

Prominent Historic Comstock Lode, Nevada

LA JOLLA, Calif., Oct. 5, 2017 /PRNewswire/ -- Tonogold Resources Inc (OTC:TNGL) (the "Company" or "Tonogold") is pleased to announce that it has entered into a binding agreement with [Comstock Mining Inc.](#) (NYSE American: LODE) ("Comstock"), which amongst other things, provides Tonogold an exclusive right to earn a 51% controlling interest in 1,162 acres of mining claims in the highly prospective Comstock Lode region in Virginia City, Nevada, which includes the Lucerne Deposit, located in the Storey and Lyon Counties, as listed in Schedule 2 (the "Lucerne Properties") and depicted in the map provided in Schedule 1.

PRINCIPLE AGREEMENT TERMS

Tonogold has paid Comstock \$200,000 for an initial 6-month option, which can be extended at Tonogold's election for a further payment of \$2 million prior to the expiry of the initial option period.

For Tonogold to earn a 51% controlling interest it will be required to invest \$20 million over the next 42-months on work programs developed and managed by Tonogold, on the Lucerne Properties; the objective being to produce a commercially and technically robust mine plan and feasibility study to enable profitable mining on the properties to commence. It should be noted, that the \$20 million expenditure threshold is not a commitment, but a requirement to earn the 51% interest in the Lucerne Properties.

The Agreement provides that a Joint Venture Steering Committee be established immediately with majority members being nominated by Tonogold. Work programs, budgets and other day-to-day operational decisions require a simple majority decision of the JV Steering Committee, thus ensuring Tonogold assumed operational control from the outset.

Other aspects of the agreement provide Tonogold with:

- An option over Comstock's heap leach facilities (including the crushing, stacking, Merrill Crowe plant, gold recovery facilities, the American Flats mineral claims (totaling 1,013 acres – see map in Schedule 1), and other related infrastructure, plant and equipment ("American Flat PP&E"). Tonogold has the right to acquire 51% of the American Flat PP&E for \$25 million once it has acquired a 51% interest in the Lucerne Properties. If exercised, the purchase price shall be payable to Comstock over an 18-month period commencing from exercising the American Flat PP&E option.
- A Right of First Refusal over mining claims (192 acres) covering Comstock's Dayton gold and silver deposit.

FUTURE WORK PROGRAMS

Tonogold believes that notwithstanding the operating losses incurred over the 3-year period (2012-2015) during which Lucerne ore was mined (open pit) and treated (heap leach), the project dynamics contemplated by Tonogold would be vastly different with significant economic improvements resulting from the adoption of industry best practice strategies, including:

1. Consideration of a higher rate of production (equipment and roster selection). Previous operations operated on an 8-hours/day, 5-days per week and as a result failed to secure the significant economic of scale benefits that were available.
2. Ensuring ore mined and treated is economic. The previous operations operated without a Reserve with surface mining relying on a Resource that (for a number of reasons summarized below) resulted in sub-economic ore (i.e. waste) being mined and treated. This is outlined further under the "Lucerne Resource" Section below.

Tonogold's work programs over the next 3-years will be targeting sustained annual production in excess of 100,000 ounces of gold per year with cash costs of ~\$750/ounce. The work program for the initial 6-month period is expected to include:

- Detailed Independent review of the Lucerne Resource
- Possible infill drilling within the Lucerne Resource
- As part of the initial review, there will be a focus on identifying high-grade zones within the overall Lucerne Resource to establish a better understanding on the structural controls and to help determine down-dip potential for subsequent drilling.
- Assessment of the various known high-grade underground opportunities such as Succor, PQ, Woodville, etc. and to consider drilling programs to gain a better understanding of their potential.

LUCERNE RESOURCE

The Official Resource for the Lucerne deposit as reported by Comstock will, as part of the initial work program, be re-estimated by Tonogold's technical consultants (Mine Development Associates ("MDA"), Reno) with an initial focus on that part of the Resource that is likely to be converted into a Reserve.

