

# **Tonogold Resources, Inc.**

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**Quarterly Disclosure Statement for Period Ending  
June 30, 2014**

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## **Item 1: The Exact name of the issuer and its predecessor (if any)**

Tonogold Resources, Inc.

## **Item 2: The address of the issuer's principal executive offices**

5666 La Jolla Blvd. #315

La Jolla, CA 92037

Phone: 858-456-1273

Fax: 858-456-2540

www.tonogold.com

Contact: Jeff Janda, Chairman

Email: jeff@tonogold.com

## **Item 3: Security Information**

Trading Symbol: TNGL

Title and Class: Common Stock

CUSIP Number: 890308109

Par Value of \$.001 per share

Total Shares Authorized: 500,000,000 as of June 30, 2014

Total Shares Outstanding: 190,148,612 as of June 30, 2014

*At the Annual Shareholder's Meeting on June 23, 2014 we approved a 1-for-10 reverse stock split and an increase in the post-split authorized shares to 200,000,000. The reverse split was conducted on July 29, 2014 and our stock trades under the symbol "TNGLD".*

Trading Symbol: None

Title: Series C Preferred Stock

Class: Preferred Stock

CUSIP Number: None

Total Shares Authorized: 40,000,000 as of June 30, 2014

Total Shares Outstanding: 0 as of June 30, 2014

### Transfer Agent

First American Stock Transfer

4747 N 7th Street, Suite 170

Phoenix, AZ 85014

Phone: (602) 485-1346

Registered under the Exchange Act: Yes

Regulatory Authority: Securities and Exchange Commission (SEC)

## **Item 4: Issuance History**

### **Equity Offerings in Last Two Years**

On May 9, 2012, we converted all 800,000 shares of the outstanding Series C Preferred Stock into 6,640,000 shares of common stock. The shares of common stock resulting from the conversion, was issued pursuant to Rule 506 and were restricted. The certificates contained a restrictive legend.

On June 6, 2013, we closed a private placement, which raised \$711,000 (before costs) through the sale of 79,000,000 shares of restricted common stock. During the December 2013 quarter, we issued 3,218,556 shares of which 1,218,556 shares were in payment of accrued interest charges and 2,000,000 shares were issued as part of the previous private placement. We issued the shares pursuant to Rule 506 and the certificates contained a restrictive legend.

The Company issued notes convertible into common shares in the amounts of \$30,000 in 2013 and an additional \$556,250 during the six months ended June 30, 2014. The total is convertible into shares at \$0.05 per share (11,725,000 shares). The convertible note holders also received warrants to purchase 12 common shares for every \$1.00 invested at \$0.10 per share expiring three years from the date of purchase. The convertible notes are payable upon completion of our primary financing on the Miller transaction.

### **Shares Issued for Services**

From January 1, 2012 to June 30, 2014, we issued 4,174,264 shares of common stock for services (see table below). On November 8, 2013, we issued 1,218,556 restricted common shares in payment of accrued interest charges of \$21,934. The shares were issued pursuant to Rule 506 and were restricted. The certificates contained a restrictive legend.

<b>Issue Date</b>	<b>Name / Services Rendered</b>	<b>Price</b>	<b>Services</b>	<b>Shares</b>
1/02/12	Richard Proffitt Investor Relations	\$.02	\$200	10,000
1/10/12	Robert Starbeck Consulting	\$.02	\$400	20,000
1/31/12	Jerry Samaras Severance Bonus	\$.02	\$8,000	400,000
9/20/12	American International Lending LLC Marketing	\$.01	\$250	25,000
9/27/13	Jeffrey J. Janda Accrued Salary	\$.009	\$6,156.97	684,108
9/27/13	Brian A. Zamudio Accrued Salary	\$.009	\$27,316.40	3,035,156

