



CSE:TRG

## TARACHI GOLD CORP.

(CSE: TRG)

FOR IMMEDIATE RELEASE

October 15, 2020

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### TARACHI ENTERS INTO LOI FOR TRANSFORMATIVE ACQUISITION OF THE HIGH-GRADE MAGISTRAL DEL ORO TAILINGS PROJECT

**Vancouver, British Columbia (October 15, 2020) – Tarachi Gold Corp. (CSE:TRG)** (“**Tarachi**” or the “**Company**”) Tarachi is pleased to announce that the Company has entered into a non-binding letter of intent (the “**LOI**”) dated October 9 2020 with Manto Resources S.A. de C.V. (“**Manto**”) pursuant to which the Company may acquire (the “**Acquisition**”) certain assets related to the Magistral del Oro tailing processing plant (the “**MDO Plant**”) in Durango, Mexico. The Acquisition is intended to allow Tarachi to potentially enter near term production and generate free cash flow.

Tarachi President and CEO, Lorne Warner stated “*This potential acquisition offers Tarachi an opportunity to crystalize the value that these high gold prices offer. The Company will now have both high-grade gold exploration projects in the Mulatos gold belt of Sonora as well as potential cash flowing tailings operation in Durango. We are fully funded to execute this acquisition and progress this asset into production. To assist with this process, the Company has retained Ausenco Engineering to complete an NI-43-101 compliant Preliminary Economic Assessment (PEA) report and to act as a consultant to the Company in relation to the project.*”

#### **Details on the MDO Plant**

- The MDO Plant is a permitted 1,000 TPD tailings processing operation
- Covering 600 hectares, the MDO Plant encompasses the Magistral mill tailing deposit, processing plant, and a tailing disposal facility
- Historical tailings resources estimates by:
  - Corporation Ambiental de Mexico S.A. de C.V. (CAM) in 2011  
1.29 million tonnes grading 2.06 g/tonne gold
  - Unpublished 2018 PEA report 1.30 million tonnes grading 2.11 grams/tonne gold

*A qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves. The issuer is not treating the historical estimate as current mineral resources or mineral reserves.*

- The MDO Plant is accessible by paved highway, 175 km from Parral, Chihuahua and from local area Santa Maria del Oro, approximately 5 km south of the property

Manto is credited for consolidating the opportunity at the MDO Plant by resolving all past contractual disputes and established professional relationships with stakeholders and entering into formal agreements settling all disputes. Manto has also entered a formal agreement with the local Ejido which has been well received. Tarachi applauds Manto for these accomplishments.

### **Acquisition Terms**

Pursuant to the LOI, Manto agreed to work exclusively with the Company towards a definitive agreement (the “**Definitive Agreement**”) with the following indicative terms:

- Consideration for the Acquisition will consist of 4,000,000 common shares (“**Common Shares**”) in the capital of Tarachi
- The Company will grant Manto a 15% net profits royalty and reimburse Manto up to \$500,000 for cash outlays
- The Company will satisfy certain obligations of Manto by paying a total of US\$1,653,960 plus any Mexican value added tax (VAT) and issuing a total of 1,685,916 Common Shares over a period of six months
- Manto will be entitled to the following bonus payments after completion of the Acquisition:
  - On commencement of “commercial production” (to be defined in the Definitive Agreement) at the MDO Plant, the Company will issue Manto an aggregate of 4,000,000 Common Shares
  - Following six months of continuous “commercial production” (to be defined in the Definitive Agreement) at the MDO Plant, the Company will issue Manto an additional 4,000,000 Common Shares and pay Manto US\$500,000
  - Following 12 months of continuous “commercial production” (to be defined in the Definitive Agreement) at the MDO Plant, the Company will issue Manto an additional 4,000,000 Common Shares and pay Manto an additional US\$500,000
  - Upon the Company earning US\$15,000,000 in revenue from the MDO Plant, the Company will pay Manto US\$1,000,000

Completion of the Acquisition is subject to a number of conditions, including but not limited to the following key conditions: (a) execution of the Definitive Agreement; (b) completion of satisfactory due diligence; and (c) receipt of all required regulatory, corporate and third party

approvals, including the approval of the CSE and the fulfillment of all applicable regulatory requirements and conditions necessary to complete the Acquisition.

### **Update on Exploration Drilling Program**

Underground diamond drilling commenced in late August at the historic La Dura mine on the Jabali concession located approximately 6 kilometres west of the Mulatos mine. Drilling has been advancing at a slower than expected pace with several drill holes lost or needing to be re-drilled due to poor core recoveries.

In recent sampling, (news release dated August 20, 2020) Tarachi returned high grades of gold over larger widths. Initial drilling at the project resulted in lower than expected core recovery. This has now been corrected. The reason for the lower core recoveries were the highly fractured dacitic hosts which are typical to this area of Sonora. The first three holes drilled were rejected due to poor core recoveries of 25-50% within the zones. Higher core recoveries of greater than 80% are now beginning to be obtained.

The Company is now considering the mobilization of a second drill to commence work on the northern concessions at the same time.

### **Qualified Person**

Lorne Warner, P.Geo, President, CEO 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.

### **Engagements**

Tarachi is pleased to announce it has entered into marketing agreements with each of Native Ads and Peak Investor Marketing for a total of \$290,000 and 350,000 options.

In respect to private placement closed by the Company on August 14, 2020 (the “**Private Placement**”), the Company announces that it paid a further finder’s fee of \$22,500 in cash and issued 56,250 finders’ warrants (the “**Warrants**”). Each Warrant entitles the holder to purchase one Common Share at a price of \$0.70 per share for a period of 24 months from the date of closing of the Private Placement. All securities issued will be subject to a four month hold period pursuant to securities laws in Canada.

The Company entered into a prospecting agreement with Kelly Cross dated September 3, 2020 (the “**Prospecting Agreement**”), whereby Mr. Cross will receive his fees in cash and Common Shares. The Common Shares will be issued under the Prospecting Agreement at deemed price per share to be determined after the date that the services have been provided and on the following schedule:

Effective date: US\$6,500 in Common Shares

Three-month anniversary of Effective Date: US\$12,500 in Common Shares

Six-month anniversary of Effective Date: US\$12,500 in Common Shares

To date, the Company has issued 13,126 Common Shares to Mr. Cross at a deemed price of \$0.65 per share.

**Contact Information:** For more information and to sign-up to the mailing list, please contact:

Lorne Warner, CEO

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## **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. Forward-looking statements include, but are not limited to, statements with respect to: the terms and conditions of the proposed Acquisition; and the business and operations of the Company after the proposed Acquisition.

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; 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: satisfaction or waiver of all applicable conditions to closing fluctuations in general macro-economic conditions; fluctuations in securities markets and the market price of Tarachi’s common shares; 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.