



CSE: TRG

FOR IMMEDIATE RELEASE

March 23, 2022

## TARACHI SIGNS LAND AND WATER RIGHTS AGREEMENTS AND PROVIDES PROJECT UPDATE

Vancouver, British Columbia (March 23, 2022) – **Tarachi Gold Corp.** (CSE: TRG) (OTCQB: TRGGF) (Frankfurt: 4RZ) (“**Tarachi**” or the “**Company**”) is pleased to announce the signing of new land lease, water rights and tailings purchase agreements with the local Magistral Ejido community (the “**Ejido**”) and provide an update on the Company’s Magistral Gold Tailings project in Durango, Mexico.

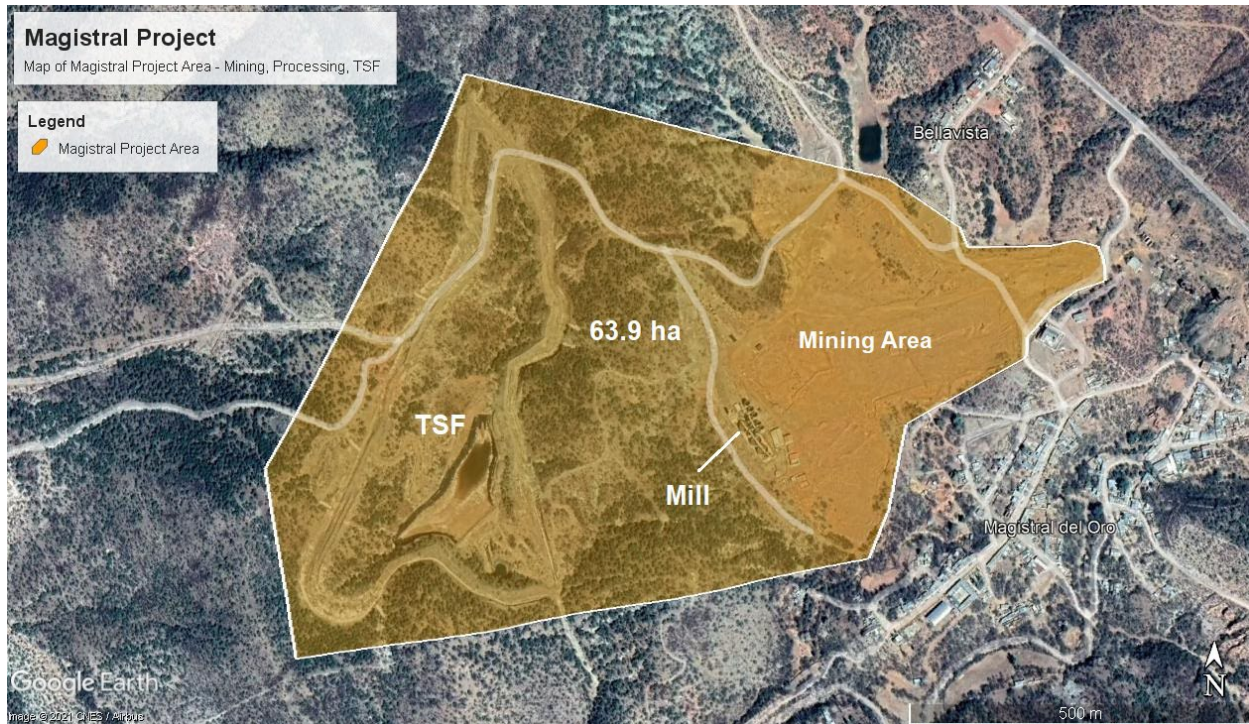
*“The signing of these 30-year agreements with the local community and its council members marks a significant milestone in the advancement of our Magistral project and demonstrates our long-term ambitions for this region,”* commented Cameron Tymstra, Tarachi President & CEO. *“We are grateful to the Ejido members and councillors for their continued support of our project and for entrusting our team with the responsible development of this mining operation within their community. The success of any mining operation hinges on the recognition and alignment of stakeholder benefits, risks and expectations. Our social and legal teams in Mexico have done a fantastic job engaging with the local stakeholders to ensure their expectations are being met and that the development of Magistral is in the best interest of all stakeholders. Magistral represents an opportunity to not only generate cashflow for Tarachi with high-margin gold production, but to provide significant economic and environmental benefits to the local community as we mine and rehabilitate a legacy waste site in their backyard. We look forward to continuing our engagement with local stakeholders as we move the project further towards development.”*

### **Agreements**

On March 20, 2022, the Magistral Ejido Assembly, made up of the local families and community members with official status as members of Ejido Magistral, voted in favour of the terms for new land lease, water rights and tailings material agreements. These agreements had been negotiated between the Company and the Ejido Magistral Council members over the past several months.

#### *Land Lease Agreement*

The Land Lease Agreement is for a 30-year term, granting Tarachi and its Mexican subsidiary’s use of 63.9 hectares of land for mining, processing, and tailings disposal purposes (Figure 1). The Company will pay annual fees to the Ejido and has agreed to make an advanced payment on signing for the first two years of leasing fees. Annual fees will increase at a rate equal to the Mexican National Inflation Index starting in March of 2024.



