

VANCOUVER, BRITISH COLUMBIA--(Marketwired - Feb 9, 2017) - [Medgold Resources Corp.](#) (TSX VENTURE:MED) (the "Company" or "Medgold") is pleased to announce that [Fortuna Silver Mines Inc.](#) (NYSE:FSM)(TSX:FVI) ("Fortuna") has completed its warrant exercise by purchasing 10m shares of Medgold at CAD \$0.15 each, for total proceeds of CAD \$1.5 million. Fortuna now owns 23.97% of Medgold shares. Medgold will use the proceeds to extend the Strategic Alliance in Serbia for a further 12 months with 80% of the proceeds being used for country-wide target generative exploration and the balance for working capital. Medgold has also granted Fortuna the right to option a second project generated by Medgold's regional exploration work. Fortuna can earn up to 70% of each project by spending USD \$8m on each project.

Dan James, President of Medgold, commented: "We are very pleased to see Fortuna exercise their warrants. To date, they've invested C\$3-million and have just become our largest shareholder. We've been working with Fortuna for about a year and we have established a strong working relationship with their technical team. The new investment underlines their confidence in Medgold's ability to generate quality targets. As our field programs identify new projects in Serbia, we have a well-financed partner to help us progress through the next exploration stages. We are excited about the future prospects for the Tlamino Project, which was identified through our target generation work. We recently cut a series of very high-grade channel results at Tlamino including a best result of 40 m of 8.32 g/t Au and 193 g/t Ag. We look forward to another year of building on our early successes in Serbia."

Fortuna Strategic Alliance

Medgold and Fortuna have signed an amendment to the Strategic Alliance announced by Medgold on June 13th, 2016. Fortuna now has the right to enter into separate option agreements to earn up to a 70% interest in two geological target areas (each a "Selected Property") identified by Medgold's generative work. Fortuna can earn a 51% stake in each Selected Property by spending USD \$3.0 million on each Selected Property over three years. Once it has earned 51%, Fortuna can elect to form a 51:49 joint venture with Medgold to further develop the Selected Property; or can elect to earn an additional 19% interest in the Selected Property by spending an additional USD \$5.0 million in qualified expenditures and completing a Preliminary Economic Assessment on the Selected Property.

The Tlamino Gold Project

The Tlamino Gold Project is located in southern Serbia, and includes two historical showings: Liska and Barje. Both showings are associated with a regional east-west striking detachment fault, which in the vicinity of these showings has been overlain by conglomerates. Mineralization is located at the contact of the basement metamorphic rocks and the base of the conglomerate cover. Liska, located approximately 1.5 km to the southwest of Barje, was drilled in the 1970s by Yugoslav state companies, and a lensoid-shaped mineralized volume of rock with 1-2 % combined Pb & Zn was found to strike NE towards Barje. The mineralization at Liska is located at the base of the conglomerate and parallel to the slope of the detachment fault. Liska was found to contain little precious metals. At Barje, base metal contents are lower, but precious metals are found in much higher concentrations. The area between the two showings is overlain by a thin conglomerate cover likely in the range of 50 - 100 m in thickness, and Medgold considers the exploration potential under the conglomerate, between the two showings, to be excellent.

After identifying the project in the fall 2016, Medgold completed a series of saw-cut surface channel samples over the outcrop at Barje, where approximately 70 m x 25 m of mineralized tectonic breccia is exposed on surface at the edge of the conglomerate cover. A total of 132 linear samples of 1 m in length by approximately 8 cm in width and 4 cm in depth, were collected from 7 channels, designed to test as large an areal extent of the outcrop as possible. Three channels were cut across the outcrop in an east-west direction, while 4 channels were cut across the outcrop in a general north-south direction. Gold assays ranged from 0.78 g/t Au to 132.5 g/t Au, with an average grade of 8.11 g/t Au and a median grade of 4.74 g/t Au. Silver concentrations ranged from 10.3 g/t Ag to 2110 g/t Ag, with an average grade of 210.6 g/t Ag and a median grade of 111.5 g/t Ag.

Applying a top-cut of 31.104 g/t Au (affects 4 / 132 samples) and 700 g/t Ag (affects 6 / 132 samples), the channel length-weighted assay averages are summarized as follows:

Channel	Orientation	Length (m)	Au (g/t)	Ag (g/t)	AuEq (g/t)*	Pb (%)	Zn (%)
1	EW	30	6.64	137.1	8.60	0.33	0.13
2	EW	40	8.32	193.0	11.08	0.29	0.07
3	NS	11	5.55	189.3	8.25	0.20	0.03
4	NS	12	8.63	351.8	13.66	0.44	0.06
5	NS	18	5.71	207.1	8.67	0.54	0.18
6	EW	14.5	3.23	59.6	4.08	0.28	0.01
7	NS	7	7.05	82.0	8.22	0.61	0.02

*Gold equivalent (AuEq) calculated for gold and silver using a gold:silver price ratio of 70:1.

