

Tonogold to Acquire 100% of Iron Ore Project, Mexico

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LA JOLLA, Calif., May 8, 2014 (GLOBE NEWSWIRE) -- [Tonogold Resources Inc.](#) (OTC:TNGL) (the "**Company**") is pleased to announce it has agreed terms with the owners of Mil-ler Resources and Energy SA de CV ("Mil-ler"), owner of the Nevmex producing iron ore project located near Hermosillo, Sonora in Mexico, to merge the companies in a non-cash transaction as an alternative to the previous arrangements.

This new deal will result in the existing iron ore operations being 100% owned by Tonogold upon the issue of 541 million Tonogold shares to the shareholders of Mil-ler (subject to Tonogold shareholders approving a 1 for 10 reverse share split and an adjustment to the authorized capital to enable the shares to be issued).

The shareholders of Mil-ler have mutually agreed to a self-imposed trading restriction (in excess to those imposed by the SEC) with 75% of the shares issued being subject to at least a 12-month hold period, 50% an 18-month hold, and 25% subject to a 24-month hold, reflecting the long-term investment strategy of the current owners of Mil-ler.

On April 1, 2014, Tonogold announced that it had mandated EAS Advisors, LLC ("EAS") to provide equity capital market advice and through Merriman Capital Inc. to assist the Company in its capital raising requirements in order to fund the acquisition of Mil-ler.

EAS undertook a site visit to evaluate the Mil-ler operations and meet with its stakeholders and subsequently recommended that the companies merge in order to align shareholders' interests and make the investment more attractive to US investors. EAS reviewed the entire operations from the mine to port for the benefit of the shareholders of the Company.

As a consequence of Tonogold securing 100% of Mil-ler, the capital raising has increased from that previously announced (of \$6 million) to \$14 million to more rapidly advance the expansion and exploration of the Nevmex projects. The Company and EAS have received encouraging feedback in early discussions.

The increased offering will enable Tonogold to fund significant opportunities that have been identified not only on the project's 135-square miles of prospective tenements but also to fund a number of regional consolidation opportunities as part of Tonogold's significant growth objectives. Tonogold has an initial target to produce over 700,000 tonnes per year of Iron Ore within a 6-month time frame.

Tonogold has recently completed a \$600,000 short-term loan note, convertible into shares at 5 cents per share or repaid (at the holders election following completion of the capital raising) to provide Tonogold with working capital in the short-term.

The Company expects to approve the issue of shares to Mil-ler and complete the 1:10 reverse share split at a Meeting of Shareholders in June 2014. Shareholders will be duly notified of this meeting in accordance with Notice of Meetings requirements.

The Company is continuing to work with its advisors in a bid to become a fully reporting entity as soon as possible. Additionally, we expect the reverse share split share price will provide Tonogold the opportunity to list on secondary exchanges in the near-term, as well attract a broader investor base.

The share structure contemplated following the completion of the capital raising and acquisition (pre and post the proposed capital re-structure) is provided in the table below:

| Number of shares (M's) | | | |
|-----------------------------|---------|-------|--------|
| | Pre | Post | % |
| Currently on issue | 195.0 | 19.5 | 19.0% |
| Short term Convertible Loan | 12.0 | 1.2 | 1.2% |
| Current raising | 280.0 | 28.0 | 27.2% |
| Shares for 100% of Mexico | 541.0 | 54.1 | 52.6% |
| Total | 1,028.0 | 102.8 | 100.0% |

Mr. Travis Miller, Mil-ler's largest shareholder and general manager, will become Tonogold's largest shareholder with him holding approximately 26% of the enlarged share capital of the Company. Mr. Miller has agreed to join the board of Tonogold as an executive director. Further details of Mr. Miller are provided as an appendix to this announcement.

