

TORONTO, ON--(Marketwired - May 09, 2017) - [Brio Gold Inc.](#) (TSX: BRIO) ("BRIO GOLD" or the "Company") is pleased to announce an updated mineral reserve and resource at its Riacho dos Machados ("RDM") mine which includes a 37% increase in mineral reserves when compared to the Company's prior mineral reserve estimate in contained gold ounces. Based on these new reserves, Brio Gold has developed an optimized mine plan demonstrating a longer mine life and lower operating costs. *All Dollars are in US Dollars, unless otherwise indicated.*

"This will be a transformative year for RDM as we implement our new mine plan," said Gil Clausen, Brio Gold's President and CEO. "We have re-engineered our RDM mine to reduce life of mine costs and maximize cash flow in a year where we are investing in its growth. We are expanding the plant from 7,000 tonnes per day to 9,000 tonnes per day and replacing the mining contractor that used a small scale and low productivity mining fleet by investing in an owner-operated larger scale mine fleet that best fits the operation."

Mr. Clausen added, *"This new life of mine plan adds approximately three years of open pit reserves and provides economies of scale in the mining operation to optimize the profitability of extracting that larger reserve. Despite lowering production in 2017, this new plan is net asset value accretive and it improves cashflow this year and into the future. These improvements along with the recently completed water storage facility and power line to be constructed, should make RDM a solid producer for many years to come."*

Mineral Reserve and Mineral Resource

During the latter half of 2016 and into this year, Brio Gold has completed approximately 5,990 meters of diamond and reverse circulation drilling, which has been incorporated into an updated mineral reserves and mineral resource as provided in the tables below. The overall mineral reserves increased by 37% when compared to the prior December 31, 2016 mineral reserves estimate (in contained gold ounces and adjusted for first quarter production).

RDM Mineral Reserves Estimate March 31, 2017

	Tonnes (000s)	Grade (g/t)	Contained Gold (koz)
Proven Mineral Reserves			
Proven Mineral Reserves Open Pit	5,153	1.01	167
Proven Mineral Reserves Stockpile	2,906	0.58	54
Total Proven Mineral Reserves	8,059	0.86	222
Probable Mineral Reserves			
Probable Mineral Reserves Open Pit	19,336	1.06	661
Probable Mineral Reserves Stockpile	-	-	-
Total Probable Mineral Reserves	19,336	1.06	661
Proven and Probable Mineral Reserves			
Proven and Probable Open Pit	24,488	1.05	829
Proven and Probable Stockpile	2,906	0.58	54
Total Proven and Probable Mineral Reserves	27,394	1.00	883

Mineral Reserves Notes:

1. CIM Definition Standards (2014) were followed for Mineral Reserves.
2. Mineral Reserves were generated using March 31, 2017 mining surface.
3. Mineral Reserves are quoted at a cut-off grade of 0.4 g/t gold.
4. Mineral Reserves are reported using a long-term gold price of \$1,250 per ounce.
5. Process recovery of 90%
6. Mineral Resources are exclusive of Mineral Reserves
7. The numbers may not add due to rounding.

RDM Mineral Resource Estimate March 31, 2017

	Tonnes (000s)	Grade (g/t)	Contained Gold (koz)
Open Pit Mineral Resources			
Measured Mineral Resources Open Pit	459	0.59	9
Indicated Mineral Resources Open Pit	5,090	0.93	152
Measured & Indicated Open Pit	5,548	0.90	160
Inferred Resources Open Pit	2,775	0.83	74
Underground Mineral Resources			
Measured Mineral Resources Underground	5	1.24	0
Indicated Mineral Resources Underground	564	1.47	27
Measured & Indicated Underground	569	1.47	27
Inferred Resources Underground	6,762	1.34	291
Total Measured and Indicated Resources	6,117	0.95	187

Total Inferred Resources	9,537	1.19	365
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Mineral Resource Notes:

1. CIM Definition Standards (2014) were followed for Mineral Resources.
2. Mineral Resources are exclusive of Mineral Reserves.
3. Underground Mineral Resources are reported at a cut-off grade of 1.0 g/t gold.
4. Open Pit Mineral Resources are reported at a cut-off grade of 0.35 g/t gold.
5. Mineral Resources are estimated using a short-term gold price of \$1,500 per ounce and constrained by a pit shell.
6. The numbers may not add due to rounding.

The mine plan is based on open pit mineral reserves and stockpile mineral reserves only. The Company plans on exploring the underground potential below the current pit in 2017 and believes significant upside exists.

