

UPDATE: Tonogold Resources Enters into an Option Agreement to Acquire the three gold/silver Properties in Durango, Mexico

NEWS PROVIDED BY
Tonogold Resources Inc. →
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LA JOLLA, Calif., Jan. 16, 2018 /PRNewswire/ -- **TONOGOLD RESOURCES INC.** (OTC:TNGL) (the "**Company**" or "**Tonogold**") is pleased to announce that it has entered into a binding agreement with a private Mexican company, 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. All amounts stated are in U.S. dollars unless otherwise advised.

Principle Agreement Terms

Tonogold has paid \$100,000 for an initial 6-month option, which can be extended by 3 additional months at Tonogold's election for a further payment of \$1 million prior to the expiry of the initial option period. Both amounts form part of the \$7.3 million purchase price in the event the option is exercised.

Highlights of an Acquisition

- Potentially adds high quality gold-silver advanced exploration projects to our pipeline in a safe and well-known mining-friendly and cost competitive jurisdiction.
- Low cost option fee
- Attractive acquisition value per gold equivalent ounce based on the historical resources.

Recent History

In December 2004, Capstone Mining Corp. ("**Capstone**") secured an option over various projects from Grupo Minero Bacis S.A. de C.V. including the three projects that Tonogold now has an option over. In September 2005, Capstone advised, in a news release as follows: *"The following table summarizes the historic mineral resources of the projects from the records of Grupo Minero Bacis S.A. de C.V., the optionor of the projects*

("Bacis"). These resource estimates have been calculated by Bacis and are reported as historical resource estimates. The Company must verify these resources before current mineral resources can be reported."

Tonogold provides below the resource detail as it relates to the three projects, but in doing so, urges investors to use appropriate caution as Tonogold did not undertake the work necessary to verify the estimates nor their classification. Tonogold is not treating the historical resource estimates (below) as a NI 43-101 defined resource and advises that such historical estimates should not be relied upon. It is included to provide investors an "order of magnitude" potential for the Projects.

Historic Resource Estimate

Project	Historic Measured and Indicated					Historic Inferred				
	Tonnes	Grade (g/t)		Contained metal (ounces)		Tonnes	Grade (g/t)		Contained metal (our	
		Au	Ag	Au	Ag		Au	Ag	Au	Ag
Claudia	130,056	3.80	199	15,891	832,191	11,992,050	3.00	193	1,156,789	74,42
Promontorio	37,757	1.20	382	1,457	463,768	1,100,000	1.20	370	42,444	13,08
Montoros	112,700	2.90	40	10,509	144,952	8,790,120	3.50	34	989,242	9,60
TOTAL	280,513	3.09	160	27,857	1,440,911	21,882,170	3.11	138	2,188,475	97,11

Mark Ashley, Chief Executive Officer of Tonogold Resources, stated "As was in the case of the Lucerne Mine, the identification of this opportunity and the formalization of the present agreement are the result of a number of years of diligent review of numerous opportunities that we had identified in the sector and the subsequent formation of sound commercial strategies aimed at securing control of opportunities that have the potential to become significant and financially robust projects in the near future."

The Projects

Please visit: <https://www.dropbox.com/s/9ylojx8gtrk0zzn/Map.pdf?dl=0>

Claudia

Claudia covers approximately 6,390 hectares and is located 135 kilometres NNW of Durango City, Durango State, Mexico in the El Papanton Mining District, Santiago Papasquiari Municipality. The property covers a 10-kilometer hosting NNW trend of WSW and ENE dipping intermediate sulphidation gold-silver vein systems.

"Alteration is generally weak propylitization involving chlorite, epidote, calcite and pyrite with veins and small areas of argillization or clay development. Previous sampling (1993) from the Claudia vein reported grades of 4.7 g/t Au and 590 g/t Ag over 1.30 metres; 45 samples from the Mark Twain (N35W/85°NE) grading 5.9 g/t Au and 499 g/t Ag over 1.55 metres; 62 samples from the Guadalupana vein (N35W/65°SW) grading 5.2 g/t Au and 75 g/t Ag over 3.8 metres; 30 samples from the Mina Vieja (N40W/85°SW) grading 7.3 g/t Au and 379 g/t Ag over 1.56 metres; and 45 samples from the Providencia (N55W/80°SW). All the veins were hosted by andesite."¹

Promontorio

The Promontorio Property is regarded as an advanced exploration stage project with a small production history. The Property consists of 33 concessions which cover approximately 2,188 hectares in the El Oro Municipality, Promontorio district in Durango State, Mexico. The property covers several gold-silver bearing veins with the main Promontorio and Pericos veins reported to have produced ~250,000 tonnes of 3,500 g/t silver and 20 g/t gold during the 1930's. The narrow, high-grade veins have been traced for more than 2 kilometres but previous exploration has mainly been conducted in a small area of the project.