The channel samples described here represent the sampling of an outcrop face. Medgold's current exploration model for Barje is premised on the interpretation that the outcrop face represents a faulted oblique cross-section through 'strata-bound' mineralization striking NE-SW, and located at the base of the conglomerate sequence, directly analogous to the mineralization

at Liska. However, Medgold does not yet have direct observational evidence to suggest its interpretation is correct. The reader is cautioned therefore that the true thickness of the mineralization described here is unknown, and further work will be required before the true thickness of mineralization can be determined.

A plan map showing the locations of the channel samples has been posted on Medgold's website at <http://www.medgoldresources.com/>.

A detailed structural interpretation of the Tlaminio Project is currently underway, and previous historical exploration work is being integrated into Medgold's exploration model and conceptual understanding of the mineralization. Exploration drill targets for the Project will be developed over the winter, in anticipation of a first phase of drilling in spring/summer 2017.

About Fortuna Silver Mines Inc.

Fortuna is a growth oriented, precious metals producer focused on mining opportunities in Latin America. Its primary assets are the Caylloma silver mine in southern Peru, the San Jose silver-gold mine in Mexico and the Lindero gold Project in Argentina. The company is selectively pursuing acquisition opportunities throughout the Americas and in select other areas. For more information, please visit its website at www.fortunasilver.com.

About Medgold

Medgold is a European-focused, TSX-V listed exploration and development company targeting gold properties in Portugal and Serbia. Run by a highly experienced management team with a successful track record of building value in resource companies, Medgold is aiming to become a leading European gold company.

Qualified Person

Mr. David Clark, M.Sc., P.Geo., is a Qualified Person as defined by National Instrument 43-101 - Standards of Disclosure for Mineral Projects. Mr. Clark prepared the technical information contained in this news release and has approved its disclosure.

Quality Assurance and Quality Control

Channel sampling at Barje followed a standardized protocol to ensure representative and unbiased quantities of material from across each sample. Samples were delivered by Medgold personnel directly to the assay lab prep facilities in Bor, Serbia. Samples were analysed by ALS Chemex using analytical method codes Au-ICP21 and ME-MS61, with overlimits for gold and silver analysed by GRA21, and for Ag, Pb, and Zn by OG62. Medgold routinely inserted appropriate multi-element geochemical standards and blanks into its sample stream at Barje, and additionally collected regular field duplicate samples.

Additional information on Medgold can be found on the Company's website at www.medgoldresources.com and by reviewing the Company's page on SEDAR at www.sedar.com.

ON BEHALF OF THE BOARD

Dan James, President & Director

Neither the TSX Venture Exchange nor the Investment Industry Regulatory Organization of Canada accepts responsibility for the adequacy or accuracy of this release.

Forward-looking statements

Certain statements contained in this news release constitute forward-looking statements within the meaning of Canadian securities legislation. All statements included herein, other than statements of historical fact, are forward-looking statements and include, without limitation, statements about the strategic alliance between the Company and Fortuna, the exploration plans for the Project, and the intended use of the warrant exercise proceeds. Often, but not always, these forward looking statements can be identified by the use of words such as "estimate", "estimates", "estimated", "potential", "open", "future", "assumed", "projected", "used", "detailed", "has been", "gain", "upgraded", "offset", "limited", "contained", "reflecting", "containing", "remaining", "to be", "periodically", or statements that events, "could" or "should" occur or be achieved and similar expressions, including negative variations.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any results, performance or achievements

expressed or implied by forward-looking statements. Such uncertainties and factors include, among others, advancement of the strategic alliance between the Company and Fortuna; the exploration plans for the Project; the intended use of the warrant exercise proceeds; changes in general economic conditions and financial markets; the Company or any joint venture partner not having the financial ability to meet its exploration and development goals; risks associated with the results of exploration and development activities, estimation of mineral resources and the geology, grade and continuity of mineral deposits; unanticipated costs and expenses; and such other risks detailed from time to time in the Company's quarterly and annual filings with securities regulators and available under the Company's profile on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended.

Forward-looking statements contained herein are based on the assumptions, beliefs, expectations and opinions of management, including but not limited to: that the strategic alliance between the Company and Fortuna will advance as anticipated; that the proposed exploration of the Project will proceed as intended; that the warrant exercise proceeds will be spent as planned; that the Company's stated goals and planned exploration and development activities will be achieved; that there will be no material adverse change affecting the Company or its properties; and such other assumptions as set out herein. Forward-looking statements are made as of the date hereof and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by law. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, investors should not place undue reliance on forward-looking statements.

Contact

President
Dan James (UK)
dj@medgoldresources.com
+44 7972 579188