Life of Mine Plan

The Company has updated the RDM mine plan as a result of a larger mineral reserve and mineral resource and through optimization initiatives. The new mine plan economics are based on a gold price of \$1,250 and Brazilian Real to USD exchange rate of 3.5 to 1. The enhanced mine plan is expected to result in more efficient mining, increased waste and ore productivity and lower operating costs. It also includes the benefit of the water storage facility that was completed in early 2017, which is expected to provide reliable water supply, as well as the power line that will connect RDM to the power grid. Installation of the main power line and substations continues on schedule and the right of way approvals for the powerline have been received. The power line is expected to be commissioned in Q2 2018.

Following the completion of the power line and additional minor modifications to the crushing circuit, the plant throughput is expected to increase from its current run rate of 7,000 tonnes per day to 9,000 tonnes per day and cash costs are expected to substantially decrease as a result of significantly lower energy cost and economies of scale. Further, in preparation for the plant expansion, Brio Gold replaced the primary crusher in the first quarter of 2017 and plans to replace the current conveyor belts with wider belts, add another tertiary crusher and larger mill discharge pump in the second half of 2017. No additional structural or design modifications are necessary for the conveyor change.

Brio Gold is transitioning from contractor mining to full owner mining and has begun preparations for the plant throughput increase to be completed in Q2 2018. The Company has already demobilized its stripping contractor, which utilized small scale construction equipment. The Company now plans on building up the mining fleet in 2017. The RDM mine already owns and operates a fleet of larger owner-operated trucks, excavators, drills and ancillary mine equipment for mining ore. A mine stripping fleet is to be acquired to mine waste rock more efficiently and productively, as well as at a lower unit cost.

Overall the optimized mine plan has been developed to maximize the cash flow at RDM over the life of mine with increased average life of mine production and lower cash and all-in sustaining costs ("AISC").

The life of mine production plan is provided at the end of the press release in Appendix 1. Average annual production over the life of mine increased 3% when compared to the prior mine plan. A summary of the operating parameters based on the new mine plan is provided below.

Average annual full year production (2018 - 2024)	98 koz
Total ounces recovered (2017 - 2025)	805 koz
Mine life	9 years
Average gold recoveries	90%
Average mined grade	1.05
Average waste mined to ore milled ratio	5.9:1

Operating Costs

Operating costs are expected to improve in 2018 and beyond. When compared to the prior mine plan, total unit operating costs have decreased by 17%, cash costs decreased by 14% and AISC decreased by 7%. Average life of mine costs expectations are summarized below.

Cost estimates (1)	Life of Mine Average
Mine	\$1.46 per tonne moved
Mine	\$9.96 per tonne milled
Plant	\$10.36 per tonne milled
Stockpile Rehandle	\$0.07 per tonne milled
General & Administration	\$2.45 per tonne milled
Total unit operating costs	\$22.84 per tonne milled

Cash costs	\$713 per ounce
AISC	\$835 per ounce

(1) Assumes a Brazilian Real to US Dollar exchange rate of 3.5 to 1.

Capital Costs

The Company is targeting to commission the new grid connected power line in Q2 2018, replacing the current lower capacity diesel power generators, which is expected to reduce costs, improve grind/recovery and expand mill throughput. The connection to low cost grid power will complete the plant expansion to an operating capacity of 9,000 tonnes per day from 7,000 tonnes per day. Capital costs include approximately \$7.2 million for the construction of the power line and substations and approximately \$2.5 million for the remaining plant modifications both of which are expected to be incurred over the next 12 months. Construction of the water storage facility is now complete and was built on schedule and on budget for \$13.5 million. Capitalized stripping is included in the all-in sustaining costs referenced above. Total capital required to purchase the new mining fleet is expected to be approximately \$43.9 million, with the majority to be spent in 2017. The Company is currently assessing various options for acquiring the mine stripping fleet, including purchase and lease alternatives, or a combination of both. Brio Gold anticipates funding any purchase costs with debt.

Revised Guidance

Brio Gold is modifying its production and cost guidance for the RDM mine. 2017 will be a transition year as the new enhanced mine plan is implemented. For guidance purposes, the Company also assumes that the processing plant at RDM will be down for three months in 2017 due to drought conditions experienced in the latter half of the recently completed rainy season. The rainy season usually occurs from late September to early April. Although the new water storage facility was able to begin to store water in the latter part of January, the second half of the rainy season in the region of the mine experienced near record low rain. Had the water storage facility been completed at the start of the rainy season, the operation would have had more than sufficient water to run uninterrupted.

The Company expects 2017 production to be 50-65,000 ounces of gold. The lower end of the production guidance range assumes that it will not rain again until the next rainy season and the top end of the production guidance range assumes a normal rain forecast for the remaining year. The lower production forecast in 2017 is expected to be compensated for in future years as reserve ounces are preserved for the lower cost of production starting after Q2 2018. As a result of the completion of the water storage system, Brio Gold expects to have in all future years, a reliable water supply for consistent production.

