

VANCOUVER, BRITISH COLUMBIA--(Marketwired - May 12, 2016) - Timmins Gold Corp. (TSX:TMM)(NYSE MKT:TGD) ("Timmins Gold" or the "Company") is pleased to report its financial results for the first quarter ended March 31, 2016 ("Q1 2016"). The comparative period is the first quarter ended March 31, 2015 ("Q1 2015"). All results are presented in United States dollars ("US Dollars") unless otherwise stated. Readers should refer to the Q1 2016 management discussion and analysis and condensed interim consolidated financial statements for complete information.

"Q1 was a solid start to the year in terms of operations" stated Interim CEO Mark Backens. "We are seeing the benefits of the mine plan adopted in Q4 2015. Our cash costs for the quarter (\$761/oz) and all-in sustaining cash costs (\$848/oz) were particularly strong and were respectively 18% and 12% lower compared to Q1 2015. We were able to generate significant cash from operations and this allowed us to materially reduce our mine-level payables during the quarter. Based on this strong start to the year we remain on track to achieve our 2016 guidance of 75,000 to 85,000 gold ounces with cash costs of approximately \$750 to \$850 per gold ounce sold."

Q1 2016 HIGHLIGHTS

- The Company entered into a definitive agreement to sell the Caballo Blanco Property for cash consideration of \$12.5 million and the assumption of the \$5.0 million contingent payment. The cash consideration will be used to settle secured debt, improving the Company's balance sheet and working capital position. An impairment charge of \$12.8 million was incurred to reduce the carrying value of the asset from \$29.9 million to its fair value of \$17.1 million. The sale of the Caballo Blanco asset will be realized in Q2 2016 and the March 31, 2016 cash and cash equivalents (\$9.7 million) does not include any funds received from the sale of Caballo Blanco.
- The Company's cash cost per ounce on a by-product basis was \$761 (all-in sustaining cash cost per ounce on a by-product basis - \$848), compared to \$925 (all-in sustaining cash cost per ounce on a by-product basis - \$1,055) during Q1 2015. This decrease in cash costs over the prior year was primarily driven by a decreased strip ratio and by more ounces being produced during Q1 2016.
- Metal revenues were \$28.6 million, compared to \$29.5 million during Q1 2015. This represents a 3.0% decrease from the prior year. The average London PM Fix price was \$1,183 per gold ounce, compared to \$1,218 per gold ounce during Q1 2015. This represents a 2.9% decrease over the prior year and was a contributing factor to the decrease in metal revenues over Q1 2015. The decrease was partially offset by an increase in gold ounces sold of 24,667 ounces during Q1 2016 from 24,155 ounces during Q1 2015.
- Earnings from mine operations were \$6.3 million, compared to \$2.7 million during Q1 2015.
- Loss from operations was \$8.6 million, compared to \$0.2 million during Q1 2015. The difference was primarily due to the impairment of \$12.8 million on the Caballo Blanco asset, partially offset by a reduction in cost of sales which were \$22.3 million, compared to \$26.8 million in Q1 2015. Excluding the Caballo Blanco impairment, adjusted earnings from operations were \$4.2 million for Q1 2016.
- Loss and total comprehensive loss were \$10.7 million or \$(0.03) per share, compared to \$0.7 million or \$(0.00) per share during Q1 2015.
- Cash provided by operating activities was \$2.4 million or \$0.01 per share, compared to \$7.5 million or \$0.04 per share during Q1 2015. This represents a 68.4% and 75.0% decrease, respectively, from the prior period and was primarily due to a \$5.8 million decrease in trade payables and accrued liabilities and a \$3.5 million reduction in deferred revenue.
- Cash and cash equivalents and restricted cash at March 31, 2016 were \$9.7 million and \$1.0 million, respectively, after investing \$0.1 million on exploration, \$0.2 million on sustaining capital, and \$2.7 million on the Ana Paula property. Subsequent to March 31, 2016, the Company received \$3.2 million of the \$7.6 million VAT receivable.

Operating performance

- The Company produced and sold, 25,120 and 24,667 ounces of gold, respectively, compared to 24,155 and 24,155 ounces of gold, respectively, during Q1 2015. The change from prior year is primarily due to an increase in average processing grade to 0.62 g/t Au, compared to the Q1 2015 average of 0.53 g/t Au, which resulted in more ounces of gold available for processing. More specifically, 40,038 ounces of gold were loaded to the leach pads, compared to 35,469 ounces of gold during Q1 2015. This increase was in accordance with the Company's mine plan.

Key developments

- On January 26, 2016, the Company finalized an agreement with Sprott Resource Lending Partnership and [Goldcorp Inc.](#) (the "Lenders") to refinance the \$10.2 million loan. The new credit facility has a maturity date of June 30, 2016. Interest is payable monthly at a rate of 12.0% per annum, and the principal amount outstanding is payable on the maturity date. In consideration of the refinancing, the Company will pay a bonus to the Lenders under the credit facility of \$0.4 million on the earlier of the repayment of the loan and June 30, 2016. The bonus is payable in cash or in common shares of the Company at the option of each Lender, in relation to its proportion of the credit facility. Any shares issued in connection with the bonus payment shall be issued at a deemed price equal to the volume weighted average price per share on the TSX for the ten days immediately preceding issuance, less 10.0%.

