million share options
- e) On May 20th 2022, the Company further announced the appointment of two new directors; Gil Playford and Cody Whipperman (as independent directors). As full compensation for the Services to be provided the Company shall (i) pay to each of these new Directors a retainer in the amount of \$20,000 per calendar quarter (or pro-rate thereof) which shall be paid in shares of common stock of the Company (ii) grant to each Director, 2.0 million share options to purchase shares of common stock of the Company. The Options will vest as to 50% of the shares covered thereby on the date of grant, and will vest as to the remaining 50% of the shares covered thereby on the first anniversary of the date of grant, subject to the Director's continued service as Directors. The Options will have an exercise price equal to the higher of (i) the market value per share of the Company's common stock on the date of grant, and (ii) one hundred ten percent (110%) of the price per share at which the Company's common stock is sold in the Equity Raise. It was also announced that in conjunction with these appointments, Travis Miller and Gustavo Mazon have stepped down as Directors. As at the date of this report, the Options to the 4 new Directors have yet to be granted.

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

- a) 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.
- b) Mil-Ler purportedly owned 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.
- c) 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.
- d) 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.
- e) 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 immediately began an investigation into why and how this occurred and will seek to cure the issue in the manner most favorable to the Company.
- f) During the December 2021 quarter the Board resolved to make a proposal to settle the Mil-Ler

matter with Travis Miller (a director of the Company and the main shareholder of Miller at the time of its acquisition) and the other previous owners of Miller (the “Miller Parties”) with them being required to pay \$550,000 to the Company in order to retain the 54.1 million Tonogold shares issued in consideration of the acquisition. The Miller Parties provided the Company with the \$550,000 settlement amount during the March 2022 quarter. Details were reported to the market in our announcement dated April 4th 2022 ([Link: https://tonogold.com/tonogold-eliminates-debt-held-by-comstock-mining/](https://tonogold.com/tonogold-eliminates-debt-held-by-comstock-mining/))

Note 14. Options and Warrants outstanding

During the March 2023 quarter, 3.9 million warrants with a strike price of \$0.22 per share expiring March 31st 2025 were granted in subscribers of a share placement. A breakdown of the 112.4 million Options and Warrants having an average strike price of \$0.349 per share outstanding as at March 31st 2023 is provided in the table below:

Detail	Reference	Number	Ave Exercise Price	Expiry
Issued re CLN3#	See Note 8f (iv)	9,533,391	\$ 0.160	30-Jun-23
Issued re CLN4#		47,834,572	\$ 0.160	
March 2023 placement	See Note 7d	3,906,250	\$ 0.220	31-Mar-25
Executives/Directors/Consultants	See Note 10	51,105,833	\$ 0.570	Various see Note 10
TOTAL/average at March 31st 2023		112,380,046	\$ 0.349	

Although technically expired, these warrants will be re-issued to those Noteholders who ultimately convert to shares

Note 15. Subsequent Events

The Company has evaluated subsequent events from March 31st 2023 through the date the financial statements were available to be issued and it has been determined that other than those matters covered in the Notes to these Financial Statements, there have been no subsequent events of materiality 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 recently acquired Comstock Lode, Nevada.

Revenues

The Company had no revenues for the Three months ended March 31st, 2023 and 2022

Mineral Property Costs

There were no Mineral property costs during the quarter.

General and Administrative Expenses

Total expenses for the March 2023 quarter totaled \$0.3 million compared to \$0.8 million for the corresponding period of 2022.

	Three months ending March 31st	
	2023	2022
Wages and salaries Office	\$ 196,500	\$ 102,954
Insurance	\$ 30,759	\$ 77,587
Office costs	\$ 1,178	\$ 1,154
Investor relations	\$ 21,095	\$ 34,531
OTC Markets, Inc. filings	\$ 4,300	\$ 3,121
Travel	\$ -	\$ -
Telephone	\$ -	\$ -
Legal fees	\$ 1,000	\$ 47,696
Accounting/Audit fees	\$ 24,000	\$ 169,678
Interest paid (CMI Note)	\$ -	\$ 292,149
Other expense	\$ 1,895	\$ 21,536
TOTAL	\$ 280,727	\$ 750,407

Interest paid of \$0 during the Three months to March 31st 2023 (\$0.7 million for the corresponding period 2022) relates to the Loan Note issued to CMI as part of the Comstock acquisition (Note 6d(iv)). There was no interest incurred during the March 2023 quarter as the loan was eliminated during the March 2022 quarter as a result of the Option agreement entered into between Tonogold and CMI (as described in Note 6d(v)).

Interest Expense

Accrued Interest expense in respect of the Convertible Notes amounted to \$0.8 million for the Three months ended March 2023 compared to \$1.7 million for the corresponding period for 2022.

Provision for Income Tax

We incurred taxable losses; consequently, no liability to taxation was incurred during the Three months ended March 31st, 2023, and 2022.

Working Capital

As of March 31st, 2023 the Company had cash of \$29,000. The Company had a **negative** working capital position of \$21.7 million at March 31st, 2023 compared to a positive \$11.0 million at December 31st, 2022.

The Company incurred a net loss from continuing operations of \$1.1 million for the three months to March 2023 compared to \$0.9 million for the three-month corresponding period of 2022.

At March 31st, 2023 the Company had a total principal balance of \$11.5 million outstanding in respect of the convertible loan notes, reflecting a nil movement since December 31st, 2021 (see Note 8 (f)).

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

Cash flows

The following table summarizes selected items from our “Statement of Cash Flows” for the Three and Three months ended March 31st 2023 and 2022.

	Three months ending March 31st	
	2023	2022
<i>Net Cash provided by/(used in) :</i>		
Operations	\$ 45,573	\$ 1,466,538
Investing	\$ (10,000)	\$ (1,514,569)
Financing	\$ -	\$ -
Increase/(decrease) in cash	\$ 35,573	\$ (48,031)