## Warrants Issued for Services

Issue Date	Name / Services Rendered	Exercise Price	Underlying Shares / Expiration Date
5/29/13	Comstock Royalty, Inc. Corporate Advisory / Financial Relations	\$.01	1,600,000 Expire: May 29, 2016
6/1/13	Mark J. Ashley Issued to CEO (Employment Contract)#	\$.01	1,700,000 Expire: June 6, 2018
6/1/13	Simona Ashley Issued to CEO (Employment Contract)#	\$.01	1,700,000 Expire: June 6, 2018
6/1/13	Mark J. Ashley Issued to CEO (Employment Contract)#	\$.05	1,650,000 Expire: June 6, 2018
6/1/13	Simona Ashley Issued to CEO (Employment Contract)#	\$.05	1,650,000 Expire: June 6, 2018
6/1/13	Mark J. Ashley Issued to CEO (Employment Contract)#	\$.08	1,650,000 Expire: June 6, 2018
6/1/13	Simona Ashley Issued to CEO (Employment Contract)#	\$.08	1,650,000 Expire: June 6, 2018
6/6/13	Pareto Capital, Ltd. Investment Banking Services	\$.01	3,000,000 Expire: July 30, 2018
5/7/14	Mark Ashley CEO	\$.10	10,000,000 Expire: May 7, 2019
5/7/14	Jeffrey J. Janda Director / Consulting Services	\$.10	5,000,000 Expire: May 7, 2019
5/7/14	Brian A. Zamudio Director / Consulting Services	\$.10	5,000,000 Expire: May 7, 2019

*#10 million warrants issued to Mark Ashley - CEO (directly to him and to Mrs. Ashley as his nominee) pursuant to his Contract of Employment*

## **Item 5: Financial Statements**

We posted our financial statements for the quarter ended June 30, 2014 on the [www.otcmarkets.com](http://www.otcmarkets.com) website on August 14, 2014.

## **Item 6: Describe the Issuer's Business, Products and Services**

- A. Description of the issuer's business operations.** Historically, our business consisted of generating prospects for larger mining companies in need of advanced exploration projects. However, in June 2013 we hired a new CEO and shifted our business strategy to focus on acquiring and developing producing and near producing mining assets that we felt were undervalued or had growth potential.

On October 18, 2013, we entered into an exclusive option agreement with Mil-Ler Resources and Energy SA ("Mil-Ler") a private Mexican mining and exploration company to acquire up to 34% equity interest in Mil-Ler in two tranches of \$5 million each for a total investment of up to \$10

million. Mil-Ler operates the Nevmex iron ore mine located 24 miles from Hermosillo, Mexico. On February 18, 2014, the option was extended until March 28, 2014 and in addition, Tonogold obtained the exclusive 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.

On May 8, 2014, Tonogold and Mil-Ler shareholders agreed to merge 100% of Mil-Ler into Tonogold in a non-cash transaction for the issue of 541 million restricted shares in Tonogold (subject to Tonogold shareholders approving a 1 for 10 reverse share split and an increase in authorized capital). Both of above conditions have been met and the transaction is pending completion of due diligence and legal formalities.

Tonogold has retained EAS Advisors acting through Merriman Capital to raise capital through the sale of equity at \$.05 per share to provide appropriate funding to restart the Nevmex mine, acquire nearby properties, and conduct an exploratory drill program.

We also have two other properties prospective for gold and silver, Tonopah Divide and King Tonopah, both located near Tonopah, Nevada. Tonopah Divide is the main project and consists of approximately 7,500 acres of patented and unpatented mining claims. From 2008 to 2012, Tonopah Divide was managed by Centerra (US), Inc., who spent \$4.7 million on exploration on the property as part of an exploration joint venture agreement. In October 2012 Centerra withdrew from the joint Venture as part of a corporate decision to withdraw from the USA. The King Tonopah property consists of eight unpatented mining claims that we lease from local prospectors, which are located one mile north of Tonopah, Nevada. King Tonopah is an advanced underground silver exploration target.

- B. **Date and State of Incorporation:** the Company was incorporated on March 4, 1997, in the State of Delaware.
- C. **The Issuer's Primary and Secondary SIC Codes:** Primary SIC Code: 1041, Secondary SIC Code: 1081.
- D. **The issuer's fiscal year end date:** December 31<sup>st</sup>
- E. **Principal products and services, and their markets.** Our business model is to acquire and develop producing and near producing mining assets that may be undervalued or have growth potential.

Our acquisition and integration of Mil-Ler will be the primary focus of the company in the coming quarters. The primary product of Mil-Ler's Nevmex mine is iron ore having the capacity to produce approximately 30,000 metric tons (tonnes) per month. Mil-Ler currently sells its entire output to Chinese buyers. Mil-Ler sells its final product based on the international spot price for Iron Ore.

