

Bonanza

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American Bonanza Closes \$6 Million Financing

Proceeds to be used for Copperstone Mine

September 29, 2011 – American Bonanza Gold Corp. (TSX: BZA) (OTCQX: ABGFF) (“Bonanza” or the “Company”) announces that it has closed the previously announced public offering (the “Offering”) of common shares of the Company (the “Shares”). A total of 11,500,000 Shares were sold under the Offering on a bought deal basis to National Bank Financial Inc., at a price of \$0.53 per Share, for gross proceeds of \$6,095,000, pursuant to an Underwriting Agreement dated September 14, 2011. The Company paid the Underwriter a cash commission equal to 6% of the gross proceeds of the Offering and issued to the Underwriter broker warrants to purchase that number of common shares of the Company equal to 6% of the Offering at a price of \$0.61 per share, exercisable until March 29, 2013. The Underwriter holds an over-allotment option, exercisable at any time prior to 30 days following the closing of the Offering, to acquire up to an additional 1,725,000 Shares at a price of \$0.53 per Share.

The Company will use the net proceeds of the Offering to accelerate the planned transition of the Copperstone Mine into an entirely owner-operated facility and to accelerate the Company’s exploration program at the Copperstone Mine, as more particularly described in the prospectus of the Company dated September 22, 2011 in respect of this Offering as filed on www.sedar.com.

The securities offered have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any U.S. state securities laws, and may not be offered or sold in the United States or to United States persons absent registration or any applicable exemption from the registration requirement of the U.S. Securities Act and applicable U.S. state securities laws. This release does not constitute an offer to sell, or the solicitation of an offer to buy securities in the United States, nor will there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful

About Bonanza

Bonanza is working to re-activate mining at the preproduction-stage Copperstone Mine in Arizona. Bonanza has approximately 196 million shares outstanding and has no debt. For more information please visit Bonanza’s website at www.americanbonanza.com.

AMERICAN BONANZA GOLD CORP.

Brian Kirwin
President & Chief Executive Officer

This news release includes certain statements that may be deemed "forward-looking statements". All statements in this release, other than statements of historical facts, including the plans for the use of the net proceeds of the Offering, and the likelihood of commercial mining are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include the inability of the Company to obtain a receipt for the short form prospectus, changes in market conditions, unsuccessful exploration results, changes in the price of gold,

unanticipated changes in key management personnel and general economic conditions. Mining exploration and development is an inherently risky business. Accordingly the actual events may differ materially from those projected in the forward-looking statements. For more information on Bonanza and the risks and challenges of its business, investors should review the Company's prospectus dated September 22, 2011 in respect of this Offering as filed on www.sedar.com.

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