Mr. Ashley, Tonogold's CEO stated "The extremely professional and positive discussions between Tonogold and Mil-ler over the past months has provided increased confidence from both sides of the significant benefits that will result in consolidating 100% of this asset into Tonogold immediately. EAS's extremely professional and diligent assessment of Tonogold and the project being acquired, coupled with their understanding of the US capital markets, particularly in the natural resource sector, has been invaluable and the revised structure, I believe, establishes an extremely sound foundation for Tonogold and paves the way for substantial growth with significant and real shareholder returns in the future. I am extremely happy with the relationship that has developed between Tonogold and the management and owners of Mil-ler and particularly look forward to working with Travis Miller and his team to build Tonogold into a significant and highly profitable iron ore producer."

Mr. Miller said "I am very excited to become an integral part of Tonogold. I believe that the synergies of our asset base and management team together with the experience and track record of Tonogold's management in building substantial growth through fundamentally driven objectives and strategies in the resource sector will ensure that the full potential of our iron ore project will be realized in a professional and timely manner for the benefit of all shareholders."

Mr. Eddie Sugar (the principle of EAS) said, "Although we were initially skeptical about the investment given the recent publicity in Mexico regarding iron ore, we were very pleasantly surprised to subsequently find a situation almost completely opposite of what we expected. Not only are the Mil-ler and Tonogold teams extremely professional and experienced, our understanding of Mexican iron ore and our skepticism were completely unfounded. We found the state of Sonora to be an extremely friendly place for mining and the supporting infrastructure to be of great quality, which even producers and developers in Australia and America would envy. We are very excited to be part of Tonogold's future and believe they are well on their way to creating a considerable business with a combination of characteristics that are rare in iron ore; strong cash flow generation off of a very small capital expenditure base with the added benefit of very significant production growth potential."

APPENDIX 1

Background of Mr. Travis Miller

Mr. Miller is a US citizen but has lived in Mexico for the past 7 years and is fluent in Spanish. In 2008, Mr. Miller arranged the consolidated of the tenement package that is now the Nevmax project owned by Mil-Ler (a private Mexican entity). During 2011, through Mil-ler, Mr. Miller funded an exploration program over two areas in close proximity to the access road leading onto the tenements and established the Ponderosa and Vito 3 deposits. In 2012 Mr. Miller arranged for a large construction group in Mexico to take a 50% equity interest in Mil-ler by providing the mining fleet and process facilities to enable the commencement of production at Ponderosa. Under Mr. Miller's management, production commenced in early 2013. Subsequent drilling has resulted in Ponderosa becoming much larger, with current expectations that it will provide the feed necessary to sustain a production rate of 360,000 tonnes of iron ore per annum for at least 5 years. Mr. Miller has significant mining and Mexican business experience.

Safe Harbor Statement

This press release contains certain forward-looking information about Tonogold Resources, Inc. ("Tonogold") which is intended to be covered by the safe harbor for "forward-looking statements" provided by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that are not historical facts. Words such as "expect(s)," "feel(s)," "believe(s)," "will," "may," "anticipate(s)," and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to, financial projections and estimates and their underlying assumptions; statements regarding plans, objectives and expectations with respect to future operations, products and services; and statements regarding future performance. Such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond the control of [Tonogold Resources Inc.](#) that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include: our lack of operating revenue and earnings history, our need for additional capital to pursue our business strategy, some of our managers lack formal training in the mining business, the grade and quantity of minerals in our projects may not be economic, we do not have fee title to our properties, but derive our rights through leases and the Mining Law, changes to the Mining Law may increase the cost of doing business, we are a non-reporting company and as such do not make periodic filings with the Securities and Exchange Commission, we trade on the Pink Sheets and there can be no assurances that a liquid market will develop in our securities, mining is subject to extensive environmental regulations and can create substantial environmental liabilities, gold, silver and other metals are commodities which have substantial price fluctuations, a drop in prices could adversely affect future profitability and capital raising efforts, and mining can be dangerous and present operational hazards for employees and contractors. Readers are cautioned not to place undue reliance on these forward-looking statements. Tonogold does not undertake any obligation to republish revised forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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