Tonogold is wary to pre-empt the results and outcome of the future work in this area (which is likely to take 6 to 12-months to complete), but believes that it is important for investors to gain a general understanding of some of the Resource issues that

have come to light during Tonogold's due diligence program, and to be aware that this is expected to result in a significant reduction in the Resource as currently reported by Comstock of 79.8 million tons at 0.027 ounces of gold per ton ("o/t Au") (0.92 grams of gold per tonne ("g/t Au")), for 2.14 million ounces of contained gold which uses a 0.007 o/t Au (0.24 g/t Au) cutoff. The expected reduction is the a result of:

- The cutoff grade assumed of 0.007 o/t Au (0.24 g/t Au) is, in Tonogold's opinion, far too low given the prior operating conditions. Tonogold believes that even with the economies of scale expected to be achieved in future operations, a cutoff grade of 0.02 o/t Au (0.69 g/t Au) would be more appropriate. Based on Comstock's Resource statement, this would reduce the pre-mined Resource from 2.14 million ounces of gold to 1.55 million ounces of contained gold.
- There is a requirement within Canadian Institute of Mining's ("CIM") definitions of resources, upon which Canadian National Instrument 43-101 relies, that a resource must have "reasonable prospects for economic extraction". The Official Resource for Lucerne includes mineralization down to 1,520 feet (463 meters). Tonogold believes that mineralization below 820 feet (250 meters) would not, at this time, meet the "reasonable prospects for economic extraction" at a cutoff of either 0.007 o/t Au or 0.02 o/t Au. The CMI-reported Resource below 820 feet amounts to around 0.5 million ounces of contained gold (using a 0.02 o/t Au cutoff).
- Finally, following a review and analysis of the Resource by Tonogold's technical consultants, and when comparing the Resource with actual past production (resource/production reconciliation), there is evidence that the official resource estimate may have been overstated by over 30%.

Tonogold emphasizes that it is the quality of the resource that is far more important than the quantity.

Notwithstanding the negative implication of these issues, Tonogold is significantly comforted that the losses previous suffered can reasonably and realistically be converted into significant returns, by (in particular):

- The Development of a technically robust resource model,
- The Completion of a Reserve estimate that would also be compliant with NI 43-101 and CIM Guidelines,
- The establishment of a detailed and robust mine plan
- The consideration of appropriate scale of operations (equipment sizing, rosters, etc.)
- Undertaking and completing a technical and economic feasibility study prior to committing to recommence production.

FUNDING

Since June 30th 2017, Tonogold has secured commitments for an additional \$1 million of subscriptions from a small group of investors, in respect of the Company's five (5) cent convertible loan note, which together with the cash on hand at June (\$352,000) provide the Company with the financial resources required for the initial 6-month program.

LISTING CONSIDERATION

The execution of this Agreement provides Tonogold with a potentially significant company-transforming asset, which now justifies our seeking an upgrade of our current listing status to at least a fully reporting entity. In addition, Tonogold is now considering seeking a listing on the Toronto Venture Exchange as soon as practical (expected within 12-months) and has embarked on the assessment of various avenues to achieve this. The upgrade listing objectives are designed to widen the investor base to enable other investor groups that are currently prohibited from investing in Tonogold, to be able to do so in the future.

QUOTES

Mark Ashley (Tonogold's President and CEO), commented: "We commenced our negotiations with Comstock over 15-months ago. The positive, constructive and open dialogue that has been nurtured by both companies over this period has ensured that the resultant Agreement provides a structure that's not only workable but importantly provides a strong foundation for a successful strategic partnership for the benefit of both companies. Tonogold has also gained a significant and detailed understanding of the opportunities and potential that the Lucerne Properties provide over this period."

Corrado de Gasperis (Comstock's CEO) stated "We have been impressed by the commitment, diligence and frankly, passion, exhibited by Mark and the Tonogold team. We believe the success of Lucerne depends on this type of technical diligence, development and competencies that Mark and his team have demonstrated over the past year-plus. We have the right partner with the right capital support to maximize the value of the Lucerne operation."

SHARE ISSUE

Tonogold also advises that 85,139,994 new shares were issued during September 2017, as contemplated in the previous Financial Statement lodgments (under the heading "Condensed Statement of Shareholders' (Deficit)"), bringing the Company's issued share capital to 104,321,659 shares.

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.

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