

# Terraco Completes 2nd Royalty Transaction on Barrick-Led Project, Increasing Stake in Growing Nevada Gold Trend

*Company Also Has Three Drill Rigs Spinning at its Flagship Gold Property in Idaho*

Terraco Gold Corp. (TSX.V: TEN; OTC Pink: TCEGF) is aggressively underpinning its future value with a second royalty transaction to complete its royalty coverage on a Barrick led joint venture of an over 3.5 million ounce gold deposit (Spring Valley Project) right next door to its 100%-owned, gold-silver Moonlight Project (13.5 sq. mile) in Nevada.

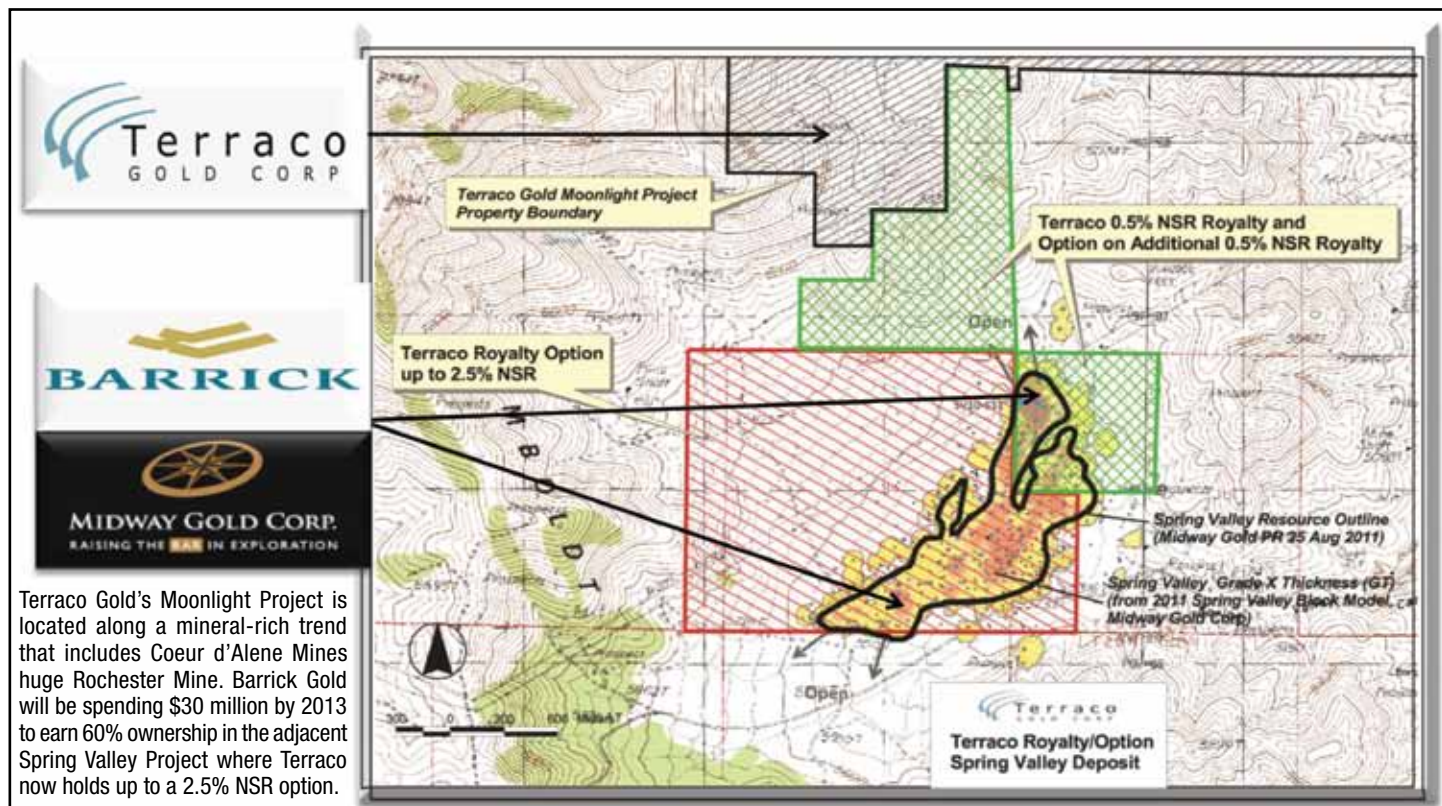
Exploration at the Spring Valley Project, a joint venture between

Barrick Gold and Midway Gold, is continuing to prove up a world-class gold deposit by growing the known gold ounces. The gold deposit remains open to the south, as well as to the north toward Moonlight, which adjoins Spring Valley.