We will continue to assess various options for our Tonopah Divide and King Tonopah properties. Both properties are advanced gold and silver exploration projects.

## Item 7: Describe the Issuer's Facilities

We maintain 800 square feet of office storage space at 9925 Airway Road, San Diego, CA 92154. We currently pay no rent and have a month-to-month agreement with the primary lessee.

Other than office facilities, we own or control gold and silver exploration properties located in Nevada. Although the Mil-Ler Option has not been exercised, the Nevmet mine and associated concessions represent a large part of the Company's current focus and therefore a brief description follows.

### Information on Mil-Ler:

Mil-Ler owns mineral rights over approximately 135 square miles (350 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 economic iron ore mineralization.

- ❖ Production from the Ponderosa (open pit) commenced early 2013 and ramped up to a rate of 180,000 tonnes pa of final iron ore product grading around 57% Iron (Fe) by mid 2013.
- ❖ Mil-Ler owns its own mining fleet and process facility, which was originally funded from shareholder equity. Toward the end of 2013, Mil-Ler acquired additional mining equipment, funded from cash generated from its operations, that will enable production to double to 360,000 tpa of final iron ore product in early 2014.
- ❖ Mining fleet owned by Mil-Ler includes:
  - 5 x Caterpillar Excavators
  - 2 x Caterpillar front-end loaders
  - 5 x 40 tonne trucks (2 Caterpillar and 2 Volvo)
  - 2 x Caterpillar Bulldozers
  - Grader, water truck, light towers
- ❖ Mil-Ler's un-audited balance sheet at December 31<sup>st</sup> 2013 highlights:
  - Current assets of \$0.6 million
  - Net book value of Mining fleet and Process facilities - \$3.4 million
  - Net book value (other assets) - \$0.3 million
  - Current Liabilities - \$0.2 million
  - Long Term Assets and Long term liabilities – Zero
  - Equity - \$4.1 million

- *Note. Exploration and capital development costs are written off in the year that they are incurred.*
- ❖ Mil-Ler is debt free
- ❖ Having recently increased its mining fleet, mining activities will focus on advanced pre-strip in preparation for mining sustain a production rate supporting the planned 360,000 tonnes per annum of final iron ore product.
- ❖ In-situ iron grade of ~45% is upgraded to ~57% in the final product via a simple beneficiation process that involves 2-stage crushing followed by dry magnetic separation. Recovery of iron is estimated at 84% with 65% of tonnage recovered.
- ❖ Mil-Ler made three shipments to China during 2013, totaling ~80,000 WMT of Iron Ore at an average grade of 57% Fe, and received approx. \$100 per tonne (gross). Costs of around \$61/t include mining, processing, road transport to the Port of Guaymas, port fees and cost of shipping to China.

#### Tonopah Divide:

Our next most important property, the Tonopah Divide gold property, is located six miles south of the town of Tonopah in Esmeralda County, southwest Nevada. The property is accessible by a maintained dirt road directly off of Highway 95 and is close to the Hasbrouck gold/silver project previously owned by Allied Nevada for which West Kirkland recently acquired 75% for \$20 million.

Tonopah Divide is an exploration property and does not currently have any defined mineral resources or reserves.

Tonopah Divide has hosted both underground and open pit mines in the past. Exploration is at an early stage and the final form of the mine is yet undetermined.

On March 1, 2006 the Company obtained a ten year gold mining lease from Tonopah Divide Mining Company ("TDMC"), with option to renew as long as the property is in production, to develop mining properties in the Divide Mining District, Esmeralda County, Nevada. The agreement required a \$30,000 payment as signing and a rental payment of \$10,000 per month starting April 1, 2006.

On March 14, 2008, the Company signed an Exploration and Option Agreement with Centerra (U.S.), Inc., a subsidiary of Centerra Gold, Inc. The Exploration and Option Agreement required Centerra to spend \$2,700,000 in exploration expenditures within five years in order to earn a 60% interest in the Tonopah Divide lease. On June 30, 2010, Centerra notified the Company that it had completed its earn-in requirement. In May 2010 the Company and Centerra formed a mining venture with initial equity interests of 40% and 60% respectively.

In October 2012, Centerra terminated its interest in the joint venture with Tonogold regained 100% control of the project subject to the terms of the underlying leases.

