

Tarachi Gold Signs Purchase Agreement for the Magistral Mill and Tailings Project in Durango, Mexico

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(CSE: TRG)

VANCOUVER, Feb. 8, 2021 - [Tarachi Gold Corp.](#) (CSE: TRG) (PINK: TRGGF) (Frankfurt: 4RZ) ("Tarachi" or the "Company") is pleased to announce that it has signed the final purchase agreement with Manto Resources S.A. de C.V. ("Manto") to acquire the Magistral del Oro mill and tailings project ("Magistral" or the "Project"). The mill and high-grade gold tailings, located in the State of Durango, provide the Company with a near-term pathway to gold production and the Project is expected to start generating positive cashflow in 2022.

Cameron Tymstra, CEO of Tarachi, commented: "The Company is incredibly fortunate to have secured such a desirable and game-changing asset. During our recent site visit, the whole team was impressed with the like-new condition of the plant and the proximity of the tailings materials which are right at the doorstep. While the due diligence process took longer than expected, primarily due to COVID-19 related delays, we are now ready to roll up our sleeves and get to work to bring this facility online and start producing gold."

Details of the Magistral Project

- 1,000 TPD Merrill-Crowe tailings reprocessing plant and tailings disposal facility.
- Access to an estimated 1.3 million tonnes of tailings material with a historic average grade of between 2.06 and 2.11g/t Au (Unpublished 2018 PEA). A qualified person has not done sufficient work to classify the historical estimate as a current mineral resource.
- The Magistral Project is accessible by paved highway, 175km from Parral, Chihuahua and approximately 5km north of the town of Santa Maria del Oro (pop. 5,000).

Acquisition Terms

Final terms of the Purchase Agreement are in line with the original Letter of Intent dated October 9, 2020, with Manto:

- Consideration for the Acquisition will consist of issuing 4,000,000 common shares of Tarachi ("Common Shares") to Manto.
- The Company will grant Manto a 15% net profits royalty on the estimated 1.3 million tonnes of tailings material expected to be processed and reimburse Manto for US\$1,179,500 of cash outlays.
- The Company will satisfy certain obligations of Manto by paying a total of approximately US\$1,111,000 plus any Mexican value added tax (IVA) and issuing 1,685,916 Common Shares within 90 days of closing.
- Manto will be entitled to the following staged bonus payments:

- ● An additional 4,000,000 Common Shares 60 days after the Closing Date.
- 4,000,000 Common Shares 180 days after the Closing Date.
- 4,000,000 Common Shares 365 days after the Closing Date.
- US\$500,000 in cash following 6 months of commercial production at Magistral.
- US\$500,000 in cash following 12 months of commercial production at Magistral.
- Upon the Company earning US\$15,000,000 in revenue from Magistral, the Company will pay Manto US\$1,000,000.
- A finder's fee of 1,000,000 Common Shares will be issued to Spirit Exploration Corp.

Next Steps for Magistral

- Closing of the acquisition of the Magistral project.
- Engage Ausenco Engineering to begin work on a Preliminary Economic Assessment ("PEA") and determine final optimal plant flowsheet.
- Commence a sampling program of the tailings resources to provide material needed for metallurgical test work and resource modelling as part of the PEA.
- Complete an audit of the existing environmental and operating permits to ensure the mill and tailings disposal facility are fully compliant and permitted prior to commissioning.
- Continue the constructive dialogue and supportive relationships that Manto's team has already established with the local community members and Ejido representatives.
- Work with the Company's in-country partners to identify and secure additional tailings resources in the area with potential to extend the life of the Magistral project.

In addition to the acquisition, the Company will enter into a services agreement with Minerales de Tarachi ("MDT") to leverage their in-country expertise by providing skills and management assistance in getting the Project up and running smoothly. Manto and MDT will also assist the Company through a cooperative agreement to identify and acquire other potential resources in the State of Durango.

Mr. Tymstra added: "Magistral is exciting as a stand-alone project with just the tailings included in this deal. But the real upside here is the potential to extend the life of the operation if we can secure other tailings or even hardrock resources in the area that could be sent to and processed at the Magistral facility in the future."