Terraco has successfully covered the entire Spring Valley Project's reported gold resource with a combination of a direct royalty ownership, a royalty option and a first right of refusal royalty option on an area of interest

around certain claims covering the gold deposit.

The Spring Valley royalty option could provide significant future cash flow for Terraco. Upon fulfillment of the terms of the royalty option, the company would be entitled to up to a 2.5% royalty on a substantial portion of the gold produced at Spring Valley as well as up to a 1% royalty on a northern area of the deposit (approx. 20%) where Barrick and Midway Gold have had excellent gold grade



in holes drilled. Since the deposit is characterized by easily recoverable coarse gold, recovery rates should be relatively high. Using just Spring Valley's NI 43-101 measured and indicated resource of 2.16 million ounces, a conservative 80% rate would generate more than 1.7 million ounces of gold. Conservatively, Terraco's share, if its royalty option covered 75% of the ore body, could be well in excess of 30,000 ounces – and even at a fraction of today's gold prices, that would mean tens of millions for Terraco's bottom line.

"We are pleased to be able to finalize royalty coverage on the entire deposit," says Hilditch. "Our Spring Valley net smelter royalty option sets us apart from other juniors and gives us the opportunity to add more value to Terraco shareholders by underpinning our company with future cash flow or the option to monetize bits of the royalty for a non-dilutive financing to the company."

### Terraco Has Three Pillars to Provide Shareholders Value – All Gold

Significantly, Terraco is setting itself apart with its recent transactions in an attempt to build future shareholder value. The transactions relate specifically to gold in the ground underpinning the company's value:

- Near 1 million ounce gold deposit (and growing) in the ground in Idaho (**Almaden "Nutmeg Mountain" Project**)
- A gold production royalty option on a Barrick led project in Nevada – currently over 3.5m ounces (**Spring Valley Project**)
- 13.5 sq miles of gold and Silver exploration blue-sky on a Nevada project that adjoins the Spring Valley Project outlined above (**Moonlight Project**)

"Having three gold diversified related assets inside Terraco, gives our shareholders three opportunities for success with each one of them the possibility for a company maker," says Hilditch.

The Barrick-led Spring Valley Project currently has an estimated resource of over 3.5 million ounces of gold. Barrick has the right to earn a 60% interest in the project by completing \$30 million in work expenditures before the end of 2013 and they have recently announced an \$11 million budget for 2012 which would cause them to most likely earn

in to the project early.

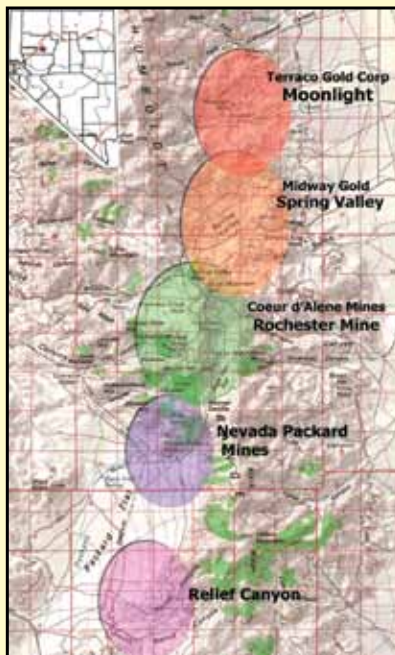
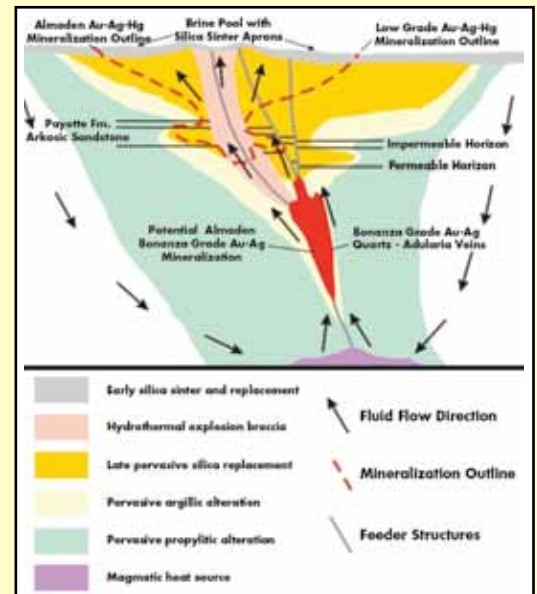
Terraco's Moonlight project also is just five miles from Coeur d'Alene's massive silver-gold Rochester Mine which over its 24-year history produced 127 million ounces of silver and over 1.2 million ounces of gold and recently returned to production, while adjoining Spring Valley on the North.