**Figure 1 - Land Included in New Land Lease Agreement**

#### *Water Rights Agreement*

A 30-year agreement for the supply of water and lease of water related infrastructure within the 643-hectare territory of the Ejido Magistral was also signed. The Company will pay to the Ejido an amount of \$5,000 MXN (approximately \$250 USD) per month to maintain the right to retrieve water from within the Ejido's territory and use of the Ejido's water related infrastructure. The Company plans to obtain process water for the Magistral mill from the old underground mine workings located adjacent to the Mining Area (Figure 1) or from existing and potentially new wells close to the project area.

#### *Tailings Material Agreement*

The Company and the Ejido have also amended their existing exclusive agreement to purchase, mine and process certain tailings materials belonging to the Ejido. The amendment will result in an increase of US\$0.25 per tonne in the purchase fee paid by the Company for Ejido tailings material when gold prices are above \$1475/oz, compared to the previous agreement terms. Approximately 70% of the tonnes included in the Magistral Mineral Resource Estimate (see press release dated December 13, 2021) are subject to the new agreement terms.

- *Example: at \$1600/oz Au under previous terms, the per-tonne fee paid to the Ejido for their tailings would equal to \$6.50/tonne. Under the new terms, the per tonne fee would total \$6.75/tonne.*

In addition, the Company has agreed to increase the monthly advanced tailings purchases, currently being purchased at a rate of 2,500 tonnes per month, according to the following schedule:

- Increasing to 4,000 tonnes per month for the month of February 2022;
- Increasing to 5,000 tonnes per month for the month of June 2022; and,
- Increasing to 7,500 tonnes per month for the month of September 2022.

## Magistral Project Update

Following the completion of Magistral’s PEA outlining a potential project scenario with potentially attractive economics (see press release dated December 13, 2021), and the closing of a recent financing (press release dated March 11, 2022), Tarachi is well positioned to continue with Magistral’s development in 2022 with the goal of producing gold at Magistral in Q2 of 2023.

### *Final Metallurgy and Engineering*

Sample material composites from the Company’s 2021 tailings drilling program are being prepared for shipment to SGS’s laboratory in Lakefield, Ontario, where they will undergo final test work in support of the design and engineering of the SART (sulphidation, acidification, recycling and thickening) circuit that is planned for installation at Magistral. The SART circuit will be installed to manage the presence of cyanide-soluble copper in the tailings material by pulling the copper out of the pregnant leach solution stream and generating a high-grade copper concentrate by-product.

Additional test work is being conducted for cyanide destruction and thickening at Base Metallurgical Laboratories Ltd. (“BaseMet”) in Kamloops, B.C.

The test work is estimated to take ten weeks to complete with a final report expected in early June 2022. The remainder of June and July are scheduled for final project design and detailed engineering. Ausenco Engineering Canada Inc. (“Ausenco”) has been engaged to oversee the final metallurgical test work.

### *Permitting and Environment*

Environmental, social, and hydrogeological baseline studies were completed in 2021 and early 2022 with final report writing and translation to English currently underway. The results of these studies will support Tarachi’s applications to update and amend the existing operating permits for the Magistral mill and tailings storage facility later this year.

### *Development Schedule and Contracting*

Tarachi has signed a proposal by Ausenco to provide Engineering, Procurement, and Construction Management services for certain components of Magistral’s development over the next 12 months. The Ausenco EPCM services will cover the SART circuit and associated equipment, integration of the SART circuit into the existing processing facility as well as the refurbishment of the existing processing facility in preparation for feeding tailings material. The EPCM services will cover up to dry and wet commissioning of the processing facility. Tarachi and Ausenco plan to formalize a contract for the EPCM services in the coming weeks.

The Company’s existing team and contractors in Mexico will be responsible for the modification and improvements planned for the tailings storage facility (“TSF”), build out of the refinery and gold room, on-site laboratory, site preparation, water and power supply, and other on-site infrastructure.

The current 12-month development schedule is planned as follows:

Milestone	Expected Timeframe
Completion of Metallurgical Testwork and Detailed Engineering	Q3 2022
Completion of TSF Modifications	Q4 2022
Delivery of Procured Equipment to site and Team Mobilization	Q4 2022

Completion of SART Circuit Construction	Q1 2023
Completion of Dry and Wet Commissioning of the Processing Facility	Q2 2023
First Feed to Mill	Q2 2023

The current schedule is expected to be updated when final metallurgy results are received, along with an update to the expected capital cost estimate and operating cost estimate from those that were provided in the Preliminary Economic Assessment. Any delay in the metallurgical testwork will cause a subsequent delay in downstream development activities.

### **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 their 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.

### **About Ausenco**

Ausenco is a global company redefining what's possible. Its team is based across 26 offices in 14 countries, with projects in over 80 locations worldwide. Combining their deep technical expertise with a 30-year track record, Ausenco provides innovative, value-add consulting and engineering studies and project delivery, asset operations and maintenance solutions to the mining & metals, oil & gas and industrial sectors.

### **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", "hope", "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 exploration and development of the Magistral project, production goals, final metallurgy and engineering work, additional test work, updating and amending existing operating permits, entering into an EPCM contract with Ausenco, improvements to infrastructure and related schedules.

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 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.