



(CSE: TRG)

FOR IMMEDIATE RELEASE

January 26, 2022

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## Tarachi Year in Review and 2022 Outlook

Vancouver, British Columbia (January 26, 2022) – **Tarachi Gold Corp.** (CSE: TRG) (OTCQB: TRGGF) (Frankfurt: 4RZ) (“Tarachi” or the “Company”) is pleased to provide an overview of the Company’s accomplishments in 2021 and an outline of our priorities and goals for the year ahead.

*“I am proud of the progress our team made during 2021, particularly at Magistral,” commented Cameron Tymstra, Tarachi CEO. “Despite experiencing three months of delays at the labs processing our tailings assays and metallurgical work, we were still able to drill out the basin and complete our Magistral PEA and mineral resource estimate less than a year since acquiring the project. The PEA<sup>1</sup> outlines a robust and high-margin development scenario for Magistral that could potentially generate significant cash flows which in turn could help fund future exploration programs on the Company’s other projects. We are looking forward to an exciting year ahead focused on securing funding for the development of Magistral while continuing to assess additional opportunities that will support the Company’s future growth.”*

### Magistral Mill and Tailings

In February of 2021, the Company signed a purchase agreement with Manto Resources for the Magistral Mill and Tailings Project (“Magistral”) in Durango, Mexico. Throughout the year, the Company made significant progress in developing Magistral towards a production decision, including:

- An auger drill program across the tailings basin completed in May to provide assay data for a resource estimate and bulk material for metallurgical testing.
- Metallurgical test work released in November that demonstrated >80% gold recoveries without the need for re-grinding the feed (See press release dated November 2, 2021).

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<sup>1</sup> See full NI 43-101 Technical Report on Preliminary Economic Assessment dated December 12, 2021 [here](#).

- Ausenco Engineering Canada Inc. (“Ausenco”) completed a Preliminary Economic Assessment (“PEA”) of Magistral in December, outlining a potentially high-margin, low-capex gold mining scenario (See detailed press release dated December 13, 2021 [here](#)). Highlights of the PEA include:
  - average annual production of 16,000oz Au + copper concentrate by-product
  - all-in sustaining costs of \$705/oz, net of silver and copper credits
  - after-tax IRR of 85%.
- An NI 43-101 resource estimate for the tailings was included in the PEA with 1.26Mt of material at a grade of 1.93g/t Au. Approximately 87% of the resource is in the Measured category.
- Electrical upgrades were made to the existing processing facility to prepare the site for connection to the local power grid in early 2022.

For the year ahead, the Company’s priority for Magistral will be to secure funding for the asset’s development while minimizing shareholder dilution. Tarachi’s management is considering various funding structures for Magistral and discussions are currently underway with several potential providers of capital.

Next steps at Magistral will include additional metallurgical test work to aid in the design of the SART circuit to be added to the existing facility and amending the project’s existing operating permits. The Company has also commenced its search for a General Manager for Magistral as well as a VP Operations who will be responsible for spearheading project development. Once funding has been secured, the Company aims to develop Magistral in a short timeline, with the recent PEA projecting a development period of 12 months.

### **Tarachi Project – Sonora, Mexico**

In addition to the work at Magistral during 2021, Tarachi completed drill programs on both its Jabali and San Javier concessions in Sonora, Mexico.

On the Jabali concession, a Phase 2 underground drilling program at the La Dura mine returned the Company’s best drill intercepts to date (See press release dated May 6, 2021):

- Hole JAB-21-009: **63.40m of 6.91g/t Au** starting at the drill collar.
  - Including 9.3m of 17.42g/t Au and **13.9m of 17.37g/t Au**.
- Hole JAB-21-010: 42.00m of 1.70g/t Au starting at the drill collar.
  - Including 3.4m of 8.0g/t Au

In addition to the underground drill program, the Company also completed a short RC surface drilling program with hole JAB-21-14 returning **12m of 7.26g/t Au** starting only 9m from surface.

Core samples from Jabali drill programs were sent for leach testing with results in September showing average gold recoveries of 94.8% (See press release dated September 14, 2021 [here](#)). Given the shallow intercepts of the high-grade mineralization and favourable leachability, Tarachi's exploration team is eager to get back to Jabali to continue delineating the mineralized body with the goal of producing a high-grade, near-surface gold resource.

Results released in early 2021 from the surface diamond drilling at the San Javier concession encountered a mineralized breccia system with high-grade intercepts including 2.0m of 11.9 g/t Au in hole SJA-20-005 and 5.6m of 5.39g/t Au in hole SJA-20-006. A follow-up drill program targeting the deeper extent of the breccia system returned grades 0.454g/t Au over 52.0m in hole SJA-21-014 including a sub-interval of 4.11g/t Au over 1.5m (See press releases dated February 16 [here](#) and September 21, 2021 [here](#)).

With only a fraction of the Company's total concession package having been explored by Tarachi's geological team to date, plans are underway to conduct field work in 2022 on some of the other concessions in Sonora including La Texana. The goal of the field program will be to identify potential drill targets for later in the year.

## **Corporate Development**

For the past six months, Tarachi's management team has been conducting due diligence on a number of prospective gold and silver projects located both inside and outside of Mexico as part of the Company's future growth plans. The goal has been to identify another high-potential exploration project to bring into the Company's asset portfolio that could benefit from the free cash flow expected to be generated at Magistral. The Company is focused on projects with either a history of significant past production or one that contains an existing in-ground resource, both with exploration upside. The team has narrowed its focus to a few possible opportunities and will be looking to make an acquisition ideally within the first half of 2022.

## **Options**

The Company has granted 1,500,000 options to directors, officers and consultants under the Company's stock option plan. The options have an exercise price of \$0.16 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.

## **About Tarachi Gold**

Tarachi Gold is a Canadian-listed junior gold exploration company focused on exploring and developing projects in Mexico. Tarachi acquired the Magistral Mill and tailings project in Durango, Mexico in 2021. Magistral includes a 1,000 tpd mill and access to a tailings deposit with Measured and Indicated resources of 1.26 million tonnes at a grade of 1.93g/t Au. The Company expects to bring the asset into production in early 2023.

The Company is also exploring on 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.

## **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.

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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. These forward-looking statements or information relate to, among other things: future exploration programs, development of mining assets, raising of development funding, acquisition of additional resources or assets, future production, future cash flows, the completion of drill holes, and receipt of assay results.

Forward-looking statements and forward-looking information relating to any future mineral production, liquidity, timing of completion of reports and studies, 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 communities in which the Company operates to manage and cope with the implications of COVID-19; the economic and financial 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.