

Barrick's Spring Valley Project a Royalty Machine for Terraco Gold

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VANCOUVER, British Columbia, May 28, 2014 (GLOBE NEWSWIRE) -- Serious gold investors likely have a good handle on the Spring Valley project in the Humboldt Range in Nevada. The main players are Barrick and Midway Gold, with the former recently earning a 70 percent interest in the project. A gold resource estimate on Spring Valley, released by Midway in May 2011, was a good multi million-ounce platform that clearly motivated Barrick to continue in its search for more gold.

Barrick is not slowing down, which is good for Terraco Gold. Barrick has spent over USD\$50 million (directly and indirectly through Midway Gold) on the Spring Valley project. These expenditures included over USD\$20 million in additional exploration and development in the past 3 years and included the best drill results to date. In addition, there are currently three rigs drilling at Spring Valley as part of an announced 2014 budget of USD\$13.3 million on the project. Barrick appears to have Spring Valley high on its priority of exploration and development as the project was specifically mentioned in its recent Q1 report (April 2014) stating that the Spring Valley project has the potential to be a stand alone mine.

Sitting quietly in the background is [Terraco Gold Corp.](#) (TSX-V:TEN) (OTCQB:TCEGF), which has an extremely high stake and interest in the progress of this Barrick JV. Terraco has a suite of royalty assets, which cover the Barrick resource in Spring Valley.

"Terraco's involvement in Spring Valley constitutes receiving future cash flow in the form of a NSR (Net Smelter Return) royalty ranging from 1-3 percent of the gold produced on the project," stated Todd Hilditch, President and CEO of Terraco, in an exclusive interview with [Financial Press](#). "Why investors should care is that there is no cost to Terraco to hold these royalty assets. This arrangement will automatically increase our valuation as Spring Valley meets additional milestones in development and grows closer to production. Along with our other projects, this is a significant win-win for our shareholders."

In a [Bloomberg article](#) on May 27th, Barrick CEO Jamie Sokalsky stated that the world's biggest gold producer plans to expand in Nevada, where it got about 40 percent of its gold last year and that Barrick also is investing more in early-stage projects owned by exploration and development companies. The focus on "high-quality" production and Nevada will probably become an increasingly important part of the company's total gold output, Sokalsky said.

The Terraco royalty assets on Spring Valley, upon exercise, represent a cost base well below \$300 per ounce. Once production commences, this royalty will be a substantial cash flow generator for Terraco and highlight the Company's growth potential.

NSR royalties are based on the value of production or net proceeds received by the operator from a smelter or refinery and paid to the royalty owner (Terraco in this case). This type of royalty provides cash flow that is free of any operating or capital costs and environmental liabilities.

A gold NSR in a project of Spring Valley's increasing size and scope can effectively equate to the economic value of a larger percentage profit or working interest in the same project.

Adjoining Spring Valley is Terraco's 100 percent-owned Moonlight Project, a 35 square kilometer package on the north side of Spring Valley. Given its location, the property has infrastructure, access and significant geological upside. Moonlight is also on geological strike with Coeur Mines' Rochester Mine, which has produced over 134 million ounces of silver and 1.4 million of gold to date, and remains in production today.

The third leg in the unique Terraco stool is the advanced stage Nutmeg Mountain Project in Idaho, where

66,140 meters of drilling has delineated a National Instrument 43-101 resource that is near surface in a flat-lying tabular deposit.

"Nutmeg is an advanced stage property with gold at surface and deeper potential," states Hilditch. "We have power near site, expect a low strip ratio, and believe with favorable gold prices we would move towards economic review of production. Our belief is that the property will ultimately show a bonanza grade feeder zone similar to the Ken Snyder Midas Mine, Fire Creek and Hollister Mine in Nevada."

Terraco's management team brings more than 100 years of exploration and natural resource sector experience to the table. Todd Hilditch, CEO and President has over 19 years experience in the resource sector and has held the position of President, CEO and Director of numerous TSX Venture listed companies including [Salares Lithium Inc.](#) which merged with Talison Lithium Inc to become the world's largest producing public lithium company in a \$340 million merger. Talison was ultimately sold for USD\$840 million. The team has had success in transactions that have brought tremendous shareholder value and hope to do the same with Terraco.

Not only is Terraco sitting on some of, if not the biggest shoulders in the global mining industry, it is situated in one of the largest and most prolific areas. Nevada currently produces almost 80 Percent of the gold in the US. Virtually every major global mining Company is in the state and given the extensive mining and exploration history as well as rapid and efficient permitting, it will remain an investor focus for decades to come.

Terraco represents a unique confluence of assets and potential revenue generation; be it the development of Moonlight and the advanced stage Nutmeg, or cashing ever increasing royalty checks as the Barrick/Midway Spring Valley property ramps up.

Terraco trades at \$0.15 cents with a market cap of \$21.5 million.

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