### Aggressive Exploration Planned in Early 2012 at the Idaho Gold Project

The 2012 exploration activity for advancement of the Almaden/Nutmeg Mountain project is currently underway. The program is fully financed by the recent \$5 million cash infusion, and is expected to both

#### Almaden (Nutmeg Mountain) Project Highlights

- 100% owned by Terraco
- Excellent access / infrastructure
- NI 43-101 gold resource within 300 feet of surface
  - 864,000 ounces (Measured plus Indicated resource grading 0.02 opt)
  - 84,000 ounces (Inferred resource grading 0.016 opt)
- Well-defined gold resource with 205,000 feet of drilling in 903 drill holes
- 2012 Phase I drilling campaign to determine the interior continuity of the gold resource and include deep holes exploring for feeder zones and drilling along strike from the resource



#### Moonlight Gold-Silver Project and Gold Royalty Highlights

- 100% owned by Terraco; Good access / infrastructure
- Evolving Nevada precious metals trend includes the Coeur d'Alene Rochester silver-gold Mine, which produced 125,000,000 ounces of silver and over 1,200,000 ounces of gold in its 24 year history
- Moonlight lies on strike and 8 kilometers north of the Rochester Mine and is adjacent to the Barrick-led Spring Valley joint venture
- Unique exposure to gold ounces in the ground at a Barrick-led project through a royalty and royalty option on production from claims covering the known orebody

expand known mineralized areas as well as search for feeder zones.

The Almaden/Nutmeg Mountain Project, purchased by Terraco in early 2011 for under \$20 an ounce, hosts an NI 43-101-compliant measured and indicated resource of 864,000 ounces of gold and an inferred resource of 84,000 ounces of gold for a total of 948,000 ounces of gold, all within approximately 300 feet of surface. The currently identified deposit is an outcropping, flat-lying orebody about 1000 feet wide, 2000 feet long and 300 feet thick.

The 2009 NI 43-101 technical report, prepared by Mine Development Associates, outlined a measured resource of 9,810,000 tonnes grading 0.754 g/t, an indicated resource of 29,250,000 tonnes grading 0.651 g/t, and an inferred resource of 4,780,000 tonnes grading 0.549 g/t at cutoff grades of 0.274 g/t, 0.411 g/t, and 0.789 g/t for the oxide, mixed, and sulfide mineralization. The report was based on gold cutoffs of 0.274 g/t for the oxidized material, 0.411 g/t for mixed (partially oxidized) material, and 0.789 g/t for sulfide (unoxidized) material.

One of Terraco's key objectives at Almaden is to find the feeder zone for the mineralization discovered to date. One shallow drill hole intersected significant widths of mineralization grading an average of 0.134 ounce per ton gold over 46.6 feet. Terraco believes the existing surface deposit sits on top or nearby to feeder type higher grade gold.

"Expanding the known resource, increasing the grade of the resource and initiating the development work required for economic review as a production scenario will be three of Terraco's primary objectives in 2012," says Hilditch. "We are expecting an initial preliminary assessment (PEA) by 3Q 2012."

Exploration is being conducted by highly respected professionals who were involved in the discovery or co-discovery of major Nevada gold deposits turned mines such as



Terraco's drilling at Almaden/ Nutmeg Mountain returned assays of 175 ft averaging 0.032 opt gold including: 90 ft of 0.047 opt gold and 40 ft of 0.065 opt gold

Barrick's Goldstrike Mine – partially credited to Terraco Gold's VP of Exploration Charles Sulfrian, CPG – and Newmont's Ken Snyder 'Midas' Mine, named after Terraco's lead consulting geologist, Dr. Ken Snyder.

"The key at Terraco is an experienced geological team matched up with a creative management team," says Hilditch.