The Promontorio mine was discovered in the late 1800's and purchased by Negociacion Minera de Promontorio in 1887. It has been reported that:

- Until 1892, mineralization grading 7.5 kilograms per ton of silver was shipped to Fresnillo.
- In 1892 mineralization grading 3 kilogram per ton of silver was shipped to Durango and in 1900 mineralization grading 2 kilograms per ton of silver was shipped to Chinacates in Durango State.
- Production the Promontorio mine between December 1896 to 1906 yielded over 170,000 kilograms of silver and 476 kilograms of gold, which made the mine one of the significant producers of silver in Mexico.
- Production stopped in 1906 due to the Mexican Revolution.

Montoros

The Montoros Project, consists of 17 concessions covering approximately 2,147 hectares, is situated in the Santiago Papasquiario Municipality.

Four vein systems have been identified in the project area. Alteration consists of propylitization (chlorite-epidote- calcite-pyrite) that is more common in the LVC rocks and clay alteration near the vein tops. Mineralization occurs as argentite, native gold, electrum, and base metals. The Periquitos vein contained about 10% chalcopyrite in semi-massive sulphide at the portal.

The Montoros vein systems were sampled on surface and by underground workings between 1992 to mid-1993.

Future Work

Tonogold will be conducting a detailed evaluation program over the option period to undertake an initial but comprehensive technical and conceptual economic assessment of the Project, with priority emphasis given to Claudia, focusing on the potential for a high-grade underground mining operation, prior to deciding to exercise the Option later in the year.

Qualified Person

The technical information contained in this news release has been reviewed and approved by Gregory B. Sparks, a registered Professional Engineer in the State of Colorado and a Qualified Person as defined by National Instrument 43-101.

Forward-Looking Statements

This press release and any related calls or discussions may include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 about Tonogold. Forward-looking statements are statements that are not historical facts. All statements, other than statements of historical facts, are forward-looking statements. Forward-looking statements include statements about matters such as: future prices and sales of, and demand for, our products; future industry market conditions; future changes in our exploration activities, production capacity and operations; future exploration, production, operating and overhead costs; operational and management restructuring activities (including implementation of methodologies and changes in the board of directors); future employment and contributions of personnel; tax and interest rates; capital expenditures and their impact on us; nature and timing and accounting for restructuring charges, gains or losses on debt extinguishment, derivative liabilities and the impact thereof; productivity, production slowdowns, suspension or termination, business process, rationalization and other operational initiatives; investments, acquisitions, joint ventures, strategic alliances, business combinations, asset sales; consulting, operational, tax, financial and capital projects and initiatives; contingencies; environmental compliance and changes in the regulatory environment; offerings, sales and other actions regarding debt or equity securities; including a redemption of the debenture, and future working capital, costs, revenues, business opportunities, debt levels, cash flows, margins, earnings and growth.

The words "believe," "expect," "anticipate," "target," "estimate," "project," "plan," "should," "intend," "may," "will," "would," "potential" and similar expressions identify forward-looking statements, but are not the exclusive means of doing so. These statements are based on assumptions and assessments made by our management in light of their experience and their perception of historical and current trends, current conditions, possible future developments and other factors they believe to be appropriate. Forward-looking statements are not guarantees, representations or warranties and are subject to risks and uncertainties that could cause actual results, developments and business decisions to differ materially from those contemplated by such forward-looking statements. Some of those risks and uncertainties include the risk factors discussed in Item 1A, "Risk Factors" of our annual report on Form 10-K. Occurrence of such events or circumstances could have a material adverse effect on our business, financial condition, results of operations or cash flows or the market price of our securities. All subsequent written and oral forward-looking statements by or attributable to us or persons acting on our behalf are expressly qualified in their entirety by these factors. We undertake no obligation to publicly update or revise any forward-looking statement. Neither this press release nor any related calls or discussions constitutes an offer to sell or the solicitation of an offer to buy any other securities of the Company.

¹ *Technical Report dated December 31st 2005 prepared for Capstone Gold Corp and Silverstone Resources Corp*

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