A summary of the revised three-year outlook for RDM is provided below:

	2017E	2018E	2019E
Production (koz) (1)	50-65	90-95	95-100
Cash Costs (\$ per oz) (1)(2)	900-920	700-720	740-760
AISC (\$ per oz) (1)(2)	930-950	780-800	920-940

(1) Assumes a Brazilian Real to US Dollar exchange rate of 3.5 to 1, which factors in the Company's existing two-year currency hedge.

(2) Includes capitalized stripping.

Qualified Persons

The mineral resource and reserve estimate for RDM was prepared by the Company and verified by Roscoe Postle Associates ("RPA") in accordance with standards as defined by the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") "CIM Definition Standards-For Mineral Resources and Mineral Reserves", adopted by CIM Council on May 10, 2014. Mark Mathisen, C.P.G., is the Qualified Person for the Mineral Resources. Stuart Collins, P.E., is the Qualified Persons for the Mineral Reserves and mine plan. Messrs. Mathisen and Collins, who are independent of the Company, have approved the contents of this news release.

About Brio Gold

Brio Gold is a new Canadian mining company with significant gold producing, development and exploration stage properties in Brazil. Brio Gold's portfolio includes three operating mines and a gold project, which is a fully-permitted, fully-constructed mine that is currently on care and maintenance and is expected to be re-started in 2018. Brio Gold produced 189,662 ounces of gold in 2016 and at full annual run-rate expects to produce more than 400,000 ounces of gold.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS: This news release contains or incorporates by reference "forward-looking statements" and "forward-looking information" under applicable Canadian securities legislation. Forward-looking information includes, but is not limited to information with respect to the Company's strategy, plans or future financial or operating performance, the outcome of the legal matters involving the damages assessments and any related enforcement proceedings. Forward-looking statements are characterized by words such as "plan," "expect", "budget", "target", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made, and are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in the

forward-looking statements. These factors include the Company's expectations in connection with the production and exploration, development and expansion plans at the Company's projects discussed herein being met, the impact of proposed optimizations at the Company's projects, the impact of the proposed new mining law in Brazil, and the impact of general business and economic conditions, global liquidity and credit availability on the timing of cash flows and the values of assets and liabilities based on projected future conditions, fluctuating metal prices (such as gold and silver), currency exchange rates (such as the Brazilian real versus the United States dollar), the impact of inflation, possible variations in ore grade or recovery rates, changes in the Company's hedging program, changes in accounting policies, changes in mineral resources and mineral reserves, risks related to asset disposition, risks related to metal purchase agreements, risks related to acquisitions, changes in project parameters as plans continue to be refined, changes in project development, construction, production and commissioning time frames, unanticipated costs and expenses, higher prices for fuel, steel, power, labour and other consumables contributing to higher costs and general risks of the mining industry, failure of plant, equipment or processes to operate as anticipated, unexpected changes in mine life, final pricing for concentrate sales, unanticipated results of future studies, seasonality and unanticipated weather changes, costs and timing of the development of new deposits, success of exploration activities, permitting timelines, government regulation and the risk of government expropriation or nationalization of mining operations, risks related to relying on local advisors and consultants in foreign jurisdictions, environmental risks, unanticipated reclamation expenses, risks relating to joint venture operations, title disputes or claims, limitations on insurance coverage and timing and possible outcome of pending and outstanding litigation and labour disputes, risks related to enforcing legal rights in foreign jurisdictions, as well as those risk factors discussed or referred to herein. 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 not to be anticipated, estimated or intended. 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. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates, assumptions or opinions should change, except as required by applicable law. The reader is cautioned not to place undue reliance on forward-looking statements. The forward-looking information contained herein is presented for the purpose of assisting investors in understanding the Company's expected financial and operational performance and results as at and for the periods ended on the dates presented in the Company's plans and objectives and may not be appropriate for other purposes.

APPENDIX 1 - LIFE OF MINE PLAN PRODUCTION SCHEDULE

	2017E ⁽¹⁾	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Tonnes Mined	Kt	1,923	2,683	2,588	3,350	3,350	3,350	3,353	3,350
Waste	Kt	12,894	27,721	32,717	32,049	26,039	19,468	9,399	2,677
Rehandle	Kt	284	583	1,027	351	344	316	-	2,196
Tonnes Processed	Kt	1,749	3,000	3,300	3,300	3,300	3,300	3,300	3,247
Head Grade	g/t	1.05	1.07	1.00	1.02	1.03	1.10	1.00	1.07
Recovery	%	87%	89%	90%	90%	90%	90%	90%	90%
Total Recovered Gold Koz	52	92	96	98	99	105	95	102	67

(1) Full year 2017.

Contact

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