VANCOUVER, BRITISH COLUMBIA--(Marketwired - Jul 26, 2016) - Terraco Gold Corp. (TSX VENTURE:TEN) ("Terraco" or the "Company") is pleased to announce that it has incorporated Terraco Royalties USA Inc. ("Terraco Royalties"). The formalization of this subsidiary was a necessary structural step for Terraco's growth under its royalty business plan and follows its recent transaction whereby Terraco exercised its suite of royalty options for up to 3% net smelter return ("NSR") royalty ownership on the Spring Valley Gold Project (Pershing County, Nevada) owned and operated by Solidus Resources, LLC, a wholly-owned subsidiary of Waterton Precious Metals Fund II Cayman, LP ("Waterton").

Terraco Royalties is a wholly owned Nevada, USA, subsidiary of Terraco with the sole purpose to hold additional royalty acquisitions within the United States. Terraco Royalties holds a 2% NSR royalty on the Moonlight Project which is a 35 square kilometer prospective land package that is on strike with, and adjoins, the multi-million ounce Spring Valley Gold Project. It is anticipated that additional royalties will be added to this subsidiary and will augment Terraco's other suite of NSR royalty ownership on the Spring Valley Gold Project held in a separate wholly owned subsidiary, TGC Holdings Ltd. ("TGC").

"Terraco is well financed and focused on growing its royalty portfolio within safe mining/geopolitical jurisdictions, starting with North America. We believe that there are good opportunities to add high quality royalty assets that will augment Terraco's Spring Valley, Nevada royalties' platform thus creating significant shareholder value in the short and long-term," stated Todd Hilditch, President and CEO of Terraco.

As part of the streamlining process and new corporate focus on its royalty platform, Terraco has terminated its early stage exploration project agreements. Terraco continues to maintain its advanced stage Nutmeg Mountain (Almaden) gold project in Idaho and is currently conducting a geological and economic review in order to prioritize maximizing its value to the Company and its shareholders.

Terraco's current Nevada royalty portfolio is structured as follows:

TGC owns the following core assets:

1. a 3% NSR royalty on a majority of the Spring Valley Gold Deposit ("Schmidt claims");
2. a 1% NSR royalty on an additional portion of the Spring Valley Gold Deposit; and
3. a right of first refusal relating to a 1% NSR royalty on certain lands within a one-half mile of the Schmidt claims;

Terraco Royalties will hold:

1. a 2% NSR royalty on the Moonlight Project;
2. all future United States based royalties acquired by Terraco

For further details about the royalty option exercise transaction with Waterton announced June 17, 2016 and May 16, 2016, please see Terraco's press releases available on the Company's website and on SEDAR.

About Terraco

Terraco is a gold royalty company with a royalty portfolio that is currently focused largely on or around the multi-million ounce Spring Valley Gold Project located in Pershing County, Nevada.

The Company is listed on the TSX Venture Exchange under the symbol "TEN". Please visit the Company's website at www.terracogold.com for additional information.

On Behalf of the Company:

Todd Hilditch, President and CEO

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

Forward-Looking Statements

This news release contains forward-looking statements. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, undue reliance should not be placed on them because the Company can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Additional information on these and other factors that could affect the

Company's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

Contact

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