RECENT DEVELOPMENTS

- On May 11, 2016, the Company entered into a definitive agreement with Candelaria Mining Corp. to sell the Caballo Blanco Property. Total consideration to be paid is \$12.5 million in cash and the assumption of the \$5.0 million (present value - \$4.6 million) contingent liability payable to [Goldgroup Mining Inc.](#) The transaction is expected to close on June 24, 2016 ("closing date"). The cash payments are to be paid in the following installments:
 - \$0.25 million non-refundable payment was received on March 18, 2016;
 - \$1.0 million up-front execution payment received on signing, which is non-refundable if the counterparty fails to close;
 - \$2.25 million up-front execution payment to be received 15 days post signing, which is non-refundable if the counterparty fails to close;
 - \$6.5 million on or before the closing date; and,
 - \$2.5 million at the earlier occurrence of Candelaria Mining Corp. receiving permits or one year following the closing date.

The cash proceeds from this sale will be used to settle secured debt.

SUMMARIZED FINANCIAL STATEMENTS AND OPERATING RESULTS

US dollars (thousands) except where noted	First Quarter Ended March 31, 2016	First Quarter Ended March 31, 2015
Gold ounces sold	24,667	24,155
Silver ounces sold	14,671	15,309
Metal revenues	\$ 28,609	\$ 29,492
Production costs, excluding depreciation and depletion	\$ 18,993	\$ 22,599
Loss from operations	\$ (8,585)) \$ (222)
Loss	\$ (10,720)) \$ (710)
Loss per share, basic and diluted	\$ (0.03)) \$ (0.00)
Cash flows from operating activities	\$ 2,373	\$ 7,500
Total cash and cash equivalents, end of period (including restricted cash)	\$ 10,668	\$ 24,994
Total assets, end of period	\$ 138,741	\$ 312,411
Total cash costs per gold ounce on a by-product basis	\$ 761	\$ 925
All-in sustaining cash cost per ounce gold	\$ 848	\$ 1,055
Average realized gold price per gold ounce	\$ 1,160	\$ 1,221

Management Change:

On May 12, 2016, Mr. Darren Prins, CFO, announced his resignation to pursue a career in the financial services industry. Although we are disappointed by this, we wish Darren continued success and congratulate him on this new opportunity.

Reminder of Q1 2016 results conference call:

The Company's senior management will host a conference call Friday May 13, 2016 at 11am (ET) to discuss fiscal 2015. Participants may join the call by dialing 416-340-2216 or 866-225-0198 (Canada and U.S. toll-free number) or via webcast on link: www.gowebcasting.com/7516.

A replay of the call will be available until May 18, 2016, by dialing 905-694-9451 or 800-408-3053 (Canada and U.S.). The passcode is 8924192. A live and archived audio webcast will also be available at www.timminsgold.com.

Technical information contained in this news release was reviewed and approved by Taj Singh, P.Eng., a Vice President of the Company who is recognized as a QP under NI 43-101.

About Timmins Gold

The Company owns and operates the San Francisco open pit, heap leach gold mine in Sonora, which provides a base of operations, allowing the Company to develop the Ana Paula gold project.

Neither the TSX nor its Regulation Services Provider (as that term is defined in the policies of the TSX) nor the New York Stock Exchange MKT accepts responsibility for the adequacy or accuracy of this news release.

Cautionary Note Regarding Forward-Looking Statements

Certain statements contained herein may constitute forward-looking statements and are made pursuant to the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995 and Canadian securities laws. Forward-looking statements are statements which relate to future events including projected production (and estimated cash costs). Such statements include estimates, forecasts and statements as to management's expectations with respect to, among other things, receipt of the requisite approvals for business and financial prospects, financial multiples and accretion estimates, future trends, plans, strategies, objectives and expectations, including with respect to liquidity, working capital management and to production, possible capital savings and estimates of pre-production capital at Ana Paula, exploration drilling, reserves and resources, exploitation activities and events or future operations. Information inferred from the interpretation of drilling results and information concerning mineral resource estimates may also be deemed to be forward-looking statements, as it constitutes a prediction of what might be found to be present when, and if, a project is actually developed.

In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, level of activity, performance or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by these forward-looking statements.

While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggestions herein. Except as required by applicable law, the Company does not intend to update any forward-looking statements to conform these statements to actual results.

Contact

[Timmins Gold Corp.](http://www.timminsgold.com)

Mark Backens

Interim CEO and Director

604-682-4002

604-682-4003

mark.backens@timminsgold.com

www.timminsgold.com