

VANCOUVER, Sept. 23, 2016 /CNW/ - [Intact Gold Corp.](#) (TSX-V: ITG) (FSE: 1A5) (the "Company" or "Intact Gold"), is pleased to announce it has entered into a Letter of Intent ("LOI") dated September 21, 2016 with Yellowstone Resources Ltd. ("Yellowstone") an option to acquire 100% interest in and to certain mineral properties, together with the surface rights, mineral rights, personal property and permits associated therewith (collectively, the "Sheep Creek Property" or the "Property"), located in the Kootenay Land District 12km southeast of Salmo, BC.

About the Sheep Creek Property:

The Sheep Creek Property consists of 68 Crown Granted Claims, and 8 mineral cell claims totaling 1400 ha combined which are owned 100% by Yellowstone Resources. Intact Gold has also acquired 100% of 2 mineral cell claims through staking in the area adding an additional 340 ha to the project. The total project area of 1740 ha is centered 12 km east-southeast of Salmo and 40 km south of Nelson in British Columbia.

Highlights of the Project are:

- A historic resource described as*:
 - Proven: 40,114 tons of 0.390 ounces Au per ton
 - Probable: 35,172 tons of 0.530 ounces Au per ton
 - Possible: 126,294 tons of 0.284 ounces Au per ton
 - Marginal: 27,561 tons of 0.154 ounces Au per ton
 - The grade is not cut and is calculated at one-meter mining width

*

Details of the historic resource are summarized from:

Price, B. (P. Geo.), 1988. Geological Summary Report Nugget Mine Sheep Creek Area prepared for Gunsteel Resources Inc.

The reader is cautioned that a qualified person has not done sufficient work to classify the historical estimate as current resources and Intact Gold is not treating the historical estimate as current mineral resources. The resource/reserve categories disclosed in the historical estimates are not consistent with current CIM definitions. While we believe the estimates were completed to the standards of the day they do not use current mineral resource and reserve categories as required by NI 43-101. The historic resource includes 1300 tons at 0.150 ounces per ton in the proven category which is a stockpile owned by an unrelated 3rd party and not included in this transaction.

- Historic reported production on the property constitutes approximately 85% of the whole camp:
 - 632,590 ounces of gold with an average grade of 15.12 g/t Au from the Reno, Queen, Goldbelt, Nugget, and Motherlode mines
 - 252,461 ounces of silver
- Total Land area of approximately 1400 ha including 68 Crown Grants and 8 Mineral Cell Claims

The Sheep Creek area was initially identified by regional prospecting in 1896 after the discovery of multiple mines and showings in analogous rocks throughout the Kootenay Lake area, most notably the Bluebell Mine. The first production at Sheep Creek was in 1900, with peak production of the area being reached in 1913 and a decrease in 1916 due to high war-time mining costs and a fixed gold price. Production continued until the 1950's with several mines and mills being commissioned during that period. The whole sheep creek area has recorded production of 741,515 ounces of gold from 1900-1951 including the adjacent Kootenay Belle mine, production from mines within the project area is reported to be 632,590 ounces of gold (1,301,719 tonnes grading 15.12 grams per tonne gold).

The Sheep Creek area is underlain by a thick sequence of Lower Cambrian and Upper Proterozoic argillite, quartzite, limestone and schists belonging to the Kootenay Arc series. The tightly folded stratigraphy is intruded by several granitic stocks, elongate quartz-porphyry sills and numerous lamprophyre dykes. Two north trending anticlines are the dominant structures in the area.

Gold mineralization is concentrated in en-echelon type quartz veins within northeast striking, steeply-dipping faults. Vein mineralogy consists of milky-white quartz, pyrite, chalcopyrite, and lesser sphalerite, galena, pyrrhotite and rare visible gold. The most promising mineralized zones develop where the veins cross the axes of two north trending anticlines largely in brittle quartzites of the Upper Nugget and Upper Nevada members. In general, the veins are considerably narrow in the Argillaceous Reno Formation but wider shoots developed in some highly metamorphosed areas like the Reno Mine. There are at least 55 known veins in the area, of which approximately 34 have had some level of production.

Information from historic mining reports, publications and exploration programs are currently being interpreted and compiled to

further the project.

Agreement Terms

Intact Gold will have the option to acquire 100% of the Sheep Creek Property in consideration for:

- (a) Payment to Yellowstone of an aggregate amount of \$600,000 to be paid upon the following:
 - a. \$50,000 Upon approval of the Transaction by the TSXV
 - b. \$50,000 - 6 months after approval of the Transaction by TSXV
 - c. \$25,000 - 12 months after approval of the Transaction by TSXV
 - d. \$25,000 - 18 months after approval of the Transaction by TSXV
 - e. \$125,000 - 2 years after the execution of the Definitive Agreement
 - f. \$100,000 - 3 years after the execution of the Definitive Agreement
 - g. \$125,000 - 4 years after the execution of the Definitive Agreement
 - h. \$100,000 - 5 years after the execution of the Definitive Agreement
- (b) Issuance to Yellowstone of an aggregate amount of 3,500,000 shares to be issued upon the following:
 - a. 1,000,000 - 2 years after the execution of the Definitive Agreement
 - b. 1,000,000 - 4 years after the execution of the Definitive Agreement
 - c. 1,500,000 - 5 years after the execution of the Definitive Agreement

Forty (40) of the claims may be subject to a historic net smelter return royalty of 5%, and twenty-one (21) of the claims may be subject to a historic net smelter return royalty of 4.5%, both in favour of arm's length third parties.

Qualified Person

Brandon Macdonald, P.Geo, is the qualified person as defined in NI 43-101, that has reviewed and approved the contents of this press release. The contained information regarding past production is historical in nature and has not been confirmed.

ON BEHALF OF THE BOARD OF DIRECTORS OF INTACT GOLD CORP.

Per: Anthony Jackson, President and CEO

Disclaimer for Forward-Looking Information

Except for statements of historical fact, this news release contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" occur. Forward-looking information in this press release includes, but is not limited to, statements regarding expectations of management regarding the acquisition of the Property. Although the Company believes that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. Such forward-looking information is subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements including, without limitation, the risks that the Company may not have the funds necessary to make its payments pursuant to the Agreement, that the TSX-V may not approve the transaction, and other factors beyond the control of the Company. Except as required by law, the Company expressly disclaims any obligation, and does not intend, to update any forward-looking information in this news release.

The reader is cautioned that a qualified person has not done sufficient work to classify the historical estimate as current resources and Intact Gold is not treating the historical estimate as current mineral resources.

Neither 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.

SOURCE [Intact Gold Corp.](#)

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