Concurrent with the signing of the Exploration and Option Agreement, the terms of the mining lease with Tonopah Divide Mining Company were amended per the following terms:

<u>Years Ended</u>	<u>Advance Minimum Royalty</u>
May 1, 2014	\$100,000
March 1, 2015	\$68,187
March 1, 2016*	\$75,000
Subsequent Years*	\$75,000

*\*Future advance minimum royalties will be adjusted proportionally by the increases in the Consumer Price Index (CPI).*

Prior advance minimum royalty payments can be offset against production royalty payments. Beginning on June 1, 2014, the Advance Minimum Royalty payments shall be made in monthly increments.

Upon commencement of commercial production a maximum of 4% net smelter royalty will be paid to the Tonopah Divide Mining Company or its associated lessors.

In addition to the primary lease with the Tonopah Divide Mining Company there are several subordinate leases including the Victory Divide, Apex-Bookkeeper, Big Divide, and Mammoth leases. Rental payments for the subordinate leases total approximately \$12,250 per year.

The original lease from the Tonopah Divide Mining Company included 36 patented and 55 unpatented mining claims covering approximately 1,460 acres. Since then, we have expanded the property to include 80 patented claims and 306 unpatented claims covering approximately 7,500 acres.

The Tonopah Divide property is centered on a prominent hill, Gold Mountain, one of several topographic highs in the vicinity of Tonopah that are underlain by gold-bearing quartz-adularia alteration systems hosted in felsic volcanic rocks. The volcanic rocks consist of lavas, flows, breccias and pyroclastic units represented by both ash fall and flow varieties.

Principal host rocks in the Tonopah area are Tertiary (Miocene) in age. The most important rock formations are the Siebert Formation, the Fraction Tuff, the Oddie Rhyolite, and the Divide Andesite. In nearby Hasbrouck Mountain, the bulk of the mineralization is in the Siebert Formation.

Previous mining efforts in the nearby Tonopah District have extracted both gold and silver usually in a ratio of 1 to 100 in favor of silver. The Tonopah Divide District, and specifically the Gold Mountain area, has produced gold and silver at a ratio of 1 to 10.

We have posted additional information on the property on our website at: [www.tonogold.com/s/TonopahDivide.asp](http://www.tonogold.com/s/TonopahDivide.asp).

#### King Tonopah Lease:

On February 18, 2005 the Company obtained a mining lease from Royce L. Hackworth and Belva Tomany to develop and operate mining properties in the Tonopah mining district, Nye County, Nevada. The

agreement required an \$11,000 payment at signing. The lease was amended on November 2, 2010 to include a revised schedule of annual payments listed below.

The Company will pay a royalty of 3% of all mineral sales that may be reduced to 1.5% upon payment of \$150,000 during the first ten years.

An annual lease payment of \$5,000 was paid in the current period and future annual payments will be \$10,000 due in February of each year. There are no required work commitments.

## **Item 8: Officers, Directors, and Control Persons**

### **A. Names of Officers, Directors, and Control Persons**

Mark J. Ashley, Chief Executive Officer

Jeffrey J. Janda, Chairman of the Board

Brian A. Zamudio, Secretary, Treasurer, and Director

Travis Miller, Executive Director (upon closing the Miller transaction)

### **B. Legal and Disciplinary History: Please identify whether any of the foregoing persons have, in the past five years, been the subject of:**

#### **1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);**

None.

#### **2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities.**

None.

#### **3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or state securities regulatory of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or**

None.

### **C. Beneficial Shareholders.**

None

## **Item 9: Third Party Providers**

### **1. Legal Counsel**

Henry Bonner  
P.O. Box 971  
La Jolla, CA 92037-0971  
Phone: (619) 278-8326  
email: henry@bonner.net

### **2. Accountant or Auditor**

Our financials are unaudited and prepared internally. We do not have an auditor or outside accountant.

### **3. Investor Relations Consultant**

None.

## Item 10: Issuer's Certifications

I, Mark J. Ashley, certify that:

1. I have reviewed the Annual Disclosure Statement and Financial Statements of Tonogold Resources, Inc. for the period ending June 30, 2014.
2. Based upon my knowledge, this disclosure statement does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement, and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Dated: August 14, 2014



Mark J. Ashley, Chief Executive Officer  
Tonogold Resources, Inc.