Stock Option Grant

The Company has granted stock options to directors, officers, employees and consultants of Tarachi, under the Company's stock option plan. An aggregate amount of 380,000 stock options have been granted with an exercise price of \$0.29 and will vest immediately. They are exercisable for a period of five years from the date of the grant and are subject to the policies of the Canadian Securities Exchange.

Qualified Person

Lorne Warner, P.Geo, VP Exploration and Director of the Company, is a qualified person as defined by National Instrument 43-101 and has reviewed and approved the scientific and technical disclosure in this news release.

About Tarachi Gold Corp.

Tarachi Gold is an exploration company focused on developing projects in Mexico. The Company's Tarachi project covers 3,708ha of highly prospective mineral concessions in the Sierra Madre gold belt of Sonora, Mexico in close proximity to Alamos Gold's Mulatos mine and Agnico Eagle's La India mine. The Company is also in the process of acquiring the Magistral Mill and tailings project in Durango, Mexico. Magistral includes a 1,000tpd mill and a non-NI 43-101 compliant tailings resource estimated to contain 1.3Mt at 2.11g/t Au which would provide the Company with a near-term pathway to gold production.

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

This news release includes certain "Forward-Looking Statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and "forward-looking information" under applicable Canadian securities laws. When used in this news release, the words "anticipate", "believe", "estimate", "expect", "target", "plan", "forecast", "may", "would", "could", "schedule" and similar words or expressions, identify forward-looking statements or information. These forward-looking statements or information relate to, among other things: the potential pathway to production; the generation of positive cashflow; closing of the Magistral acquisition; the development of Magistral; and future mineral exploration, development and production.

Forward-looking statements and forward-looking information relating to any future mineral production, liquidity, enhanced value and capital markets profile of Tarachi, future growth potential for Tarachi and its business, and future exploration plans are based on management's reasonable assumptions, estimates, expectations, analyses and opinions, which are based on management's experience and perception of trends, current conditions and expected developments, and other factors that management believes are relevant and reasonable in the circumstances, but which may prove to be incorrect. Assumptions have been made regarding, among other things, the price of silver, gold and other metals; no escalation in the severity of the COVID-19 pandemic; costs of exploration and development; the estimated costs of development of exploration projects; Tarachi's ability to operate in a safe and effective manner and its ability to obtain financing on reasonable terms.

These statements reflect Tarachi's respective current views with respect to future events and are necessarily based upon a number of other assumptions and estimates that, while considered reasonable by management, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors, both known and unknown, could cause actual results, performance or achievements to be materially different from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements or forward-looking information and Tarachi has made assumptions and estimates based on or related to many of these factors. Such factors include, without limitation: the Company's dependence on one mineral project; precious metals price volatility; risks associated with the conduct of the Company's mining activities in Mexico; regulatory, consent or permitting delays; risks relating to reliance on the Company's management team and outside contractors; risks regarding mineral resources and reserves; the Company's inability to obtain insurance to cover all risks, on a commercially reasonable basis or at all; currency fluctuations; risks regarding the failure to generate sufficient cash flow from operations; risks relating to project financing and equity issuances; risks and unknowns inherent in all mining projects, including the inaccuracy of reserves and resources, metallurgical recoveries and capital and operating costs of such projects; contests over title to properties, particularly title to undeveloped properties; laws and regulations governing the environment, health and safety; the ability of the Company to obtain and the Company's operations and plans with the Ministry of Energy and the Economic and Social Implications of COVID-19 to the Company; operating or technical difficulties in connection with mining or development activities; employee relations, labour unrest or unavailability; the Company's interactions with surrounding communities and artisanal miners; the Company's ability to successfully integrate acquired assets; the speculative nature of exploration and development, including the risks of diminishing quantities or grades of reserves, stock market volatility, conflicts of interest among certain directors and officers; lack of liquidity for shareholders of the Company; litigation risk; and the factors identified under the caption "Risk Factors" in Tarachi's management discussion and analysis. Readers are cautioned against attributing undue certainty to forward-looking statements or forward-looking information. Although Tarachi has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be anticipated, estimated or intended. Tarachi does not intend, and does not assume any obligation, to update these forward-looking statements or forward-looking information to reflect changes in assumptions or changes in circumstances or any other events affecting such statements or information, other than as required by applicable law.

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