## Investment Considerations

Terraco Gold has taken significant steps over the past year to position itself as an aggressively growing company with solid leverage in the gold sector while synergistically adapting its business model to give shareholders multiple opportunities for value.

A significant part of Terraco Gold's value lies in its management team of particularly experienced and accomplished mining professionals.

Hilditch has been Terraco's President and CEO since its inception in 1995 and has over 17 years experience in the natural resource sector, including serving as president, CEO

and director of numerous TSX Venture listed companies, including Salares Lithium, whose \$350 million merger with Talison Lithium created the world's largest producing lithium company.

Sulfrian has more than 30 years of national and international exploration experience, particularly at Barrick's Goldstrike Mine. In the 1980s, his work helped lead to the discovery of the Post Oxide Deposit and the Deep Post Deposit. Dr. Snyder has over 30 years of national and international exploration experience involving the discovery and mining of precious, base metal and mineral deposits, including the Rex Grande gold vein in Nevada, now known as Newmont Mining's producing Ken Snyder (Midas) Mine.

This stellar team has now given investors and shareholders a triple opportunity for synergistic success – proven gold ounces in the ground at its Almaden (Nutmeg Mountain) Project, the potential for significant future cash flow through a royalty from the Barrick-led Spring Valley project and blue sky exploration potential at its Moonlight Gold-Silver Project.

One additional and intriguing option for Terraco Gold is the possibility the company could monetize part of its Spring Valley royalty and in the process raise even further millions in capital to explore and develop its Almaden and Moonlight projects. This possibility would allow Terraco to maintain its current share structure, while bringing in money in a non-dilutive manner, without issuing additional shares.

"Terraco Gold's hybrid model of growth gives our company a strong upside potential within the gold industry," says Hilditch. "Our financial position was secured by the royalty option transaction, which provides long term cash flow opportunity. Our safety is our nearly million-ounce, outcropping gold resource at Almaden. Our blue-sky is the potential of the Moonlight Property truly becoming a golden and silver elephant."

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### *Company Highlights:*

- Terraco Gold Corp's project portfolio includes an advanced-stage gold project in Idaho, up to a 2.5% royalty and royalty option on an evolving Nevada gold discovery and a neighboring early-stage gold/silver project, also in Nevada.
- Advanced-stage Almaden (Nutmeg Mountain) Project hosts a NI 43-101 measured and indicated resource of 864,000 ounces of gold and an inferred resource of 84,000 ounces of gold within 300 feet of surface and is highly prospective for high-grade bonanza-style mineralization at depth.
- Early-stage Moonlight Project adjoins the north side of the Barrick Gold/Midway Gold Spring Valley JV, which hosts a NI 43-101 resource in excess of 3.5 million ounces of gold.
- A production royalty and opportunity for cash flow in the future from the Barrick-led Spring Valley joint venture.

The 100% owned Almaden Project is located 90 miles north of Boise, Idaho. The project hosts an NI 43-101 compliant measured plus indicated and inferred resource of 948,000 ounces of gold within 300 feet of surface. Almaden has excellent access with good infrastructure and includes over 205,000 feet of drilling in 903 drill holes. Terraco continues to explore the extension of the near surface mineralization that is open to the north and south, as well as test for high-grade, bonanza-style structurally controlled gold mineralization at depth. Project comparisons include Nevada's The Ken Snyder "Midas Mine" (Newmont) and the Hollister Mine (Great Basin Gold).

Terraco has acquired a net smelter royalty option on the Spring Valley gold project in Nevada, a joint venture between Barrick Gold Corp. and Midway Gold Corp. Barrick has the right to earn 60% interest in the project by completing work expenditures totalling US \$30 million before December 31, 2013. Terraco's 100%-owned Moonlight Project, which currently encompasses over 13 square miles, is located along trend and adjoins the north side of Spring Valley.

The 100% owned Moonlight Project is located 125 miles northeast of Reno, Nevada and approximately 5 miles north of the Coeur d'Alene Rochester silver-gold mine. The Rochester Mine has produced over 125 million ounces of silver and 1.2 million ounces of gold in its 25 year history and has recently returned to production.

Terraco's exploration is conducted by Charles Sulfrian, CPG (Vice President, Exploration) and Ken Snyder, PhD (Lead Consulting Geologist). Both Mr. Sulfrian and Dr. Snyder were instrumental in the discovery of major Nevada gold mines including Barrick's Goldstrike Mine and Newmont's Ken Snyder Midas Mine respectively.